



City of San José
Small Business Advisory Task Force
08/15/19

Members:

District 1 – Vice Mayor Chappie Jones, *Chair*
Hispanic Chamber of Commerce – Dennis King, *Vice Chair*
FilAm Chamber of Commerce Silicon Valley – Allie Lopez
Rainbow Chamber of Commerce – Ron Gardner
Silicon Valley Black Chamber of Commerce – Carl Davis Jr.
Silicon Valley Chinese Technology & Business Association – Helen Wang
Silicon Valley Organization – Mason Fong
Silicon Valley Vietnamese American Chamber of Commerce – Nancy Avila
Winchester Business Association – Ken Kelly

Alternates:

Not Applicable
Lourdes Arvizu
Marinel Messersmith
Raymond Mueller
Wilbur Jackson
Khanh Hoang
Eddie Truong
Vacant
Vacant

Associate Members:

Taiwanese American Chamber of Commerce – Annie Tsai
Vietnamese American Chamber of Commerce – Nga Nguyen

Hannah Yu
Long Nguyen

REGULAR MEETING AGENDA

4:00 pm

August 15, 2019

San José City Hall
18th Floor, T-1854

For Conference Call, dial (605) 313-4443 with Access code: 724205

1. **Call to Order & Introductions**
2. **Public Comment**

(Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter of the Task Force. Meeting attendees are usually given two (2) minutes to speak on any discussion item and/or during open forum; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Task Force.)

3. **Consent Calendar**
 - A. **Approve the Minutes for the Regular Meeting of June 13, 2019**
4. **Old Business**
 - A. **Subcommittee Updates (Subcommittee Chairs)**
5. **New Business**
 - A. **Presentation on Disadvantage Business Enterprises Staff Recommendations in Preparation for Memo to Community & Economic Development Committee (Christopher Hickey)**
 - B. **Request for Task Force's Feedback Re: Disadvantage Business Enterprises (Chair)**

6. Meeting Schedule and Agenda Items

The next regular meeting will be September 12, 2019 at 4:00 pm, San Jose City Hall, 18th Floor, T-1854.

7. Announcements

8. Adjournment

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting.

Please direct correspondence and questions to:

City of San José
District 1
Attn: Raania Mohsen
200 East Santa Clara Street, San José, California 95113
Tel: (408) 535-4901
Email: raania.mohsen@sanjoseca.gov



City of San José
Small Business Advisory Task Force
06/13/19

DRAFT REGULAR MEETING MINUTES & SUMMARY
Thursday, June 13, 2019

Call to Order & Orders of the Day

PRESENT: Chair Hon. Chappie Jones, Vice Chair Dennis King, Allie Lopez, Ken Kelly, Helen Wang, Ray Mueller, Wilbur Jackson, Nancy Avila (4:35 pm)

OTHERS PRESENT:

Nga Nguyen	Vietnamese American Chamber of Commerce
Hannah Yu	Taiwanese American Chamber of Commerce
Lisa Taltano	

STAFF: David Gomez, Raania Mohsen, Hudson Knight, Dhez Woodworth, Victor Farlie, David French, Jennifer Cheng

Chair Hon. Chappie Jones convened the Small Business Advisory Task Force Committee at 4:02 pm in Conference Room T-1854 at City Hall, 200 E. Santa Clara Street, San José, CA 95113.

Public Comment

There was no public testimony on the floor.

Consent Calendar

- A. Approve the Minutes for the Regular Meeting of May 09, 2019

Documents Filed: Draft Minutes for May 09, 2019 Regular Meeting.

Action: Upon a motion by Vice Chair King, seconded by Member Kelly, and carried unanimously, the Task Force approved May 09, 2019 Minutes. (7:0:2. Absent: Avila, Fong).

Old Business

A. Subcommittees & Timeline (Chair)

Documents Filed: Subcommittee 2019 Document with added timeline of reports to Task Force.

Question received from Member Kelly concerning when the subcommittees will be meeting. Chair Hon. Chappie Jones responded that it was the responsibility of the

subcommittees and their chairs to set up meetings. Raania Mohsen to work with subcommittees and schedule meeting dates.

New Business

A. Presentation & Demonstration of City's New Procurement Portal Biddingo (Jennifer Cheng, David French)

Documents Filed: Biddingo E-Procurement System Demonstration Slideshow

Jennifer Cheng and David French presented and demonstrated how to use Biddingo and its various purposes.

Questions and Responses included:

- Does Biddingo work in other languages? Some parts of Biddingo work with other languages, but users would likely have to work with the vendor for better accessibility.
- Are there incentives for vendors to use the service? The service is free.
- Training and how to use the new system will be incorporated into the Public Works Academy. In addition, training will be offered to vendors and become more accessible as the transition to the new system progresses. There is a vendor user guide for the service/portal on the city's website and a webinar is forthcoming.
- The software will have tech support available via 1-800-208-1290. Help will also be available through email.
- Does any other city in Northern California use the Biddingo service/portal? No, but a small city in Oregon may begin using it soon.
- Presenters requested that those in attendance notify their membership of the new portal and about the transition.
- Those present were asked to register, if they had not done so already, so they can begin testing and using the service.

B. Office of Economic Development Update on Activities in Support of Small Businesses & May 8th Annual Summit (Dhez Woodworth)

Dhez Woodworth provided several updates based on communication with the small business community. It was reported that many businesses need technical assistance, help with marketing, assistance with locating spaces, setting-up shop, negotiating leases, and keeping up with prices in regards to leases, employee cost and retention. All of these concerns tie into questions of business displacement. The Office of Economic Development (OED) will continue to communicate with these groups and plans to bring a set of policy recommendations to council in the next six months.

Vic Farlie provided an introduction and explanation of Small Business Displacement, heavily referencing the document filed.

Documents Filed: Small Business Advisory Task Force Presentation Notes on Small Business Displacement.

Questions & Responses included:

- OED intends to continue talking to businesses in different neighborhoods and will reflect back to the council over the next few months. Staffs intends to use the recent May 8th Summit as a testing ground for communication and small focus group work.
- Concern was expressed for schools being included in urban villages. OED plans to gather more research before providing a recommendation.
- Task Force Member suggested evaluating a neighborhood before and after a development project to determine how it impacts the neighborhood.
- OED is likely to implement outward facing engagement with businesses soon.
- Task Force Member shared an article stating there has been a noticeable decline in retail outlets in the Santa Clara area when compared to the San Francisco and Oakland areas; we need analysis and mapping data to help determine why this development has occurred here and not elsewhere in the Bay Area.

Dhez Woodworth and Vic Farlie mentioned that they would be happy to come back and present updates as research develops.

C. Request for Task Force's Feedback Re: Recent Award of Local Streets Concrete & ADA Ramps Project (Chair)

Chair Hon. Chappie Jones expressed his support and desire to see small businesses take on projects that are often awarded to larger businesses.

Announcements

Chris Hickey will present at the August 8th meeting regarding the local hire and DBE programs that are going to the Community & Economic Development Committee on September 24, 2019. There will be an opportunity for the Task Force to provide feedback at the next meeting; the feedback will then be incorporated in the memo.

Meeting Schedule and Agenda Items

The next meeting will be August 8th, 2019 at 4PM..

Adjournment

The meeting was adjourned at approximately 5:20 p.m.

Hon. Chappie Jones, CHAIR

ATTEST:
ADVISORY TASK FORCE SECRETARY

RAANIA MOHSEN, SENIOR COUNCIL ASSISTANT

**Small Business Displacement: Presentation Notes to the
Small Business Advisory Task Force
June 13th 2019**

1. Why this matters: The San Jose Context

- 55,000 businesses & growing. 95% are small.
- 60% ethnic ownership & increasing in total.
- 30% self-define themselves as deficient in English.
- Locations are significant: businesses reflect the diversity of neighbourhoods.
- Major source of localized employment and social stability.

2. What Triggers Displacement?

- In economic terms neighbourhoods that experience a rapid rise in land and property values where business historically have relied on low rent relative to other costs lose profitability and cash flow ultimately they must choose between move or close.
- Multiple causes: major infrastructure projects like BART, large scale private residential development such as urban villages, and now affordable housing projects.
- Some businesses impacted directly by being on a development site whilst others impacted indirectly due to rent increases.

3. How this impacts on business & the city?

- Businesses are typically invisible to the City.
- Businesses don't see it coming.
- Businesses don't always know who to turn to.
- Known barriers exist: cultural, linguistic, trust and money.
- For the owner 'timing' often becomes the key to mitigating risk, accessing trusted advice, good decision making drives successful outcomes.

4. How does the City design an effective strategy?

- The key principles are suggested as: to be deeply customized, business centric in approach and sensitized locally to need and outcomes.
- Openly engage with business leaders and local business organizations.

5. Where we are now, and what's anticipated for 2019?

The following is in the pipeline:

- Talk to business in neighbourhoods.
- Trial in Alum Rock/East Santa Clara business corridor.
- Use the May 8th entrepreneurs summit in Alum Rock to assess views & ideas.
- Prototype a concierge offer within City Hall for Affordable Housing projects.

- Build a rapid deployment team of Technical Assistance providers.
- Evaluate and refine methodology & delivery.

6. Open Questions for discussion

- Is the City approaching the issue correctly?
- Where can we and should we do better?
- What would make the biggest difference on the ground?

Any comments or feedback outside of the discussion is most welcome. Thank you.

*Vic Farlie
OED
June 12th 2019*

DBE

CMO Lead: Kim Walesh- OED Lead Dept./Staff: PW/Chris Hickey

Council/Committee: Community and Economic Development Committee (CEDC)

Next update: September 23, 2019

- Council Priority #3- Disadvantage Business Enterprise

Legal Issues

- Proposition 209- approved in 1996 made preferential treatment programs illegal
- City replaced its program by requiring each contractor bidding on public works contracts of \$50,000+ to demonstrate that he/she did not exclude MBE (Minority owned Business Enterprises) /WBE (Women owned Business Enterprises) subcontractors by the following:
 - (1) a certification of nondiscrimination/ nonpreference and;
 - (2) a rebuttable presumption of nondiscrimination
- In 2000 it was determined that the City program was deemed unconstitutional (Hi Voltage Wire Works Inc v. City of San Jose)

Consultants

- Two consultants: Keen Independent Research and Silvy Group
- Consultants combined efforts on Service Order #2 (bulk of the work)- determined what barriers the City has (Internal and external) and other programs in other jurisdictions meeting the 209 requirements (report attached).

Current work

- Public Works Academy-
 - Two part program
 - 1. Outreach and Engagement- Opportunity Awareness Events held at community centers throughout San Jose. Focus: Engaging the contracting community with upcoming trainings and projects.
 - 2. Public Works seminars- 6 part series of trainings. Focus: Educating contractors on working with the City, requirements needed prior to bidding, during the construction phase, and after construction. Contractors who attending all seminars and pass final exam, receive a certificate of completion that may be used in-lieu of government experience.
- Pre-qualification procurements

Staff Issues

- Staffing. Prior the previous program being deemed unconstitutional, OEA had approx. 8 staff certifying MBE/WBE.
- Outreach- Consultants tasked with performing outreach events, including one on one tutorials, meet and greets, and workshops on City procurement requirements
- With varying requirements and reporting, a system of tracking would need to be developed

Staff Recommendation

Category	Component	Phase I Implementation	Status of Phase I
Education, Outreach & Support	Public Works (PW) Academy	PW Academy has been implemented to increase knowledge and experience in local contractor community.	Implemented
	Contractor Outreach Enhancement	Multiple outreach sessions including in Vietnamese and Spanish.	Implemented
	Bidingo	Implementation of new bidding software to enhance contractor outreach	Implemented
	Local Chamber relationships	As part of the general outreach program, develop ongoing relationships with Black, Hispanic & Vietnamese Chambers	Implemented
Policy Changes	Local & local/small preference	Include in all minor public works bids (5%)	Council in August 2019
	Procurement modifications	Experimental procurement method to increase the use of local and small contractors through pre-qualifications processes, while still obtaining competitive bids	Implemented
	Government work waiver	<p>A barrier to contracting and working with the City is Contractors must have previous government experience to be qualified to bid and be awarded City Public Work construction contracts.</p> <p>Contractors are required to provide, at the time of bid, three (3) previous work experiences similar in scope to the project being bid and two (2) need to be with a government agency.</p> <p>Should a contractor attend the Public Works Academy and pass a course- exam, the contractor may use completion of the Academy in-lieu of prior government work experience.</p>	Implemented
	Bonding & Insurance Support	<p>Prequalification process is similar to the City's process for "On-Call" contracts in that a contractor is required to show proof of ability to bond, but not require bond until they are guaranteed work from City.</p> <p>The Prequalification process is benefits small and local contractors by lowering the bonding</p>	Implemented

		requirements and capacity. Instead of one high value contract, with multiple task orders and requirement for bonding on the entire contract amount when the contract is executed, the prequalification allows for a variety of contract values, lowers the bonding threshold, and increase the number of opportunities and potential contractors awarded contracts.	
--	--	---	--

Component	Phase II Consideration
Public Works (PW) Academy	Expansion of number of academies per year and language capacity expansion.
Contractor Outreach Enhancement	Expansion of quantity of events, prime and subcontractor networking events.
Local Chamber relationships	Continue to enhance relationships and connections.
Local & local/small preference	Potential shift of more major projects to Best Value contracting to enhance local/small preference
Procurement modifications	<p>Consider sheltering specific types of work for only small local contractors in the future.</p> <p>Sheltered Market Program determines a type of contract (e.g. sidewalk repairs, structure demolition, etc.) under certain dollar thresholds, that City staff would request bids from a selected group of small, local contractors.</p> <p>Staff believes the Prequalification procurement process is more flexible, time saving, and beneficial to a greater number of contractors. Staff will analyze the effectiveness of the prequalification procurement process and will bring forward future policies changes if needed.</p>
Bonding & Insurance Support	Consider options involving the City assisting contractors in obtaining bonding/insurance.

Alternative: MBE/WBE/OBE Program

Component	Phase II Consideration
<p>Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE), and Other Business Enterprise (OBE) contract goals</p>	<p>Potential legal challenges from Prop 209, state and federal constitutions. Prop 209 states that the state or public agency shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex color, ethnicity, or national origin in the operation of public employment, public education, or public contracting. Increased staffing and resources for verification and compliance.</p> <p>Program of this nature focus on subcontracting, not development of contractor to obtain contracts as general/prime. The City of LA, Bureau of Contract Administration, developed the Business Inclusion Program (BIP)[to provide MBE, WBE, SBE, and OBE an equal opportunity to participate in the performance of City contracts. This program is a general outreach program that sets goals for general contractors to reach out to MBEs, WBEs, SBEs, and OBEs. This statement is ambiguous. Are you trying to say that LA’s program focuses on subcontracting whereas the City is trying to focus on developing general contractors.</p> <p>The program outlined below focuses on outreach to these same groups, providing them training and education, opening opportunities as general and subcontractors, and removing barriers not addressed in other programs.</p> <p>Staff will continue to review the development and the effectiveness of the City of Los Angeles. Staff will provide updates and potential recommendations through annual reporting.</p>