



August 24, 2020

Mayor Sam Liccardo and City Council
City of San Jose, City Hall
200 East Santa Clara Street
San Jose, CA. 95113

RE: Agenda Item 3.7 Proposition 16

Dear Mayor Sam Liccardo and City Council Members,

In the interest of reflecting and serving the diverse small businesses of San José, we, the members of the San José Small Business Advisory Task Force, support staff's recommendation and Proposition 16 on the November 3, 2020 California General Election Ballot.

Supporting Proposition 16 would repeal Proposition 209, which was passed in 1996, from the California Constitution. Proposition 209 "prohibits the state, cities, counties, community college districts, public universities, and special districts from discriminating against, or granting preferential treatment to, any individual or group on the basis of race, color, ethnicity, national origin, or gender when making decisions about public employment, public education, or public contracting."

While the intention of Proposition 209 was to create a more fair and equal opportunity for all regardless of gender, race, color, or ethnicity, it has created challenges when attempting to collect and communicate demographic information that has to do with policy decision making. When examining the effectiveness of Proposition 209 in the City of San José, we are able to see the struggles that many women and minority businesses faced. The Supreme Court of California held in *Hi-Voltage Wire Works v. City of San José* that the City's program was in violation of Proposition 209 since the outreach and participation components gave special advantages to particular groups. As a result, there was a loss of an estimated \$20 million per year in minority and small businesses contracts within the City. This has also led to other challenges for governmental entities to pursue gender-conscious and race-conscious policies such as women-owned and minority-owned Businesses. Now more than ever, it is vital that our minority-owned and small businesses be provided with the necessary programs and resources that best fit their needs as they continue to navigate during such unprecedented times.

When reviewing Proposition 16, it is essential to consider that 55,000 small businesses reside

within the city of San José, of which 60% are minority owned. Proposition 209 attempts to create a ‘color blind’ society where all individuals are to have equal opportunity. However, having diversity in City administration and leadership helps bring a variety of perspectives in both program and policy development and implementation that can provide the necessary aid needed for small businesses to thrive. As a whole, Proposition 209 has removed tools needed for preventing discrimination, particularly for small businesses, minority and women owned. The result has led to small business needs being neglected and a significant decline of contract awards, including women and minority owned businesses in California, who have lost an estimated \$1 billion annually in public contracts over the course of the past two decades. It is also evident that all minority owned businesses have unfortunately been the most impacted by the pandemic; targeted procurement policies and programs for both minority and women could help provide opportunities for City contracts to groups that have been the most impacted as a result of COVID-19.

The Task Force is made up of various ethnic chambers and business associations representing the diverse small businesses of San José and the region. One of our main objectives as an advisory body is to provide direction on current and prospective policies, processes, and programs to best meet the needs of small businesses and ensure their growth and development. Local and small businesses are responsible for creating thousands of jobs in the City of San José as well as creating one of the most diverse cities in the United States. As we carry out our mission to best serve minority owned and small businesses, we, the Task Force, support Proposition 16 as a means to ensure that disadvantaged groups are receiving equitable opportunities in order to thrive to the best of their ability.

Sincerely,

Dennis King

Dennis King

Vice Chair, Small Business Advisory Task Force

Executive Director, Hispanic Chamber of Commerce

Members of the San José Small Business Advisory Task Force:

Vice Mayor Chappie Jones
Hispanic Chamber of Commerce
FilAm Chamber of Commerce
Rainbow Chamber of Commerce
Silicon Valley Black Chamber of Commerce
Silicon Valley Chinese Technology Association

Silicon Valley Vietnamese American Chamber of Commerce
The Silicon Valley Organization
Winchester Business Association
Taiwanese American Chamber of Commerce
Vietnamese American Chamber of Commerce