



CALIFORNIA
High-Speed Rail Authority

Small Business and Program Goals

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Introduction

The purpose of this presentation is to propose changes and provide clarity to the California High-Speed Rail Authority (Authority) Small and Disadvantaged Business Program and the Small Business goals that are:

- Comply with state and federal requirements
- Consistent with other state agencies
- Supported by the High-Speed Rail, Business Advisory Council

The identified areas of improvement and the proposed solutions are the product of extensive and dynamic discussion and observation provided by the Authority Board of Directors, Authority Executives, Authority Contractors, Business Advisory Council, Stakeholders and State Departments.





Current Small Business Program

Accepted Small Business Certification Types

- The Authority Small Business Program recognizes six (6) certifications.
- All six designations count towards the Authority 30 percent small business goal.
- Each certification type has unique requirements.

Four CA State Certification Types

- Disabled Veteran Business Enterprise (DVBE)
- Microbusiness (MB)
- Small Business (SB)
- Small Business for the Purpose of Public Works (SB-PW)

Two Federal Certification Types

- Disadvantaged Business Enterprise (DBE)
- Small Business Administration 8(a) Program

Evaluation of the Small Business Program

Since the last presentation to the Board, the Small Business team completed an evaluation of the Small Business Program and determined that revising the Small Business Program Plan, including the Small Business goal, could result in better outcomes for the Authority, Prime Contractors, Subcontractors, and Subconsultants.

Investing in California Small Businesses

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Small Business Program

The Authority is committed to small businesses playing a major role in building the statewide high-speed rail system. The Small Business Program has an aggressive 30 percent goal for small business participation including Disadvantaged Business Enterprise (DBE), Disabled Veteran Business Enterprise (DVBE) and Micro-Business (MB).

Small Business Team Collaboration



The Small Business team works closely with stakeholder groups and state agencies:

- The Business Advisory Council
- Authority's Peer Review Group
- Department of General Services
- Caltrans
- Governor's Office of Business and Economic Development (GoBiz)
- California Capital/APEX



Collectively these groups provide broad and diverse perspectives that inform the team's recommendations.



CALIFORNIA

High-Speed Rail Authority

WE THANK ALL THE BUSINESS ADVISORY COUNCIL MEMBERS WHO SUPPORT THE PROPOSED CHANGES TO THE SB/DVBE/DBE GOALS:

- Asian American Architects/ Engineers Association of Southern California
- Berryessa Business Association
- Celestial Freight Networks, Inc.
- CMTS, LLC
- CRA Consultancy Group
- Fresno Chamber of Commerce
- Greater Los Angeles African American Chamber of Commerce
- Intraline, Inc.
- S3 Consulting Services
- U.S. Veteran Business Alliance
- Women Construction Owners and Executives

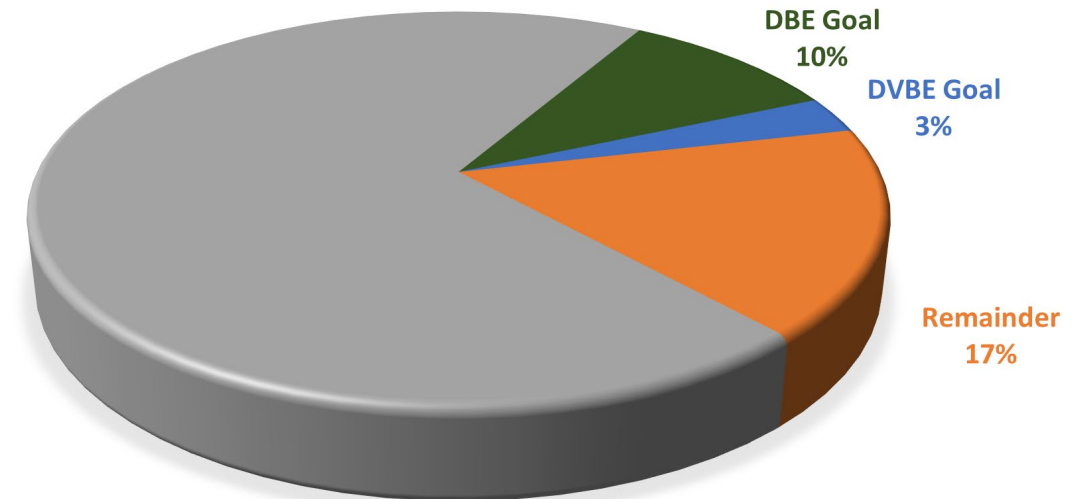
Challenges Of The Current 30 Percent Small Business Goal

The Authority's current 30 percent goal combines all small business types under a single "overall goal."

- Inclusive of 10 percent Disadvantaged Business Enterprise (DBE)
- Inclusive of 3 percent Disabled Veteran Business Enterprise (DVBE)
- The remaining 17 percent may be comprised of any state or federal certification category (i.e. Small Business (SB), Small Business Public Works (SB-PW) Microbusiness, DVBE, DBE)

The above certification types have their own set of requirements and may be subject to different regulations and reporting.

30% SMALL BUSINESS GOAL



Risks of Current 30 Percent Goals

Currently there exists inherent risks in combining multiple small business and disadvantaged business goals into one overall goal. The Small Business Team seeks to minimize risk and increase the likelihood of meeting goals.



Achieve the federal 10% Disadvantaged Business Enterprise goal pursuant to CFR 49 Part 26

Achieve the 25% state Small Business contracting requirement pursuant to California's AB 2019

Achieve the 3% Disabled Veteran Business Enterprise goal required by California's Military and Veterans Code 999



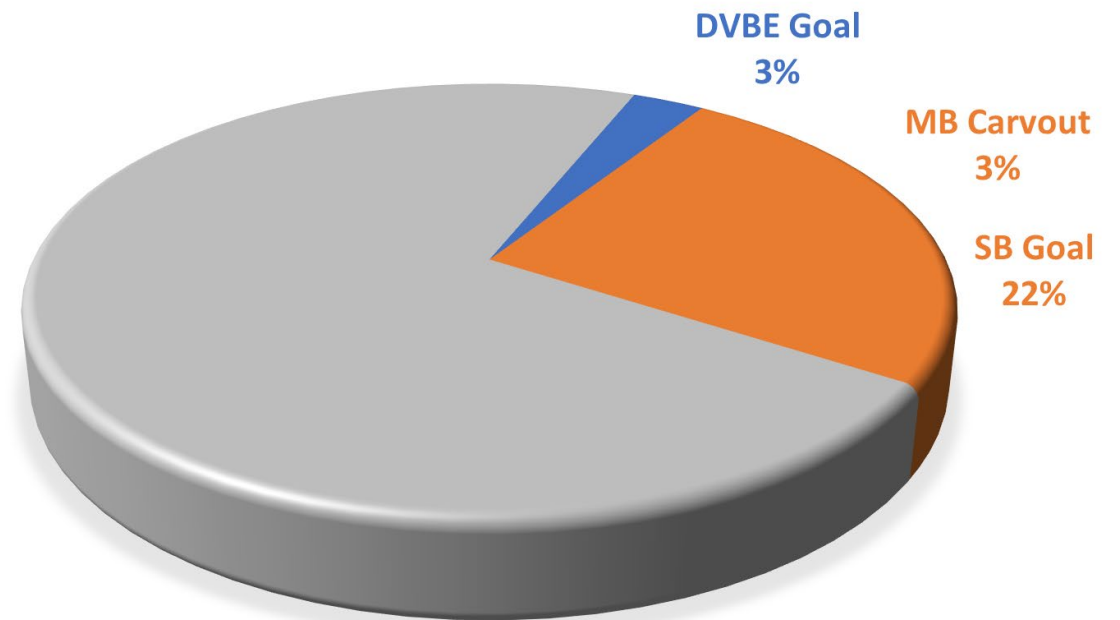
Proposed Changes to the Small Business Program

Proposed Changes to the Goals: 100 Percent State Funded Contracts

Applies to 100 percent state funded contracts

- 3 percent DVBE Goal
- 25 percent SB Goal
 - » 3 percent MB carveout

STATE FUNDED CONTRACTS

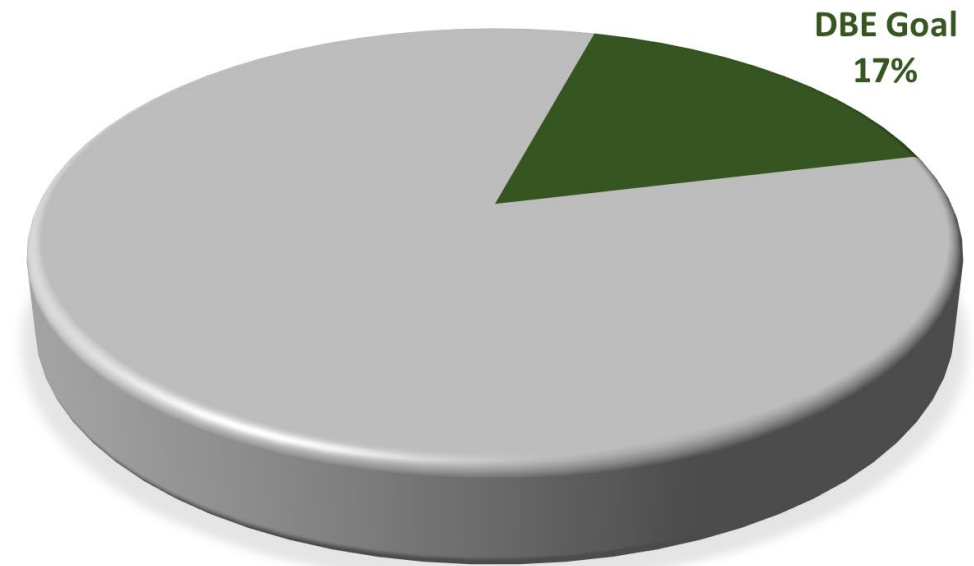


Proposed Changes to the Goals: 100 Percent Federally Funded Contracts

Applies to 100 percent federal funded contracts

- 17 percent DBE Goal

FEDERALLY FUNDED CONTRACTS

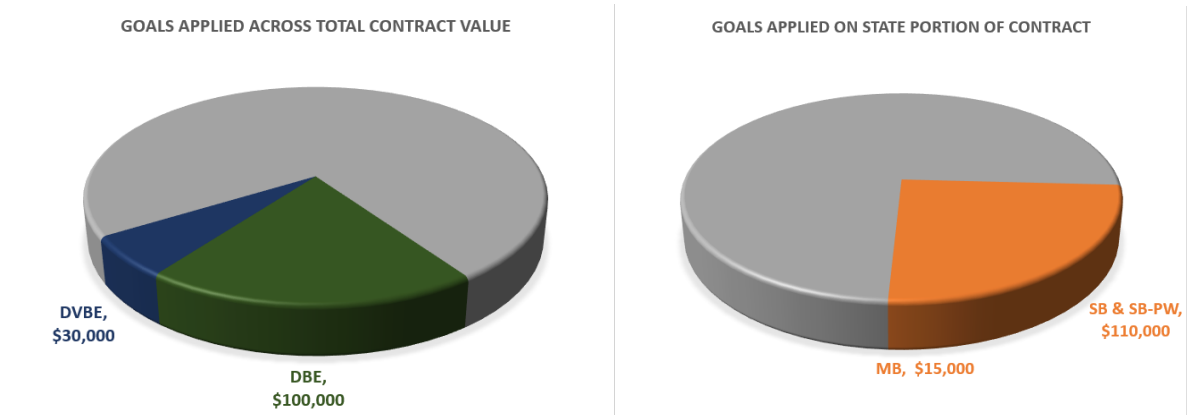


Proposed Changes to the Goals: State/Federal Blended Contracts

Blended state and federal funds

- 3 percent DVBE Goal (applied to total contract value)
- 10 percent DBE Goal (applied to total contract value)
- 25 percent SB Goal (applied to only state contribution)
 - » 3 percent MB carveout

Blended Contract Example
State/Federal
50/50 Ratio
Contract Value: 1M



Proposed Small Business Participation Goal: Explained

- California State SB 25%
 - » Goal Calculation is calculated using total state contract dollars only.
- California DVBE 3%
 - » Goal Calculation is calculated using total contract dollars, which includes state and federal dollars paid on a contract.
- Federal DBE 10%
 - » Goal is calculated using total contract dollars, which includes state and federal dollars paid on a contract.

Proposed Changes For Board Consideration

- Any new Small Business goal approved by the Board would be applied to new Authority contracts; however, it would not apply or be retro-active in application to existing Authority contracts.
- A revised Small Business Program would include updates to relevant Authority policies and procedures to incorporate approved changes.

Next Steps

For all the aforementioned reasons, the Small Business team requests Board approval to revise the Small Business Program goals as follows:

100 Percent State Funded

- A 3% DVBE goal.
- A 25% Small Business goal using all categories that qualify under the state standard, which includes certified Small Business and SB-PW.
 - Of that 25%, we will designate 3% microbusiness.

100% Federal Funded (including grants)

- A 17% DBE goal.

Blended State and Federal

- A 3% DVBE goal, which will be applied across the total contract value.
- A 10% DBE goal, which will also be applied across the total contract value.
- A 25% Small Business goal on the state portion of the contract, using all categories that qualify under the state standard, which includes Small Business and SB-PW.
 - Of that 25% we will designate 3% microbusiness.



Thank You

Questions and Discussion