



DEPARTMENT OF
GENERAL SERVICES

MINORITY AND WOMEN
BUSINESS ENTERPRISE PROGRAM

CITY OF SACRAMENTO
CALIFORNIA

June 27, 1989

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699

916-449-8505

Law and Legislation Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT Senate Bill 737

SUMMARY

This report requests that the City direct legislative lobbying efforts on behalf of the City against the passage of Senate Bill 737 (Marks).

BACKGROUND

Many government agencies throughout the state (including the City of Sacramento) have programs intended to assist minority and women business enterprises (m/wbe) in various ways. In order to permit participation in these programs, agencies certify the eligibility of businesses on an individual case-by-case basis. The purpose of the certification process is to insure that only those businesses targeted by a particular program are allowed to participate in it.

ANALYSIS

Senate Bill 737 would require that State and local governments accept CalTrans certification of minority/women business enterprise (m/wbe) status and require that no additional certification process be used for verification of m/wbe status. Currently other agencies may (and the City of Sacramento does) accept CalTrans certification as sufficient evidence of ownership and control for a firm to qualify as an m/wbe.

While the concept of a central "clearinghouse" for m/wbe certification is a laudable one, this bill does not provide the best answer to the centralized certification question. The main problem with SB-737 is that it would preclude local agencies, such as the City of Sacramento, from requiring any information in addition to that gathered by CalTrans. The bill states that "No state or local agency shall require the business to comply with any other certification process for certifying minority and women business

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enterprises." Such a provision leaves the local government completely at the mercy of CalTrans to gather all information. This could result in the local agency lacking the power to obtain information about the m/wbe that could be of specific local value (e.g., whether or not the business holds a valid City business license). This inability to gather information as deemed necessary on the local level could result in less accurate data bases locally and could potentially inhibit the local government's ability to tailor its programs to its needs.

FINANCIAL DATA

While this bill would constitute a state-mandated local program, it contains no direct fiscal impact.

CONCLUSION

Although the City's M/WBE Program is currently under review and may be re-structured as a racially-neutral small business equal opportunity program, it will remain the intent of the program to track the level of participation of minority and women-owned firms in City business transactions. Thus there will be a continuing need for a local certification process of one type or another. Because of the unique needs of the City and other local agencies, it will continue to be necessary to structure certification processes in a way that they can be flexible in order to conform to changing circumstances. SB-737 does not provide that flexibility.

RECOMMENDATION

It is the recommendation of the City of Sacramento Minority/Women Business Enterprise Program that SB-737 be **opposed** due to its lack of consideration of and accommodation for the needs of local agencies such as the City.

Respectfully Submitted,



Robbin DeShields Randolph
Purchasing Manager/
M/WBE Program Manager

Recommendation Approved:



Jack R. Crist,
Deputy City Manager

Attachments

THIERMAN, COOK, BROWN, & MASON

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May 19, 1989

RESPOND TO:

San Francisco

CITY MANAGER'S OFFICE

RECEIVED

MAY 22 1989

Walter Slipe
City Manager
City of Sacramento
915 "I" Street, Room 101
Sacramento, CA 95814

Re: Support of S.B. 737

Dear Mr. Slipe:

The purpose of this letter is to urge you to support the passage of Senate Bill 737 on centralized certification for women and minority business enterprises. This bill will save both the State and local governments time and money as well as be a benefit to the contractor seeking certification.

Currently, if a woman or minority contractor wants to be certified as a Woman Business Enterprise (WBE) or Minority Business Enterprise (MBE) for the purposes of meeting State or local procurement goals, each agency and local municipality must "certify" the company. This creates a substantial hardship on the contractor, who is constantly filling out forms for the various agencies to review. Similarly, the government is being barraged with thousands of certification requests and is processing duplicate paperwork. State and local agencies use the same standard for certification and ask the same type of questions. However, each agency currently has its own form and certification process.

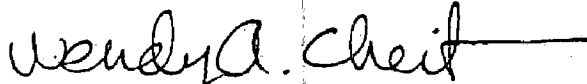
S.B. 737 would centralize and simplify this certification process by mandating that all State and local agencies accept a contractor's Caltrans certification. As Caltrans is the major certifying agency within the State, most contractors already are certified with Caltrans. There is no adverse financial impact on Caltrans, and local entities still maintain the right to certify on a local basis, should the contractor choose to go through the local certification process instead of choosing a Caltrans certification. However, for those contractors who do public works

in several cities and counties or with several agencies, the "one-stop" certification process using Caltrans would save both the State and the contractor substantial time and money.

Recently, S.B. 737 was passed out of Committee with a recommended "aye" vote. I again urge you to support the passage of S.B. 737.

Yours very truly,

THIERMAN, COOK, BROWN & MASON



WENDY A. CHEIT

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AMENDED IN SENATE MAY 9, 1989

SENATE BILL

No. 737

Introduced by Senator Marks

February 28, 1989

An act to amend Section 14030.5 of the Government Code, relating to government contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 737, as amended, Marks. State and local agency contracts.

Existing law authorizes, but does not require, local governmental agencies to accept the certification of a socially and economically disadvantaged business concern by the Department of Transportation as valid status of that business when awarding contracts to socially and economically disadvantaged business concerns.

This bill would require *the department to also certify minority business enterprises and women business enterprises for purposes of public contracts and would require all local governmental agencies to accept this certification of a socially and economically disadvantaged business concern and certification of a minority or women business enterprise* by the department. The imposition of this requirement on local governmental agencies would constitute a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 14030.5 of the Government
2 Code is amended to read:

3 14030.5. (a) As used in this section, the following
4 terms have the following meanings:

5 (1) "Socially and economically disadvantaged business
6 concern" means a business that meets both of the
7 following criteria:

8 (A) A business that is at least 51 percent owned by one
9 or more socially and economically disadvantaged persons
10 or one or more socially or economically disadvantaged
11 persons or, in the case of any business whose stock is
12 publicly held, at least 51 percent of the stock is owned by
13 one or more of those persons.

14 (B) A business whose management and daily business
15 operations are controlled by one or more socially and
16 economically disadvantaged persons or one or more
17 socially or economically disadvantaged persons.

18 (2) "Socially and economically disadvantaged
19 persons" and "socially or economically disadvantaged
20 persons" include women, Black Americans, Hispanic
21 Americans, Native Americans (including American
22 Indians, Eskimos, Aleuts, and Native Hawaiians),
23 Asian-Pacific Americans (including persons whose
24 origins are from Japan, China, the Philippines, Vietnam,
25 Korea, Samoa, Guam, the United States Trust Territories
26 of the Pacific, Northern Marianas, Laos, Cambodia, and
27 Taiwan), and other minorities or any other group of
28 natural persons determined by the director to be so
29 disadvantaged.

30 (b) The department shall certify socially and
31 economically disadvantaged business concerns, as
32 defined by subdivision (a). All state and local agencies
33 shall accept the certification of a socially and
34 economically disadvantaged business concern by the
35 department as valid status of that business when
36 awarding contracts to socially and economically
37 disadvantaged business concerns. No state or local agency
38 shall ~~use~~ require the business to comply with any other

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1 certification process for certifying socially and
2 economically disadvantaged business concerns.

3 *(c) The department shall certify minority business*
4 *enterprises and women business enterprises, as defined*
5 *in subdivisions (e), (f), and (g) of Section 10115.1 of the*
6 *Public Contract Code. All state and local agencies shall*
7 *accept the certification of a minority or women business*
8 *enterprise by the department as valid status of that*
9 *business when awarding contracts. No state or local*
10 *agency shall require the business to comply with any*
11 *other certification process for certifying minority and*
12 *women business enterprises.*

13 SEC. 2. No reimbursement is required by this act
14 pursuant to Section 6 of Article XIII B of the California
15 Constitution because the Legislature finds and declares
16 that there are savings as well as costs in this act which, in
17 the aggregate, do not result in additional net costs.
18 Notwithstanding Section 17580 of the Government Code,
19 unless otherwise specified in this act, the provisions of this
20 act shall become operative on the same date that the act
21 takes effect pursuant to the California Constitution.

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