



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo
Councilmember Ash Kalra
Councilmember Raul Peralez
Councilmember Margie Matthews

**SUBJECT: DISADVANTAGED BUSINESS
ENTERPRISE PROGRAM**

DATE: 3/20/15

Approved *Ash Kalra* Date *3/20/15*
Sam Liccardo *Margie Matthews*
PS

RECOMMENDATION

Accept the staff report and direct City Manager to:

- 1) Approve the proposed overall Disadvantaged Business Enterprise (DBE) participation goal as a minimum, while making every effort to surpass the goal;
- 2) Work with community stakeholders, such as the Minority Business Consortium, ethnic/minority Chambers of Commerce, San Jose/Silicon Valley Chamber of Commerce, Santa Clara & San Benito Counties Building & Construction Trades Council, and the South Bay Labor Council, in order to assist in a communications strategy and outreach to minority and women-owned businesses;
- 3) As the City Manager's office continues its work to establish an Office of Immigrant Affairs, identify opportunities to take advantage of the stakeholders working with the Office to do specific outreach to immigrant-owned businesses.;
- 4) In addition to setting goals and developing outreach efforts regarding Norman Y. Mineta San Jose International Airport, return to the Community Economic & Development Committee with a strategy to implement a similar program throughout entire City organization.

BACKGROUND

San José prides itself as one of the most diverse regions in the nation as we have become the destination for talented and entrepreneurial risk-takers seeking better opportunities for themselves and their families. However, based upon long standing systemic barriers in both public and private contract bidding, minority and women-owned businesses have all too often been shut out of meaningful opportunities to access contracts to be part of the growth of Silicon Valley. That is the justification for the United States Department of Transportation's DBE Program as it seeks to increase participation of minority business enterprises in state and local

procurement. The federal government has jurisdiction to require local agencies that accept federal assistance to set goals for the participation of DBEs.

We appreciate the efforts of the airport over the years to achieve the goals it has set. Now, as per federal requirements, the city must once again submit its DBE plan for the airport for the next three years. The goal set by our professional staff is 10.28%, and we trust the mechanisms used to arrive at that goal. However, we believe the goal should be seen as a floor rather than a ceiling. To that end, we believe the City Manager should work with the airport staff to make every effort to surpass the goal we are setting today.

The best way to achieve a high level of participation as feasible in a race-neutral manner is to work with partners to increase education and outreach for opportunities that exist with contracts regarding airport operations. Last year, the Santa Clara Valley Transportation Authority began a partnership with the Minority Business Consortium. This partnership has already begun to increase the reach of VTA's DBE program, and there is great promise in the continued partnership in the years ahead. Similarly, the City should make an effort to partner with community stakeholders, such as the Minority Business Consortium, San Jose/Silicon Valley Chamber of Commerce, minority Chambers of Commerce, Santa Clara & San Benito Counties Building & Construction Trades Council, and the South Bay Labor Council, to assist in developing and implementing a plan to reach out to minority and women-owned businesses. Additionally, while the City Manager is developing an Office of Immigrant Affairs, there is a unique opportunity to match efforts to offer support to immigrant-owned businesses with our overall DBE goals.

Finally, we are moving forward with set DBE goals due to Federal Aviation Administration (FAA) requirements based upon the receipt of federal financial assistance in operation of the airport. However, the purpose of a DBE program speaks to the general sentiment that equity demands that everyone have an opportunity to compete for government contracts. Therefore, we believe, while we are submitting our plans for airport DBE goals to the FAA, we should take this opportunity to see how we can develop a broader strategy to implement throughout the city organization. Making city contracts accessible to all companies, particularly minority and women-owned businesses that have traditionally been shut out of opportunities to bid for government contracts thereby deeming necessary federal requirements, is not only the right thing to do, but is good for business. The more qualified businesses that are aware of contracting opportunities, the more financially competitive and technically innovative the bids will be during the City selection process. Creating opportunities for all businesses is good for business.