



Memorandum

**To: HONORABLE MAYOR AND
CITY COUNCIL**

From: Councilmember Chappie Jones

Subject: SEE BELOW

Date: March 23, 2015

Approved: 

SUBJECT: AIRPORT DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

RECOMMENDATION

Approve the memorandum from Mayor Liccardo and Councilmembers Kalra, Matthews, and Peralez with the following modification:

1. Approve an overall Disadvantaged Business Enterprise (DBE) participation goal with a minimum of 14.5%, a percentage that is the base figure recommended by the City's consultant. This is more closely in line with other local jurisdictions including the Valley Transportation Authority's (VTA) 18% for BART projects and 13% for SFO and other agencies.

BACKGROUND

I am in agreement with the goals and other recommendations from my colleagues, but strongly believe that we can achieve a higher participation goal. As a former San Jose Small Development Commissioner and a small business owner, I am very familiar with this issue.

I worked for a DBE who won contracts with Local, State, and Federal agencies. I know firsthand that there are many DBEs who are capable of working on Airport projects. Agencies that are serious about establishing and meeting their DBE goals are able to do it. The City and County of San Francisco has been able to exceed goals of 20%+. Given the large number of DBEs in San Jose, a goal, or floor, of 10.28% is not high enough.

The rationale for lowering the goal to 10.28% due to financing, bonding, and other reasons is not reasonably justified. Coming from the small business world, I know the barriers that are put up to prevent DBEs from participating in projects. Other agencies and municipalities are able to develop creative solutions to overcome barriers to DBE participation. I am sure that the innovation capitol of the world can find creative solutions. Anyone who has lived in the small business/DBE world knows how important it is to provide real opportunities to small business owners. Often times those DBE contracts are one of the few opportunities for DBEs to get the experience and qualifications to compete on future contracts.

As the memo from my colleagues indicates, when all segments of the business community participate and compete for contracts, the City and the public will receive better prices and a higher quality of work. We should continue to work to encourage small business participation and this starts with setting good achievable goals for participation.