

UNIVERSITY OF CALIFORNIA

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December 17, 2018

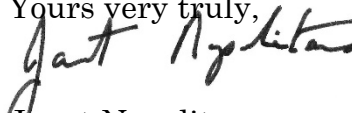
The Honorable Holly J. Mitchell
Chair, Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

Dear Senator Mitchell:

Pursuant to Section 10500.5 of the Public Contract Code, enclosed is the University of California's annual report to the Legislature on *Small Business Utilization*.

If you have any questions regarding this report, Associate Vice President David Alcocer would be pleased to speak with you. He can be reached by telephone at (510) 987-9113, or by email at David.Alcocer@ucop.edu.

Yours very truly,


Janet Napolitano
President

Enclosure

cc: Senate Budget and Fiscal Review
The Honorable Anthony J. Portantino, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Ms. Anita Lee)
(Attn: Ms. Cheryl Black)
The Honorable Kevin McCarty, Chair
Assembly Budget Subcommittee #2
(Attn: Mr. Mark Martin)
(Attn: Mrs. Katie Sperla)
Ms. Jennifer Troia, Joint Legislative Budget Committee
Mr. Danny Alvarez, Secretary of the Senate
Ms. Tina McGee, Legislative Analyst's Office
Ms. Amy Leach, Office of the Chief Clerk of the Assembly

The Honorable Holly J. Mitchell

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Mr. E. Dotson Wilson, Chief Clerk of the Assembly

Mr. Jeff Bell, Department of Finance

Mr. Chris Ferguson, Department of Finance

Mr. Jack Zwald, Department of Finance

Ms. Tina McGee, Legislative Analyst's Office

Mr. Mac Taylor, Legislative Analyst's Office

Mr. Jason Constantouros, Legislative Analyst's Office

Executive Vice President and Chief Financial Officer Nathan Brostrom

Senior Vice President Claire Holmes

Vice President Associate Vice President David Alcocer

Associate Vice President and Chief Procurement Officer William Cooper

Associate Vice President and Director Kieran Flaherty

Chief of Staff to the Chief Financial Officer Oren Gabriel

Chief of Staff Governmental Relations Bob Hartnagel

Manager Jennifer Brice

UNIVERSITY OF CALIFORNIA

Small Business Utilization (July 1, 2017- June 30, 2018)

Legislative Intent

This report on small business utilization at the University of California presents a summary of dollars awarded by campuses, medical centers, and the University-managed Department of Energy (DOE) Lawrence Berkeley National Laboratory to small (SBE), disadvantaged (DBE), women-owned (WBE), and disabled veteran (DVBE) business enterprises in purchasing, construction, and design. It is submitted to the Legislature pursuant to the California Public Contract Code Section 10500.5 which states in relevant part:

“It is also the intent of the Legislature that the Regents of the University of California report annually to the Legislature, commencing July 1, 1985, on the participation of small disadvantaged businesses, particularly disadvantaged business enterprises, and women’s business enterprises in university business contracting.”
(Note: Approval was granted to change the annual submittal date to January 1).

POLICY TO ENSURE EQUAL OPPORTUNITY IN UNIVERSITY BUSINESS CONTRACTING

- A. It is the policy of The Regents of the University of California that race, religion, sex, color, ethnicity, and national origin will not be used as criteria in its business contracting practices except as provided in section B., below. Every effort will be made to ensure that all persons, regardless of race, religion, sex, color, ethnicity, and national origin have equal access to contracts and other business opportunities with the University.
- B. Nothing in this policy shall prohibit any action which is necessary to comply with state and federal law, or to maintain eligibility for any federal or state funded program, where ineligibility would result in a loss of funds to the University. Example of program elements that may be required are:
 - (1) Establishment of annual goals for use of small, disadvantaged, women-owned, and disabled veteran business enterprises as appropriate; and
 - (2) Appropriate record-keeping and preparation of annual statistical reports on the participation of small, disadvantaged, women-owned, and

disabled veteran business enterprises, as suppliers, general contractors, and subcontractors.

- C. The University shall establish effective outreach programs to assure equal opportunity in business contracting.

Compliance with State and Federal Law or Regulation

California Public Contract Code Section 10500.5 requests The Regents to adopt policies and procedures to facilitate the participation of small businesses, particularly small, disadvantaged, women-owned, and disabled veteran business enterprises in business contracting with the University. California Proposition 209 was passed into law by the electorate and prohibits the use of race and gender on a statewide basis. However, The Regents' policy to ensure equal opportunity in University business contracting and California law do not prohibit the consideration of business size or disabled veteran status as criteria in University business contracting practices. Pursuant to The Regents' policy and state law, the University will comply with the provisions of Public Contract Code Section 10500.5 only in University business contracting with small or disabled veteran business enterprises; continue to set goals and timetables for small disadvantaged and women-owned business enterprises where such goals and timetables are required as a condition of federally funded contracts or grants; maintain statistics on utilization of such businesses; and rely on self-certification or Small Business Administration certification as required by federal regulation. In addition, the University will continue to utilize outreach programs to assure equality of opportunity.

Small Business Outreach

Small business is vital to the success of the University of California and its missions. We have maintained a strong institutional commitment to small business over the years, and it is our intention to continuously expand upon our commitments to ensure that small businesses have equal access to work with UC whenever possible. We work together as an institution with our wider California community to develop acquisition strategies that maximize small business participation without compromising UC business requirements, while also ensuring that we meet the needs of our internal customers. This includes management of the University of California Small & Diverse Business Advisory Council, which began meeting in April of 2017, and is chaired by University of California Chief Procurement Officer William Cooper. This Council includes membership from the Small Business Administration, State of California Department of General Services, business leaders from throughout the state and Chamber of Commerce leaders.

UC and each individual campus utilizes a broad range of outreach activities designed to improve the University's access to qualified small business suppliers, including disadvantaged, women-owned and disabled veteran business enterprises. Utilization of small businesses allows us to foster competition, which in turn strengthens our economy and builds goodwill in the community in support of the University's

commitment to access and opportunity. Each campus leads its own outreach program and designs new program commitments as needed. Small business activities may include but are not limited to:

1. Brochures and/or other instructional materials in hard copy and electronic format on University websites designed to convey information about the University's supplier diversity and contracting programs. The material may contain a directory of information on how to access the University's purchasing and contracting systems.
2. Sponsorship of trade fairs enables small businesses affordability in demonstrating their abilities and meeting potential customers/buyers.
3. Attendance at trade fairs and business opportunity events *presented* by other organizations for the purpose of meeting new qualified small businesses, including DBE, WBE and DVBE and discussing common concerns and best practices with procurement professionals and organizations.
4. Seminars for groups of small business suppliers including DBE, WBE and DVBE for the purposes of instructing them on how to do business with the University.
5. Meetings with small business suppliers on an individual basis to understand their capabilities and qualifications.
6. Visits to small business locations to tour their facilities, to better understand their capabilities and to ensure satisfactory business practices in line with the needs of the University.
7. Participation in local organizations, which support small business interests, including groups oriented toward small businesses including DBE, WBE and DVBE.
8. Maintenance of small business information pages on UC Office of the President and campus websites to provide information on University contracting and outreach programs to interested small businesses and campus contracting personnel.
9. Access to a supplier locator database so that Supplier Diversity Program Coordinators and Buyers at each campus can search for potential suppliers holding any applicable supplier diversity classifications.

The following page displays utilization figures for fiscal year 2017-18 with a summary of University addressable business contracting spend for all contracting categories (Purchasing, Construction and Design). The subsequent two pages show the activity for each contracting category by Campus, Medical Center and National Lab.

Key Reporting Changes

Please also note that in this year's report requirements have been clarified for two categories:

1. In previous years, reporting on women-owned business (WBE) spend was inconsistent in including or excluding non-small WBE's. In order to better align with the intent of this report as it is described in the California Public Contract Code Section 10500.5, we are including all spend with any certified women-owned business enterprise including both small and non-small business types.
2. In previous years, reporting Disabled Veteran-owned Business Enterprise (DVBE) spend was inconsistent in including or excluding non-small DVBE's, as well as including or excluding non-disabled veteran-owned businesses. In order to better align with the intent of this report as it is described in the California Public Contract Code Section 10500.5, we are only including spend with any certified or self-certified disabled veteran-owned businesses meeting the requirements set forth by the California Departments of General Services and/or the U.S. Small Business Administration.

Contact Information:
Office of the President
University of California
1111 Franklin Street
Oakland, CA 94607
<http://www.ucop.edu>

Small Business Utilization Report, FY 2017-2018

SUMMARY

Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Procurement									
Campuses & Med Ctrs	\$ 9,178,065,734	\$ 827,438,909	9.02%	\$ 182,900,356	1.99%	\$ 164,150,341	1.79%	\$ 8,563,987	0.09%
National Labs	\$ 263,688,339	\$ 140,409,433	53.25%	\$ 20,848,412	7.91%	\$ 18,541,853	7.03%	\$ 3,231,165	1.23%
PROCUREMENT TOTAL	\$ 9,441,754,073	\$ 967,848,342	10.25%	\$ 203,748,768	2.16%	\$ 182,692,194	1.93%	\$ 11,795,152	0.12%
Design & Construction									
Campuses & Med Ctrs	\$ 1,412,308,360	\$ 149,097,408	10.56%	\$ 59,990,074	4.25%	\$ 22,092,758	1.56%	\$ 3,077,465	0.22%
National Labs	\$ 52,029,964	\$ 19,151,704	36.81%	\$ 1,846,146	3.55%	\$ 58,984	0.11%	\$ 1,318,468	2.53%
D & C TOTAL	\$ 1,464,338,324	\$ 168,249,112	11.49%	\$ 61,836,220	4.22%	\$ 22,151,742	1.51%	\$ 4,395,933	0.30%
Grand Total	\$ 10,906,092,397	\$ 1,136,097,454	10.42%	\$ 265,584,988	2.44%	\$ 204,843,936	1.88%	\$ 16,191,086	0.15%

Small Business Utilization Report, FY 2017-2018

PROCUREMENT

Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Berkeley Campus	\$ 457,399,843	\$ 54,450,140	11.90%	\$ 11,074,360	2.42%	\$ 10,643,782	2.33%	\$ 269,829	0.06%
Davis Campus	\$ 439,655,830	\$ 61,975,910	14.10%	\$ 12,921,371	2.94%	\$ 11,899,303	2.71%	\$ 936,067	0.21%
Davis Medical Ctr.	\$ 967,938	\$ 87,797	9.07%	\$ 42,991	4.44%	\$ 42,991	4.44%	\$ -	0.00%
Irvine Campus	\$ 261,428,514	\$ 27,108,487	10.37%	\$ 5,120,764	1.96%	\$ 6,117,255	2.34%	\$ 171,473	0.07%
Irvine Medical Ctr.	\$ 410,019,420	\$ 117,699,858	28.71%	\$ 1,509,907	0.37%	\$ 7,353,514	1.79%	\$ 94,551	0.02%
Los Angeles Campus	\$ 1,015,339,121	\$ 121,064,937	11.92%	\$ 27,615,086	2.72%	\$ 24,713,709	2.43%	\$ 2,049,130	0.20%
Los Angeles Medical Ctr.	\$ 918,838,007	\$ 57,724,324	6.28%	\$ 46,179,459	5.03%	\$ 14,431,081	1.57%	\$ 260,299	0.03%
Merced Campus	\$ 74,510,271	\$ 11,006,879	14.77%	\$ 2,150,252	2.89%	\$ 1,237,214	1.66%	\$ 16,709	0.02%
Riverside Campus	\$145,836,707	\$26,429,518	18.12%	\$6,857,009	4.70%	\$6,411,218	4.40%	\$151,367	0.10%
San Diego Campus	\$ 714,052,346	\$ 85,597,438	11.99%	\$ 28,610,739	4.01%	\$ 17,096,740	2.39%	\$ 2,226,266	0.31%
San Diego Medical Ctr.	\$ 534,756,222	\$ 79,927,303	14.95%	\$ 386,212	0.07%	\$ 25,278,698	4.73%	\$ -	0.00%
San Francisco	\$ 561,531,627	\$ 69,021,584	12.29%	\$ 15,605,674	2.78%	\$ 12,235,744	2.18%	\$ 1,167,579	0.21%
San Francisco Med. Ctr.	\$ 406,113,489	\$ 40,928,982	10.08%	\$ 722,155	0.18%	\$ 16,509,690	4.07%	\$ 4,720	0.00%
Santa Barbara Campus	\$ 122,471,978	\$ 21,175,898	17.29%	\$ 3,388,497	2.77%	\$ 2,985,069	2.44%	\$ 700,216	0.57%
Santa Cruz Campus	\$ 138,600,990	\$ 25,037,553	18.06%	\$ 8,741,022	6.31%	\$ 4,241,396	3.06%	\$ 18,680	0.01%
Office of the President	\$ 2,976,543,430	\$ 28,202,301	0.95%	\$ 11,974,858	0.40%	\$ 2,952,938	0.10%	\$ 497,101	0.02%
Berkeley Lab	\$ 263,688,339	\$ 140,409,433	53.25%	\$ 20,848,412	7.91%	\$ 18,541,853	7.03%	\$ 3,231,165	1.23%
PROCUREMENT TOTAL	\$ 9,441,754,073	\$ 967,848,342	10.25%	\$ 203,748,768	2.16%	\$ 182,692,194	1.93%	\$ 11,795,152	0.12%

Small Business Utilization Report, FY 2017-2018

DESIGN & CONSTRUCTION

Location	Total \$ Expenditure	SBE	%	DBE	%	WBE	%	DVBE	%
Berkeley Campus	\$ 108,029,257	\$ 15,933,863	14.75%	\$ 2,352,058	2.18%	\$ 956,814	0.89%	\$ -	0.00%
Davis Campus	\$ 80,225,400	\$ 18,510,688	23.07%	\$ 2,668,708	3.33%	\$ 959,072	1.20%	\$ 2,121,309	2.64%
Davis Medical Ctr.	\$ 22,004,784	\$ 6,483,210	29.46%	\$ 1,955,317	8.89%	\$ 1,595,287	7.25%	\$ 10,172	0.05%
Irvine Campus	\$ 87,660,242	\$ 3,454,152	3.94%	\$ 340,032	0.39%	\$ 289,708	0.33%	\$ -	0.00%
Irvine Medical Ctr.	\$ 14,960,227	\$ 7,936,041	53.05%	\$ 232,360	1.55%	\$ 108,890	0.73%	\$ -	0.00%
Los Angeles Campus	\$ 205,220,776	\$ 19,523,364	9.51%	\$ 13,702,927	6.68%	\$ 8,124,590	3.96%	\$ 360,049	0.18%
Los Angeles Medical Ctr.	\$ 17,220,209	\$ 3,782,864	21.97%	\$ 7,593,047	44.09%	\$ 721,749	4.19%	\$ 31,905	0.19%
Merced Campus	\$ 22,411,264	\$ 490,193	2.19%	\$ 194,593	0.87%	\$ -	0.00%	\$ -	0.00%
Riverside Campus	\$ 105,676,010	\$ 11,656,360	11.03%	\$ 6,371,713	6.03%	\$ -	0.00%	\$ 543,830	0.51%
San Diego Campus	\$ 334,613,251	\$ 20,759,222	6.20%	\$ 8,366,908	2.50%	\$ 5,947,559	1.78%	\$ 10,201	0.00%
San Diego Medical Ctr.	\$ 4,347,476	\$ 1,835,287	42.21%	\$ -	0.00%	\$ 3,135	0.07%	\$ -	0.00%
San Francisco	\$ 187,352,933	\$ 4,116,446	2.20%	\$ 1,794,583	0.96%	\$ 873,287	0.47%	\$ -	0.00%
San Francisco Med. Ctr.	\$ 157,669,514	\$ 24,756,356	15.70%	\$ 8,627,807	5.47%	\$ 582,680	0.37%	\$ -	0.00%
Santa Barbara Campus	\$ 17,365,873	\$ 2,417,729	13.92%	\$ 1,851,986	10.66%	\$ -	0.00%	\$ -	0.00%
Santa Cruz Campus	\$ 47,064,564	\$ 7,370,008	15.66%	\$ 3,916,564	8.32%	\$ 1,929,767	4.10%	\$ -	0.00%
Office of the President	\$ 486,580	\$ 71,626	14.72%	\$ 21,470	4.41%	\$ 220	0.05%	\$ -	0.00%
Berkeley Lab	\$ 52,029,964	\$ 19,151,704	36.81%	\$ 1,846,146	3.55%	\$ 58,984	0.11%	\$ 1,318,468	2.53%
D&C TOTAL	\$ 1,464,338,324	\$ 168,249,112	11.49%	\$ 61,836,220	4.22%	\$ 22,151,742	1.51%	\$ 4,395,933	0.30%