



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR EDMUND G. BROWN JR.

Office of Small Business Advocate,
Made in California Program &
Permit Assistance Program
Annual Report to the Governor and Legislature
October 2015 - September 2016

Pursuant to Sections 12097(d), 12098.4(b), and 12098.10(g) of the Government Code

Edmund G. Brown, Jr.
GOVERNOR

Panorea Avdis
DIRECTOR

Will Koch
CHIEF DEPUTY DIRECTOR

Daljit K. Bains
DEPUTY DIRECTOR OF PERMIT ASSISTANCE PROGRAM

Jesse Torres
DEPUTY DIRECTOR OF SMALL BUSINESS/CA SMALL BUSINESS ADVOCATE

February 1, 2017

For questions in regards to this report, please contact:
Jesse Torres, Jesse.Torres@gov.ca.gov, (213) 620-6011

Contents

Overview	2
Office of Small Business Advocate	2
California Small Business Data and Trends	2
Office of Small Business Advocate Structure and Focus Areas.....	3
2015-2016 OSBA Accomplishments.....	4
Advocacy	4
Information Gathering/Dissemination.....	4
Agency Coordination.....	5
Business Assistance.....	6
Made in California.....	9
Overview	9
Progress to Date.....	9
Expenditures	11
Permit Assistance Program.....	11
Significant Activities	11
Regulatory Compliance Assistance:	11
Consolidating and Disseminating Information:	12
Mediation:	12
Business Process Improvement:	13
Committee Participation/Cross-Sectoral Initiatives:	16

Overview

Annual reports are required to the Governor and the Legislature for the Office of Small Business Advocate (OSBA), the Made in California Program, and the Permit Assistance Program, pursuant to Government Code Sections 12097(d), 12098.4(b), and 12098.10(g) respectively. This combined report provides the following information:

- OSBA
 - Activities and priorities of the office.
- Made in California
 - Expenditures, progress and ongoing priorities of the program.
- Permit Assistance
 - Activities of the office.

This combined report describes progress and accomplishments for the period covering October 1, 2015 to September 30, 2016.

Office of Small Business Advocate

California Small Business Data and Trends

California small businesses constitute close to 13% of all small businesses in the United States, according to the “2016 California Small Business Profile¹” published by the U.S. Small Business Administration. California has 3.7 million small businesses, which in turn employ 6.7 million workers in the state. California has the most small businesses of any state or territory in the country, outpacing Texas (2.4 million), Florida (2.3 million) and New York (2.1 million). The SBA generally defines a small business as meeting the following criteria: 500 employees for most manufacturing and mining industries and \$7.5 million in average annual receipts for many nonmanufacturing industries².

In addition, the Ewing Marion Kauffman Foundation, a worldwide leader in the study of entrepreneurship, reports in its annual indices for [StartUp Activity](#), [Main Street Entrepreneurship](#) and [Growth Entrepreneurship](#)³ the following:

- **StartUp Activity**
 - California ranks 3rd in terms of startup activity for the 25 largest states in the country – up one rank from its position in 2015.
 - California has 88.1 startups for every 1,000 employer firms.
 - Among the 25 largest states, California and Texas lead in rate of new entrepreneurs with 390 of every 100,000 adults becoming an entrepreneur per month.
- **Main Street Entrepreneurship – Employer firms five years old and older with fewer than 50 employees**
 - California ranks 9th in terms of main street entrepreneurship among the 25 largest states in the country – outpacing both New York (#17) and Texas (#18).
 - California has 644 established small businesses for every 1,000 firms.

¹ <https://www.sba.gov/sites/default/files/advocacy/California.pdf>

² <https://www.sba.gov/content/summary-size-standards-industry-sector>

³ <http://www.kauffman.org/microsites/kauffman-index>

- 48% of California firms remain in operation throughout their first five years.
- Among the five largest states, California also had one of the highest rates of both female business owners and older business owners (ages 55 to 64).
- **Growth Entrepreneurship**
 - Among the 25 largest states, California ranks 11th overall for Growth Entrepreneurship, which is based on three indicators – rate of startup growth, share of scaleups and high growth company density. Up one rank from 2015.

2016 Growth Entrepreneurship Rankings	Rate of Startup Growth - How much startups have grown as a cohort, on average, five years after founding	Share of ScaleUps - The number of businesses that started small and grew to employ at least fifty people by their tenth year of operation as a percentage of all businesses ten years and younger	High-Growth Company Density - The number of fast-growing companies with at least \$2 million dollars in annual revenue normalized by business population
California	60.11%	1.19%	94.7
Texas	61.79%	1.78%	94.1
New York	57.02%	1.02%	73.3
Florida	47.45%	.83%	79.1

Office of Small Business Advocate Structure and Focus Areas

The OSBA operates as a unit within the Governor’s Office of Business and Economic Development (GO-Biz). The roles and responsibilities for the office are described in Government Code Sections 12098-12098.9. The OSBA serves as the lead office in providing small businesses in the State of California with the information and resources needed to survive in the marketplace and serves as the principal advocate in the state on behalf of small businesses. As stated in the statute:

(a) The Legislature finds and declares that it is in the public interest to aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise and maintain a healthy state economy.

(b) In order to advocate the causes of small business and to provide small businesses with the information they need to survive in the marketplace, there is created within the Governor's Office of Business and Economic Development the Office of Small Business Advocate.

Under the direction of the Small Business Advocate Jesse Torres and within the parameters set by statute, the OSBA has four primary focus areas: Advocacy, Information Gathering/Dissemination, Agency Coordination, and Business Assistance.

2015-2016 OSBA Accomplishments

Advocacy

The OSBA engages with policy makers, small business stakeholders and the small business community at large throughout the year to understand small business concerns and explore potential solutions to small business issues. During the course of the reporting period, the OSBA conducted 29 small business forums with members of the state legislature at locations throughout the state. These events primarily focused upon programs and services offered by GO-Biz for small business and sometimes included additional speakers such as other state agencies or local resources for small business. On occasion, the OSBA would conduct multiple events with the legislator in different areas of his or her district. Below is the list of participating legislators:

Senator Richard Roth, SD 31	Assemblymember Jim Frazier, AD 11
Senator Isadore Hall, SD 35	Assemblymember James Gallagher, AD 3
Assemblymember Toni Atkins, AD 78	Assemblymember Eduardo Garcia, AD 56
Assemblymember Frank Bigelow, AD 5	Assemblymember Adam Gray, AD 21
Assemblymember Susan Bonilla, AD 14	Assemblymember Jacqui Irwin, AD 44
Assemblymember Rob Bonta, AD 18	Assemblymember Tom Lackey, AD 36
Assemblymember Cheryl Brown, AD 47	Assemblymember Marc Levine, AD 10
Assemblymember Autumn Burke, AD 62	Assemblymember Devon Mathis, AD 26
Assemblymember Ian Calderon, AD 57	Assemblymember Chad Mayes, AD 42
Assemblymember Ed Chau, AD 49	Assemblymember Kevin McCarty, AD 7
Assemblymember Kansen Chu, AD 25	Assemblymember Patrick O'Donnell, AD 70
Assemblymember Jim Cooper, AD 9	Assemblymember, Das Williams, AD 37
Assemblymember Bill Dodd, AD 4	Assemblymember Jim Wood, AD 2
Assemblymember Susan Talamantes Eggman, AD 13	

Information Gathering/Dissemination

In total, the OSBA produced or had speaking roles in 65 events in addition to the above mentioned small business forums with legislators. These events included:

- **GO-Biz “Grow Your Business” Summit Series:** The OSBA produced four multi-panel summits over the course of the year to educate the small business community at large on the resources and services of GO-Biz. The panels featured GO-Biz leadership, unit deputies and local business stakeholders. Summits were held in Clovis (10/13/15), San Francisco (1/19/16), Los Angeles (5/5/16) and Sacramento (8/17/16). The average attendance per summit was 85.
- **Webinars:** The OSBA produced three webinars in May as part of the celebration of 2016 California Small Business Month. These webinars included:
 - **“Protect Your Business from Disasters”** – 5/4/16 – In partnership with California Office of Emergency Services
 - **“Connect Your Small Business to the Global Marketplace”** – 5/12/16 – In partnership with GO-Biz’s Office of International Affairs and Business Development

- **“Overview of California Small Business Loan Guarantee Program”** – 5/19/2016 - In partnership with the California Infrastructure and Economic Development Bank (IBank)
- **General Small Business Events:** The OSBA team produced or participated in 58 small business events during the course of the reporting period. These events included such forums as:
 - **“State of California – 2016 Winter Vendor Showcase – 2/24/16** – Organized by CA Department of General Services, the event connected Small Businesses and Disabled Veteran Business Enterprises with state representatives in a collaborative forum to promote partnerships and increase procurement opportunities. Small Business Advocate Jesse Torres acted as co-emcee for the showcase and the OSBA also managed an information table at the event.
 - **“Protect Your Business” Disaster Preparedness Workshop** – 5/18/16 – Organized by the OSBA in partnership with the California Office of Emergency Services, Alameda County and CA Seismic Commission. Held in Oakland, the panel event featured staff from the OSBA and focused upon practical steps for business owners to manage disaster risks.
 - **“Latino Entrepreneurs: Their Visions and Journeys”** – 5/24/16 – Organized by Impact Hub in San Francisco. This panel event featured Small Business Advocate Jesse Torres speaking about both the programs and resources of GO-Biz but also key minority entrepreneurship trends in California.
 - **“Ron Brown Business and Economic Summit – Access to Capital Panel”** – 8/26/16 – Organized by the CA Black Chamber of Commerce, this event featured Small Business Advocate Jesse Torres along with Teveia Barnes, Executive Director of California IBank among the panelists and focused upon small business lending and technical assistance.

In addition, the OSBA team is regularly invited to participate in regional and municipal economic development meetings to both provide a statewide perspective on small business issues and to provide input on local small business challenges and opportunities.

In the past fiscal year, the OSBA also launched its own email distribution list to engage with the small business community and keep them informed of upcoming events. The current distribution list has close to 3,000 contacts and is included as part of the larger GO-Biz distribution list. The OSBA is also active on social media and posts information on the OSBA and GO-Biz activities and news on Twitter, Facebook and LinkedIn.

Agency Coordination

The OSBA in partnership with the GO-Biz Permit Assistance Unit manages an Interagency Working Group that convenes small business officers and advocates from various state agencies to discuss new or changed regulations or small business programmatic concerns. In 2016, the Interagency Working Group was redesigned to focus on utilizing the California Business Portal, an online tool that was developed by GO-Biz in partnership with the CA Department of Technology’s Leadership Academy, to consolidate business and compliance information from multiple federal, state and local governments. The Interagency Working Group maintains four subcommittees:

1. Regulations, Permits, Compliance
2. Financial Assistance/Incentives
3. Workforce & Training
4. Procurement

Moving forward, each subcommittee will work to update and maintain content on the California Business Portal pages that pertains to those focus areas and find additional ways to collaborate. The larger Interagency Working Group will continue to meet on a quarterly basis.

In addition, the OSBA launched a Small Business Stakeholder Roundtable series which gave small business stakeholders such as chambers of commerce, economic development agencies, federal, state and local technical assistance partners, small business owners and others the opportunity to give input and feedback on small business issues. Three Roundtables were held during this period across the state in Sacramento (11/18/15), Los Angeles (2/25/16), and San Diego (6/9/16), with an average attendance of 22. GO-Biz invited other state agencies to participate and present on their small business programs including partners such as CA Department of Industrial Relations, CA Disability Commission and CA Natural Resources Agency.

The OSBA also regularly participates in a number of different groups managed by different agencies, including the Department of General Services Small Business Council Meeting, CalTrans Small Business Council Meeting and the Taxpayer Advocates Quarterly Meeting, a convening of taxpayer advocates from the Franchise Tax Board, CA Board of Equalization, Employment Development Department, and the Internal Revenue Service. The Small Business Advocate also regularly meets with the advocates at other agencies to discuss programmatic issues and identify ways to collaborate.

Business Assistance

In addition to managing two core business assistance programs, the OSBA collaborates with the different units of GO-Biz to provide assistance to small businesses in the state. Here are just a few examples of these collaborative efforts in the past year:

- Participated regularly in meetings and forums with small businesses coordinated by the Permit Assistance and Cal-BIS Units to help resolve business challenges and provide information on programs that may be leveraged by those small businesses.
- Participated in trade delegations coordinated by the International Affairs and Business Development Unit and helped to promote the State Trade and Export Promotion (STEP) grant program for small businesses and GO-Biz's trade mission to China in 2016.
- Supported the California Competes Tax Credit Unit by participating in joint workshops and helping to promote the program to small businesses and small business stakeholders.

Capital Infusion Program

The OSBA oversees the Capital Infusion Program, which provides competitive grant funding to the California Small Business Development Center (SBDC) Network, the largest technical assistance program for small businesses in California. The California SBDC Network is comprised of six regional networks, each having one administrative hub or "Lead Center" and a network of small business development

centers. The program is aimed at helping small business development centers to expand their one-to-one, no-cost, confidential consulting to small business owners to help them attain loans, investor capital, understand and resolve their credit readiness issues and develop funding strategies for business expansion or startup.

In fiscal year 2014-15, \$2 million in state general funds was allocated for the program and then renewed in fiscal year 2015-16 at \$2 million. A funding allocation for \$1.5 million is currently in place for the 2016-17 fiscal year. Below is a chart of outcomes for CIP during its first two years.

Funds are matched 1:1 by the U.S. SBA. In fiscal year 2014-15, 34 small business development centers across California received grant funding. In fiscal year 2015-16, 41 centers received grant funding. The OSBA administers the program and oversees all aspects including program management, compliance, and performance progress and outcomes.

Program Outcomes

Fiscal Year	State Dollars Committed	Capital Infusion Generated	Clients Served
2014-15	\$2,000,000	\$202,645,465	10,053
2015-16	\$2,000,000	\$173,856,832	10,251



2015-16 Statewide Annual Results

SBDC Region	Capital Infusion	Clients Assisted
Northern CA	\$29,005,162	2,370
Northeastern CA	\$11,263,648	1,256
UC Merced	\$16,787,975	1,403
Orange County/Inland Empire	\$79,772,014	1,438
San Diego	\$8,069,371	708
Los Angeles	\$31,701,163	3,076
Total	\$176,599,332	10,251

A sampling of Capital Infusion Program success stories and the diversity of the clients and the capital infusion milestones are as follows:

North Coast SBDC – Client: A Taste of Bim

Location: Eureka, CA

Restaurant owner Gaby had always wanted to open a restaurant serving foods from her native island of Barbados using the authentic recipes of her Mother. She left her high-end management job, and working together with a North Coast SBDC Advisor, was able to put together a loan application including projections, a menu, staffing plan and buying schedule, and brief business plan for Redwood Region Economic Committee. The committee approved two loans totaling \$25,000. The client matched this investment with her own money and opened her cafe before Christmas 2015.

San Francisco SBDC - Client: Antojitos Salvadoreños

Location: San Francisco

The business owners lost their business during the San Francisco Mission Fire in February 2015. They worked tirelessly with the San Francisco SBDC for over eight months. Thanks to the assistance they received, they were able to reopen their doors in October 2015 after securing an SBA Loan and acquiring another restaurant.

Alliance SBDC – Client: Data Path

Location: Modesto, CA

Data Path is an IT solution company located in Modesto. The company employs 43 individuals and is focusing heavily on cloud computing. Through the consulting support of the SBDC, they received a line of credit from US Bank for \$241,822 to assist with business growth in a very competitive market. The owners of Data Path continue to be community focused and regularly host Lemonade Day, a free city-wide educational program and event in Modesto that teaches youth entrepreneurial skills necessary to start, own and operate their own business – a lemonade stand.

University of La Verne SBDC – Client: International Commodities Distributors, Inc. (DBA) Davis Lewis Orchards

Location: Garden Grove, CA 92841

International Commodity Distributors (DBA Davis Lewis Orchards) has supplied healthy fruit and

nut snacks to consumers via grocery stores and specialty markets nationwide for over 25 years. The Capital Infusion Program funded consulting assisted the CEO, Roberta Lewis, on how to restructure her existing loans into one SBA loan and obtain \$900,000 to purchase a new form and fill machine. “The new machine is faster and less likely to break down,” Lewis explains. She expects the new machine to increase production from 5 million bags a year to between 6.2 million and 7.2 million. To handle the projected growth, she has hired a new director of operations and a new national sales manager.



Made in California Overview

In 2013, Governor Brown signed Senate Bill 12 (Corbett, Chapter 541, Statutes of 2013), which created the Made in California Program within GO-Biz. Made in California is a state labeling program designed to encourage consumer product awareness and to promote the purchase of products manufactured in California. The OSBA is responsible for administering the program.

In order for a manufacturer to participate in the Made in California program, they must meet the following requirements:

- 51% or more of a product’s value added must be from California.
- The finished product must be able to lawfully use a “Made in U.S.A.” label pursuant to Section 17533.7 of California’s Business and Professions Code.
- Agricultural products subject to Buy California program are excluded.
- A third-party certification is required at least once every three years.

The statute indicates that a qualified third-party certifier is an “individual, group, or association that possesses a professional license, certification, or other equivalent documentation indicating sufficient training, education, or expertise to perform a regulatory compliance audit.”

Progress to Date

On June 7, 2016, regulations for the Made in California program were approved and filed and an official webpage for Made in California was launched – www.camade.ca.gov. In addition, a digital advertising

campaign was launched in late summer 2016 for the program that included both digital banner placements across a variety of manufacturing, small business and business publication websites and promotion on major social media platforms. In addition, the OSBA staff incorporated Made in California information as part of its small business forums and stakeholders meetings that it conducted across the state.

Since its launch, the OSBA has not received any complete applications for the program despite GO-Biz promotional efforts and only a single organization has expressed interest in serving as a third-party certifier – TÜV Rheinland North America. It is important to note that the promotional efforts have generated attention and led prospective applicants to the website. Between August 1st and January 3rd, the CA Made website received over 6,200 page views during over 2,400 sessions from 1,844 unique users.

In order to better ascertain how best to move forward with the program, the OSBA launched a CA Made Focus Group series to elicit feedback from manufacturers and manufacturing stakeholders about the program. Four of these focus group sessions were held in December 2016 in Modesto, Chico, Torrance and San Diego. Partners on these sessions included California Manufacturing Technology Consulting (CMTc), U.S. Department of Commerce, San Diego Regional Economic Development Corporation and Opportunity Stanislaus, among others. Attendance for these sessions ranged between six to 14 participants. A final focus group is scheduled for early February 2017 in Los Angeles with the partner Make It in LA.

Key feedback provided by the manufacturers and stakeholders at the sessions included:

- Manufacturers expressed skepticism about the value of the program. One manufacturer described the benefits as being very weak – amounting to a logo, Facebook posts and website mention.
- A majority of manufacturers expressed that third-party certification is impractical and that there are high direct and indirect costs related to the process. In addition, there is uncertainty over who could actually perform the certification. Many expressed a desire for self-certification.
- Manufacturers expressed that the Made in USA requirement is an obstacle as many use components, such as steel, that is not available domestically.
- Material sourcing can change due to availability and competitive costs, so compliance with the program would be difficult to maintain year to year.
- Some wanted additional marketing support for participating manufacturers through an awards program like the U.S. Department of Commerce’s President’s “E Star” Award to recognize state-based manufacturers.
- A majority of manufacturers wanted additional return on investment from the program through state procurement incentives or financial incentives, such as help with energy costs, workers compensation, special consideration for tax credits, or facilitated special trade missions for CA-based manufacturers.
- Many manufacturers expressed a desire for the program to create a community of manufacturers in the state –provide opportunities for networking and B2B partnerships and establish a “California Store” of CA-made products.

Expenditures

GO-Biz expended approximately \$131,000 of a budget that was allocated to the Made in California program for marketing purposes. A portion of the budget – approximately \$86,000 – was utilized for a marketing contract with Sacramento-based firm Blanket Marketing Group (BMG) to create a comprehensive digital ad campaign for the program. BMG secured the contract through a competitive bid process. Another portion of funds - \$40,000- were spent on eight different vendors for digital marketing including website banner ads, newsletter inclusion and other items. And a small portion of funds, approximately \$4,600, was used to purchase marketing materials such as postcard fliers, tablecloths, tents and pullup banners for the program.

Permit Assistance Program

The Permit Assistance Program provides support to the business community by providing permitting and regulatory compliance assistance to individual businesses, working with regulating agencies to improve and streamline permitting and licensing processes, improving related processes that impact the business community and regulatory agencies, and providing mediation and 3rd-party facilitation to resolve conflicts between applicants and regulatory entities.

During the reporting period of October 1, 2015 – September 30, 2016 highlights of the Office of Permit Assistance include: organization and execution of 23 unique Lean 6-Sigma projects with the participation of six state agencies, participation in the [Tree Mortality Task Force](#)ⁱ, the [Sustainable Freight Action Plan](#)ⁱⁱ, providing mediation services in over 60 unique cases, participation in the update of the California Environmental Quality Act (CEQA) guidelines, recognizing Stanislaus County for its best business practice in streamlining the region’s development permitting process and participating on multiple committees and working groups that focus on achieving the Governor’s climate change and resource conservation goals.

Significant Activities

Significant activities of the Office of Permit Assistance for the reporting period of October 1, 2015 - September 30, 2016 are as follows:

Regulatory Compliance Assistance:

Permit Assistance Program staff assist business owners in identifying the permits and other regulatory requirements needed to start a new business or expand an existing one. Businesses call or email GO-Biz asking for assistance with identifying permits needed to start or expand. Staff will respond at first contact via email or phone to provide a list of regulatory entities and their requirements for businesses to check in with and application forms necessary to fill out. Staff will also coordinate pre-application meetings between business owners and appropriate regulatory agencies to bring more clarity on more complex permitting requirements.

Service Requests in the last three years have increased each year indicating awareness of and demand for permit assistance services. Previous years requests are included for the purpose of comparison.

Staff uses the California Business Portal Service Help Desk to track the Unit’s daily service requests that are received and answered by staff.

- 2013 Year Service Request Totals: 185 (monthly average: 15.42)
- 2014 Year Service Request Totals: 707 (monthly average: 58.92)
- 2015 Year Service Request Totals: 885 (monthly average: 73.75)
- September 30th, 2015 – October 1st, 2016: 1,412 total (monthly average: 117.6)

Consolidating and Disseminating Information:

California Online Permit Assistance Tool (CalGOLD):

The Permit Assistance Unit is responsible for maintaining the California Online Permit Assistance Tool – CalGOLD (www.calgold.ca.gov) is an easy-to-use tool that allows businesses to search for permit requirements tailored to their business type and location in California. Search results are sorted by local, state, and federal requirements, and for each regulatory agency listed, contact information including physical address, web address, and telephone number is provided. CalGOLD also includes a Forms and Fees Finder that was developed by the department and maintains to help businesses find application forms and fees for state level permits.

Website traffic for CalGOLD :

Page Views: 167,311

Unique Page Views: 126,726

Quick Start Guides:

Quick Start Guides for common industry types have also been created to distribute to appropriate business owners to serve as reference tools. These Guides are available on the California Business Portal at <http://businessportal.ca.gov/Business-Assistance/Start-a-Business/Business-Quick-Start-Guides>. These quick start guides are an easy reference point for various industry types including, restaurants, business consultants, building and engineering contracts, and non-profits, for a quick overview of federal, state and local filing requirements.

Mediation:

In addition, the program mediates disputes between business entities and regulating government agencies. Staff provided assistance in over 60 unique cases in mediation related services from Northern to Southern California. A sample of the range of industries, agencies involved, and duration of staff involvement time are included below.

Industries Served	
<p style="text-align: center;">Solar Farm Company</p> <ul style="list-style-type: none"> ▪ Service provided: Resolved site permitting issues with regulatory agency ▪ Agencies involved: CA Department of Fish and Wildlife, US Army Core of Engineers 	<p style="text-align: center;">Technology Manufacture/Sells – Relocation</p> <ul style="list-style-type: none"> ▪ Service provided: Agency roundtable ▪ Agencies involved: San Bernardino Economic Development, Southern Edison, City Building

Tech Start Up	Amino Manufacture-Permit Consultation
<ul style="list-style-type: none"> ▪ Service provided: Obtaining Permit Issues ▪ Agencies involved: San Francisco Building Department 	<ul style="list-style-type: none"> ▪ Service provided – Agency contact and meetings ▪ Agencies involved- State Department of Justice
BioChar Company	Biochar, Bioenergy, Biofuel facilities (numerous)
<ul style="list-style-type: none"> ▪ Services provided: Assistance in Permit Identification / Classification ▪ Agencies involved: CA Department of Food and Agriculture, CA Department of Pesticide Regulation 	<ul style="list-style-type: none"> ▪ Service provided: Permit and market development assistance ▪ Agencies involved: CDFR, OPR, USFS, local agencies
Electric Vehicle Company	Clothing Manufacturing
<ul style="list-style-type: none"> ▪ Service provided: Permit Guidance ▪ Agencies involved: GO-Biz ZEV team, CARB 	<ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies involved: Transportation, Department of General Services
Dairy Lagoon Leak – Enforcement Action	Metal Manufacturing
<ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies involved: Central Valley Regional Water Quality Control Board 	<ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies involved: South Coast Air Quality Management District
Electric Transmission Line Permitting – Encroachment Permit	Renewable Energy
<ul style="list-style-type: none"> ▪ Service provided: Mediation ▪ Agencies involved: CalTrans 	<ul style="list-style-type: none"> ▪ Service provided: Permit Assistance for construction ▪ Agencies involved: Imperial Irrigation District
Restaurant –Expansion	Dairy
<ul style="list-style-type: none"> ▪ Service provided: Permit Guidance ▪ Agencies involved: City, County and State Permits 	<ul style="list-style-type: none"> ▪ Service provided: Mediation with permit assistance ▪ Agencies involved: Air Resources Board

Business Process Improvement:

Staff in the department also convenes and works collaboratively with regulating departments to streamline permitting processes and promote best practices that improve the permitting climate in California.

Streamlining Processes:

In 2014, GO-Biz and the Government Operations Agency partnered to offer a LEAN 6-SIGMA implementation program to state departments that addresses process-based issues that cause delays in services to both internal and external stakeholders. Over a 6 month period, participants receive training

on complex analytical and statistical tools applied within departmental projects that identify waste and inefficiencies in processes. This training is then applied to actual processes within state government. Lean 6-Sigma tools track number of process steps, cycle time and lead time, defect rates, percent of on-time delivery, etc. The total projects completed during this reporting period were 23 with the participation of six agencies – Government Operations, Transportation, Department of Food and Agriculture, Department of Corrections and Rehabilitation, Labor, CA Environmental Protection Agency.

The following are Lean 6-Sigma projects with an impact to permitting and enforcement action that were completed in 2016:

- **CalTrans Encroachment Permit Process:**
 - Problem Statement: Approval or denial of encroachment permit applications takes too long to receive a determination. Incomplete applications create processing delays that cost Caltrans and applicants in terms of efficiency.
 - Baseline: Encroachment permit application process averages 17 days
 - Achievement: Improvements to this process were made by mistake-proofing permit application requirements through the use of visual management and check lists. For higher complexity applications, pre-permit submittal conferences with the applicant are now being held to ensure that requirements are clearly understood. Demonstrated improvements have resulted in permits being issued or denied on average in 11 days and 97% of permits are completed within 30 days. Since the project completion, current capability is at 99% within 30 days and the current average for processing is 9.9 days.

- **CalTrans 1600 Permit Submittals to CA Department of Fish and Wildlife (CDFW):**
 - Problem Statement: Caltrans 1600 Permit submittals to CDFW are often deemed incomplete by CDFW staff. Required revisions lead to rework cycles that cause significant project delays and unplanned staffing spikes for both agencies. The goal of this project is 95% first submittal acceptance of 1600 Permit Packages.
 - Baseline: First submittal acceptance of 1600 Permit Packages is 51.5%
 - Achievement: The process improvement team replaced expedited rework loops with an increased understanding of the requirements at the front end of the process. A key Six Sigma tool used in this project was the Attribute Gauge R&R Measurement System Analysis that quantified significant inconsistencies in what constitutes a complete permit submittal. With these variances mitigated and with greater communication in the early stages of permit construction that are mistake proofed with checklists, this project is estimated to achieve over 95% first time acceptance of 1600 Permit Packages.

- **State Water Resources Control Board Reduction for 401 Applications:**
 - Problem Statement: Processing applications and issuing 401 Water Quality Certifications is a time consuming and resource intensive process. The process is laden with many rework loops that contain multiple requests for information and numerous reviews. The objective of this project is to reduce 401 Certification processing times from 273 days to 90 days.
 - Baseline: 401 Water Quality Certification completion time averages 273 days
 - Achievement: The revised process initiates early cross-functional coordination and frontloads the process so that necessary information is gathered early, mitigating the need for wasteful rework. The team also incorporated improved visual management including certification templates and updated application tracking. With these

improvements the process is projected to meet the target completion time of 90 days.

- **State Water Resources Control Board Minor Protested Applications for Water Rights Permits:**
 - Problem Statement: Making a decision on a minor protested application for a water right permit has become an extremely lengthy process taking an average of 6 years to resolve. The objective of this project is to reduce completion times to less than 180 days from the date that the State Water Board intervenes in the protest process.
 - Baseline: Protest resolution completion time averages 2158 days with 4% completed in 180 days.
 - Achievement: Staff indecision, lack of accountability, lack of clear direction, and lack of communication has been replaced by a process that features a clear and concise process map, the implementation of timeline milestone accountability, and visual management to track the status of projects. With these improvements and controls the revised process is projected to meet the target resolution completion time of 180 days.

- **Department of Toxic Substances Control (DTSC) Enforcement Action Response Improvement Project:**
 - Problem Statement / Objective: The time to complete administrative enforcement actions for cases with calculated penalties of up to \$75K is 395 days, which creates dissatisfaction for stakeholders and difficulty in workload planning for DTSC. The goal of this project is to reduce the time to complete enforcement actions so that 90% of cases, with calculated penalties of up to \$75K, are completed within 180 days.
 - Baseline: Enforcement Actions average 395 days to complete with 14.5% occurring within 180 days
 - Achievement: The application of lean tools such as improved visual management in the form of checklists and automated data collection and displays, transitioning from serial to parallel processing, and the replacement NVA review meetings with cross-functional work meetings has been shown to significantly reduce completion times in 11 sample cases. The new process is estimated to average 165 days with 91% of cases being completed within 180 days.

- **Department of Toxic Substances Control (DTSC) Resource Conservation Recovery Act - Corrective Action Site Improvement Project:**
 - Problem Statement / Objective: For DTSC Corrective Action sites it often takes an inordinate amount of time to evaluate remedial alternatives and make a formal Remedy Selection, if a remedy decision is reached at all. This generates a backlog of sites that are stuck in the Corrective Measures Study phase with no formal remedy in place, leading to delays in the cleanups of contaminated sites. The goal of this project is the completion of 80% of Remedy Selections within 2 years.
 - Baseline: Remedy Selection averages 1263 days with 24% of sites completed within 2 years
 - Achievement: A revised process map was developed that mitigates the rework associated with incomplete Conceptual Site Models and Remedial Action Objectives, placing greater focus on early collaboration between DTSC and site ownership. The new process is projected to average 534 days with 80% of Remedy Selections occurring within 2 years.

For a complete list of projects, please visit the Lean 6-Sigma program webpage, see link here: <http://business.ca.gov/Programs/Permit-Assistance/Lean-Six-Sigma-Program>

Promoting Best Practices in Permitting: The "Breaking Barriers to Doing Business" (B³) Program (<http://business.ca.gov/Programs/Permit-Assistance/Breaking-Barriers-To-Doing-Business>) was developed by the GO-Biz Permits Assistance Unit to highlight the good work of public-private partners to make it easier to do business in California. "B³ Champions" can be found at all levels of government and are recognized to share their best practices in improving permitting, customer service, and business process, all of which impact economic development.

In 2016, Stanislaus County was recognized by GO-Biz for a unique cooperative effort among ten government jurisdictions in Stanislaus County, California for creating the "Stanislaus Builds" Accountable and Prompt Permitting Program (APP), one of the first countywide models to incorporate all of its local governments in a joined effort to streamline the development permitting process.

Committee Participation/Cross-Sectoral Initiatives:

Staff of the Permit Assistance Program is involved in many cross-sectoral initiatives with impact at the local, regional and federal level. Participation of the staff includes the following projects and initiatives:

- **Vacaville Chamber of Commerce – Education Forum:**
A monthly Business Issues Education Forum for businesses in the area. Permit Assistance staff provided information on the GO-Biz Permit Assistance Unit on services and resources available to the business community.
- **Community Resource Fair – Assemblymember Kansen Chu, ASM District 25:**
Staff tabled a booth for GO-Biz and the Permit Assistance Unit. The resource fair was for businesses and other community members to become acquainted with services and resources offered by local, state and federal governments.
- **2016 Resource Fair – Assemblymember Garcia, ASM District 56:**
Staff tabled a booth with other GO-Biz team members to inform business owners and partner agencies about our unit's resources and services

CA Business Portal Regulations, Permits & Compliance Interagency Committee

The Permits Unit has created an Interagency Committee comprised of state regulating entities and GO-Biz to discuss ways to improve the CA Business Portal affiliated webpages to help businesses identify their requirements to start, expand and stay in compliance. The committee also offers a means for regulating entities to better collaborate in their regulating activities and discuss and consolidate duplicative activities in regulating specific industries. In total 21 representations attended from unique regulating entities:

1. Franchise Tax Board
2. CA Commission of Disability Access
3. Office of Administrative Law

4. Department of Motor Vehicles
5. Business Consumer Services and Housing Agency
6. Secretary of State's Office
7. Department of Industrial Relations
8. Alcoholic Beverages Control Department
9. Department of Business Oversight
10. Natural Resources Agency
11. Office of Environmental Health Hazard Assessment
12. State Controller's Office
13. CA Department of Food and Agriculture
14. Department of Transportation
15. California Environmental Protection Agency
16. CA Department of Public Health
17. Department of Toxic Substances Control
18. Employment Development Department
19. Board of Equalization
20. CA Air Resources Board
21. Housing Community Development

Staff is also involved with providing input to various agencies with impact to environmental and climate change programs including:

Air Resources Board (ARB) 2030 Scoping Plan – provided informal comments on early drafts; met with ARB staff. *(In 2006, the Legislature passed the California Global Warming Solutions Act of 2006 [Assembly Bill 32 ([AB 32](#))], which created a comprehensive, multi-year program to reduce greenhouse gas (GHG) emissions in California. AB 32 required the California Air Resources Board (ARB or Board) to develop a Scoping Plan that describes the approach California will take to reduce GHGs to achieve the goal of reducing emissions to 1990 levels by 2020. The Scoping Plan was first approved by the Board in 2008 and must be updated every five years. The [First Update to the Climate Change Scoping Plan](#) was approved by the Board on May 22, 2014. ARB is moving forward with a second update to the Scoping Plan to reflect the 2030 target established in Executive Order B-30-15)*

ARB Regulation Study – providing review of a study of the cost of regulations on agriculture in the Central Valley – met with ARB staff; currently monitoring with more meetings expected.

ARB Short-Lived Climate Pollutant (SLCP) Reduction Plan – provided comments on early draft; continue to monitor; anticipated dairy regulation after 2024

California Air Pollution Control Officers Association – Worked with CAPCOA and ARB in pursuing discussions on developing and approval of carbon sequestration protocol (biochar).

CDFA Dairy Digester Research and Development Program Technical Advisory Committee – occasionally meet and have participated in the scoring of grants in early spring; provided feedback on program development questions.

CA Forest Biomass Working Group – a USFS supported effort; participate in meetings and discussions about wood product development.

California Roundtable for Agriculture and the Environment – participate with State and federal agencies and public interest groups to discuss and study California agricultural issue; helped to develop a focus on woody biomass issue. CRAE will produce a paper and annual symposium.

OPR Biochar Research Advisory Council – participate every 1-2 months; provide an economic development perspective and feedback on research questions.

Tree Mortality Task Force – the Permits Assistance Staff regularly participates with many state, federal and local agencies in helping to develop markets and pursue projects for trees from High Hazard areas, especially with the Market Development Working Group.

Participation in meetings related to the update of the CEQA Guidelines:

- California Chamber of Commerce
- Silicon Valley leadership Group
- Orange County Business Council
- Los Angeles Chamber of Commerce
- Bay Area Council

Sustainable Freight Action Plan:

- Met with the private sector partners, state agency partners, public constituents, and non-profit organizations related to the Sustainable Freight Action Plan: **140 meetings** (in-person meetings and conference calls)
- Drafted the economic competitiveness sections of the Sustainable Freight Action Plan
- **Toured 6 freight facilities:**
 - Port of Long Beach
 - Port of LA
 - Port of Hueneme
 - Port of Oakland
 - Port of Stockton
 - Union Pacific- Roseville Rail Yard
 - Walmart Regional Facility
 - Wonderful Industrial Park- Shafter
- **Spoke at 13 public/private meetings:**
 - California Energy Commission
 - California Air Resources Board
 - California Transportation Commission
 - California State Board of Food and Agriculture
 - California Freight Advisory Committee
 - Gualco Group
 - Humboldt Eastern Rail Road Company
 - California Council on Science and Technology
 - Southern California Association of Governments
 - Sustainable Freight Action Plan Workshops: 4
- Facilitated 4 meetings for the Marine 580 Project that is aimed at reducing traffic congestion on Highway 580 between Stockton and Oakland, by shipping cargo by barges between the ports.

ⁱ The Tree Mortality Task Force is comprised of state and federal agencies, local governments, utilities, and various stakeholders that will coordinate emergency protective actions, and monitor ongoing conditions to address the vast tree mortality resulting from four years of unprecedented drought and the resulting bark beetle infestations across large regions of the State.

ⁱⁱ Governor Brown's Executive Order B-32-15 directs the Secretary of [California State Transportation Agency \(CALSTA\)](#), Secretary of the [California Environmental Protection Agency \(CalEPA\)](#), and the Secretary of the [Natural Resources Agency](#) to lead other relevant State departments in developing an integrated action plan by July 2016 that "establishes clear targets to improve freight efficiency, transition to zero-emission technologies, and increase competitiveness of California's freight system." The participating State departments are the [California Air Resources Board \(ARB\)](#), [California Department of Transportation \(Caltrans\)](#), [California Energy Commission](#), and the [Governor's Office of Business and Economic Development \(GO-Biz\)](#).