



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT  
STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR EDMUND G. BROWN JR.

Little Hoover Commission  
Public Hearing on the California Underground Economy  
Thursday, March 27, 2014

Testimony of Paul Martin  
Deputy Director, Permit Assistance

Thank you for inviting the Governor's Office of Business and Economic Development (GO-Biz) to testify at your hearing regarding the underground economy. You asked three specific questions about the role of our permitting unit in providing assistance and guidance to business owners who wish to comply with state regulations. To provide context for our answers, below we've provided introductory background on GO-Biz and the Permit Assistance Unit.

GO-Biz was created by Governor Edmund G. Brown Jr. to serve as California's single point of contact for economic development and job creation efforts. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection, permit streamlining, clearing of regulatory hurdles, small business assistance, international trade development, and assistance with state government.

Created as part of the Permit Streamlining Act of 1977, the Permit Assistance Unit (PA Unit or Unit) was formed to assist businesses with identifying required permits, navigating the permitting process, and acting in an "ombudsman" capacity in facilitating resolution of conflicts between businesses and governments. Over the years, the PA Unit has been a part of the Office of Planning and Research and the Trade and Commerce Agency. After the dismantling of the Trade and Commerce Agency in 2003, the PA Unit disappeared until the formation of GO-Biz in 2011. In addition to the services mentioned above, the PA Unit is responsible for the California On-Line to Desktops (Cal-GOLD) system. The PA Unit is made up of 3.5 Permit Assistance Specialists and is led by the Deputy Director for Permit Assistance.

**Question 1**

*What is the history of the California Government to On-Line Desktops (CalGOLD) program? Please explain how a business owner typically uses the program. What updates and changes has GO-Biz made since taking over CalGOLD? What are the ongoing maintenance requirements and the future plans for the program?*

**CalGOLD General Information:**

CalGOLD is a web-based tool that allows the public, entrepreneurs, and businesses a "one-stop shop" to search and view business permit requirements in the jurisdiction in which they want to start, relocate or expand their businesses. CalGOLD users are able to enter the city and county in which their businesses will operate and select their business type. Based on the type of business selected and its location, CalGOLD returns a list of business permits that may be required, contact information for the government agencies responsible for issuing those permits, and links to agency websites and, when possible, application forms.

- (1) Go to [www.calgold.ca.gov](http://www.calgold.ca.gov)
- (2) Select business location from the list
- (3) Select business type from the list (or use General Business Information)
- (4) Hit "Search" and results will appear



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CalGOLD currently displays permit information for 147 business types, 270 permit types, every CA city and county, 60 regional entities, 28 state departments, and 14 federal agencies. CalGOLD also provides information for over 20 business assistance programs (i.e. U.S. Small Business Administration, regional Small Business Development Centers, and the Service Corps of Retired Executives).

In 2013, CalGOLD received over 202,000 visits from 90,000 unique visitors. Visitors were from 143 different countries and all 50 states. 83% of visitors were from California. Over 1,300 other websites have a link to CalGOLD (including many cities, counties, and service providers). The average user spends over 3 minutes on the website, a significant statistic that highlights user engagement.

### **CalGOLD Background**

CalGOLD was originally developed by the California Environmental Protection Agency (CalEPA) and CalRecycle in 1998. CalGOLD was part of a program of thirteen regional offices called Permit Assistant Centers (PACs) established to assist citizens and businesses by providing information related to permitting requirements. The PACs were withdrawn in 2003 due to lack of budget funding. When the PACs were shut down, the CalGOLD application and website remained live on CalEPA's website, but updates were no longer made. Over time, the system and its information became out of date, and in many cases, information provided was incorrect.

With the establishment of GO-Biz, AB 2012 (Chapter 294, Statutes of 2012) transferred the responsibility for administering and maintaining CalGOLD from CalEPA to GO-Biz. AB 2012 also expanded the scope of the online tool to include any business or other entity subject to a law or regulation implemented by any regulating entity.

Since taking over CalGOLD from CalEPA, GO-Biz has completed the following updates and changes to the system:

- In March 2013, the GO-Biz PA Unit contracted with *SymSoft Solutions* to architecturally redesign the CalGOLD application and modernize the CalGOLD website to make it more user-friendly and consistent with other current state websites.
- The CalGOLD system was moved from a server hosted by CalRecycle to an OTECH server.
- In July 2013, the GO-Biz PA Unit updated contact information for the 500+ cities, 58 counties, regional, state and federal agencies listed in CalGOLD.
- In August 2013, the GO-Biz PA Unit worked with staff from the Department of Technology to develop a mobile application for CalGOLD. The application launched in September 2013 and was showcased at the California League of Cities 2013 Conference. The application can be accessed through the State of California Mobile site ([www.ca.gov/mobile](http://www.ca.gov/mobile)) or through [www.calgold.gov](http://www.calgold.gov) (from any mobile device).
- 2014: The GO-Biz PA Unit is completing data cleanup efforts and expanding the number of business types listed in CalGOLD.



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**CalGOLD Maintenance Requirements:**

Addressing data quality within CalGOLD is an ongoing responsibility for the PA Unit. The 13 regional PACs independently entered data into CalGOLD, resulting in significant duplication in permit data. Updates to regional permitting information ended when the PACs lost funding support in 2003. These two issues combined have resulted in an immediate need for GO-Biz to clean up, update and homogenize existing information. In July 2013, GO-Biz conducted an initial data sweep to update and correct contact information and broken links for the agency contacts listed in CalGOLD. URL links to agency websites and application forms will be routinely checked to make sure they are connected to live webpages.

Local, state, and federal permitting agencies are not required to notify GO-Biz of updates, changes in contact information, and revisions of permitting requirements. GO-Biz staff must proactively and reactively change data in the system to account for these changes.

**Future plans for CalGOLD:**

In January 2014, GO-Biz began working on a plan to identify and prioritize future activities based on the current needs and capabilities of the CalGOLD system. Below is a list of future plans for CalGOLD.

1. Implement technical changes that can be made to the CalGOLD application system to better display and aggregate information:
  - a. Clean up duplicative permit entries, agency contacts and links that are currently listed.
  - b. Provide for selection of multiple links to agency webpages and forms.
  - c. Allow additional details to be added to better describe types of businesses, permit and agency information.
  - d. Include search functions related to specific business operations (i.e. document filings, fees, employees, etc.).
  - e. Allow users to sort information based on individual needs.
2. Add additional business types. This process includes prioritization of business types that will be added into CalGOLD, research and data collection of local, state and federal permitting information, and imputing the information into the system. GO-Biz plans to partner with business associations and organizations to add new business types relative to their needs. GO-Biz is currently in the process of adding two business types into CalGOLD (Cottage Food and Aquaculture).
3. Continue to expand the scope of outreach about CalGOLD. GO-Biz will be conducting a series of webinars for the public, local and state permitting authorities, and business industry groups to promote the use of CalGOLD. Webinars will also provide the opportunity for stakeholder groups to advise GO-Biz on CalGOLD.



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4. GO-Biz is leading the implementation of SB 1327 and AB 393, which amended Section 12019.5 of the Government Code to require the GO-Biz website to include direct links to application forms (SB 1327) and fee schedules (AB 393). GO-Biz has reached out to all state agencies that have permitting, licensing, or registration authority to request their information. Agencies have been cooperative in the process, which is nearly complete. GO-Biz staff has documented permitting information from over 40 departments and collected over 3,000 links to application forms and fee schedules. Information that has been gathered will be added or used to update data within CalGOLD. The links are planned to be available on the GO-Biz website soon. Inputting this data may require technical changes to the CalGOLD system.
5. Explore mechanisms to improve ongoing data quality maintenance. While GO-Biz is aware of current data quality deficiencies within CalGOLD, staff must explore ways to ensure federal, state, and local permit information is complete, up to date, and accurate.

**Question 2**

*In what other ways does GO-Biz interact with businesses that are interested in obtaining permits or complying with regulations, or with businesses that are found to be out of compliance? Please include in this a discussion of the work of GO-Biz's Permitting Unit, as well as information about stakeholder groups and other outreach the office conducts.*

While CalGOLD serves a broad constituency and provides valuable information to businesses and entrepreneurs, it does not cover all business types or serve all business needs. As a result, the PA Unit manages a number of other programs to help assist businesses, improve existing permitting and regulatory processes, and encourage compliance.

**Direct Permit and Regulatory Compliance Assistance**

Last year, the PA Unit provided direct assistance to over 450 businesses in California. Assistance is provided in many ways. In some cases, the PA Unit provides detailed information or contacts for specific permits. In other cases, the PA Unit will walk clients through the process to obtain a permit.

The PA Unit also provides conflict resolution and mediation services when a company requests it and offers third party meeting facilitation that is confidential and free to both the agency and business. The PA Unit works with all levels of government to achieve the best possible outcome. Our staff has specialized training in these areas and has successfully resolved a number of complex challenges. Many times, by simply bringing parties together and opening up lines of communication, PA Unit staff are able to resolve conflicts and keep projects on track.

Responsibility for ensuring regulatory compliance falls to the permitting agency. The PA Unit is regularly approached by businesses that are seeking information on compliance, and, the PA Unit connects businesses with the business assistance specialists at each department who can provide additional resources and technical assistance. The PA Unit occasionally receives calls from businesses who have received a citation or notice of violation from a regulator. Recognizing that compliance (and not enforcement action) is the goal in most situations, our office will work with the business and regulator to resolve the compliance issue. The PA Unit does not get involved in potential administrative penalties or enforcement action. If enforcement has left the administrative realm (and entered the legal system), engaging the contesting parties becomes more difficult. We



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can still provide information and resources, but it would be inappropriate for the PA Unit to get involved with pending litigation.

The PA Unit also provides assistance to clients of the other units of the GO-Biz team (Business Investment Services, Small Business, Innovation and Entrepreneurship, and International Affairs and Business Development). GO-Biz offers attraction, retention, and expansion services for businesses. The GO-Biz team also works closely with local and regional economic developers on attracting businesses to California. Many of our clients are larger businesses with complex projects, such as manufacturers, food processors, etc. The PA Unit provides permit assistance when needed.

The PA Unit is also working in collaboration with CalEPA to revive their "Consolidated Permit" process, whereby a business needing multiple environmental permits can obtain them through a single point of contact that coordinates the permitting process among the departments. While not a true "One-Stop-Shop," (which is unlikely without a massive government reorganization), it can be the next closest device.

### **Programs, Collaborations, and Partnerships**

Providing permit assistance to businesses is a critical function of our unit. However, the concept of providing permitting assistance is a "fire-fighting" model of problem resolution, and it fails to tackle the larger issues around permitting and regulatory compliance. That is exactly why Governor Brown included the PA Unit as part of GO-Biz and charged the PA Unit to develop programs that would bring resolution to reoccurring challenges. As a result, GO-Biz has worked on a number of fronts to solve permitting and regulatory challenges. Below we've provided descriptions on some of our other programs.

### **Lean, 6-Sigma – Solutions for existing process problems.**

To solve the challenge of existing permitting problems, GO-Biz has partnered with the Government Operations Agency and CalHR to provide project-based training to departments to solve permit, license, and other business process issues. "Lean, 6-Sigma" combines two very powerful methodologies into a single, integrated approach to process improvement. "Lean" was developed by the Toyota Motor Corporation in the early '60s and focuses on improving efficiencies and reducing waste. "6-Sigma" was developed by Motorola, Inc. in the mid '80s and focuses on improving quality and reducing defects through the proper use of data and metrics. The complimentary nature of these two approaches has proven to be extremely effective in making rapid and transformational improvements across a wide variety of organizations and processes, including transactional, service, finance, production, health care, logistics, and many others. Lean is currently used by a number of other states and the federal government and has been particularly effective in reducing environmental permitting timelines.

Currently, 12 state departments are working on 14 process improvement projects. The projects are scheduled to be completed by July of this year, at which point the training program will be evaluated and recommendations will be made for further deployment statewide. We will gladly share the results of this effort with the Commission when the program is completed.

### **Legislative and Regulatory Technical Assistance**

The PA Unit has also engaged in providing legislative and regulatory technical assistance. Last year, GO-Biz provided technical assistance on AB 1400, a bill sponsored by the Assembly Committee on Jobs and Economic Development, to improve the export certificate process managed by the Department of Public Health.



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GO-Biz also serves the business community by reviewing new major regulation economic impact analyses (as part of SB 617). GO-Biz PA Unit staff has provided written comments to the Department of Finance on the first two major regulation packages of 2014, and we are in the process of getting a website and list serve available for the business community to gain awareness of and provide feedback on upcoming major regulation economic impact analyses.

### **Regional Partnerships and Collaborations**

Another way the PA Unit works to improve the regulatory and permitting environment is to promote best practices and give credit to agencies, departments, and organizations that have successfully improved existing processes. The PA Unit recognizes these departments through its Streamlining Superstars program. Best practices become the focus of short articles that are posted on the GO-Biz website and shared via social media. The PA Unit believes that recognizing the good work being done is critical in promoting process improvements across organizations.

The PA Unit has also worked hard to connect with the local business community. Last year, the Unit held three regulatory roundtables; one at CALED's annual conference, one in Fresno, and one in Bakersfield, meeting with local businesses to discuss challenges they have encountered with permitting and regulations. The PA Unit has also been asked to assist certain regions in tackling local permit issues, and the Unit is currently providing assistance in the Tri-Valley area in Northern California as well as to the City of Oceanside in Southern California. Additionally, the PA Unit speaks with a number of trade organizations and associations to stay up to date on industry challenges.

The PA Unit has had significant success partnering with local service providers in Fresno. Currently, the PA Unit participates in Fresno4Biz, a local consortium of service providers (SBDC, WIB, SCORE, Fresno State, BBB, SBA, etc.). The group uses pooled resources to more effectively provide the business community with the tools they need to be successful and compliant. This collaboration has resulted in a number of successful outcomes. Just last month, Fresno4Biz members worked with the PA Unit, CalEPA, and the Stockton Chamber of Commerce, to offer the first of its kind environmental compliance assistance training in the Fresno area. Over 50 participants (businesses and government) attended the 5 hour training and learned about state environmental law, how the state's environmental departments are organized, what resources are available to assist with compliance, what to expect during an inspection, and how to navigate the compliance process. The PA Unit plans to continue collaborating with CalEPA to repeat this program in other areas of the state.

### **Question 3:**

*Are there ways that you would suggest the state change or expand its approaches to enforcing regulations against those who are in violation of laws, or providing information and needed assistance to increase compliance? Are there recommendations that you would suggest the Little Hoover Commission consider?*

Answering this question requires us to first consider, "Why do businesses fail to comply?" Based on our research and experience working with the business community, we have found that in most cases, a business does not intentionally try to skirt the law. Often, the business was not aware of the regulatory requirement, or was unable to cope with the cost of compliance, or became frustrated by



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the complexity in the process. Most businesses do find ways to navigate the process. In other circumstances, a discouraged applicant may simply give up, or decide to “act now and apologize later.” Regulatory costs are indeed a major factor. Businesses tell us that the cumulative costs of multiple state, regional, and local permits and regulatory fees make it difficult to do business in California. We are supportive of efforts taken by agencies to unravel duplicative layers and look closely at the costs to comply with their regulations, exemplified by the ongoing work of the State Water Resources Control Board as they conduct a detailed analysis of the cost of compliance associated with water quality.

Deliberate violators should not be given a respite, and firm and swift enforcement using existing enforcement tools certainly has a place. But regulatory agencies have tended to use a broad brush when developing regulations. Not all businesses are the same, and what is necessary for compliance can vary greatly. Dependence on a “one size fits all” strategy to get at those not complying can be costly and frustrating to those that are. Greater attention should fall on those that are less responsive or are chronic violators. Those doing a good job with compliance should be supported and recognized in real terms.

We have not heard a wholesale condemnation of the requirements of the actual regulations. The business community's focus has turned to efficient and cost-effective compliance. In attempting to do this, they express profound frustration over a lack of certainty, consistency, and the complexity of regulations. There is a real and urgent need to mitigate some of this frustration if we are to heal California's uncomplimentary regulatory reputation. A specific and oft repeated complaint we hear from a wide range of stakeholders, is that their permit applications seem to fall into a “Black Hole” after submittal. Fixing this problem will provide the regulated community with much needed relief and afford a higher level of confidence in the regulatory system. Technology can help us and is available. Implementing an electronic tracking system that will allow an applicant to easily find out where their application is, and who their contact person is will serve greatly to smooth and speed up the process. Technology can lead to greater accountability, consistency, and transparency of process. Developing and demonstrating such a system on a pilot basis will be a priority for GO-Biz.

GO-Biz is confident that there are substantial opportunities to modernize California's regulatory system to make it more productive and responsive. We believe much of the issues revolve around philosophical differences. According to the New World Dictionary of the American Language, Second College Edition, *regulate* is defined as “To...govern according to a rule, principle, or system.” On the other hand, *enforce* is “To compel observance of, [a law, etc.]...” It is quite noticeable, as we work with regulatory agencies, that there exists an emphasis on *enforcing* regulations to *compel* behavior rather than focusing on *governance* to arrive at a desired *outcome*. In a regulatory environment as complex as California's, compliance assistance programs should at least be given equal, if not more, resource considerations than enforcement programs. Unfortunately, this is rarely the case.

### Recommendations

Following are some specific recommendations we offer for the Commission's consideration.

1. Take a look at CalEPA's Consolidated Permitting Program. Created in 1995, it was wildly unsuccessful (because technology hadn't caught up). We believe there is huge opportunity here to improve environmental permitting processes and outcomes.



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2. Encourage and recommend state agency participation in internal process improvement systems such as Lean, 6-Sigma or other continuous improvement process.
3. Support electronic tracking systems in state agencies for e-tracking of applications so a permit or license applicant will be able to self-serve and track their application as it moves through the system.
4. Recommend that agencies establish an on-going customer-service training program.
5. Recommend that all regulating, licensing, and permitting agencies have active Ombudsmen that are accessible and trained to serve the business community.
6. Recommend all agencies increase the visibility and marketing of their business assistance programs.
7. Develop and support peer to peer compliance collaboration between agencies and stakeholders that rewards compliance.
8. Encourage the use of programmatic permitting or standardized conditions for CEQA and permitting compliance for projects of common form.

We sincerely appreciate the opportunity to share our programs and ideas with the Little Hoover Commission. Please don't hesitate to reach out to us with any additional questions.