



OFFICE OF THE CITY COUNCIL

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JACKSONVILLE SMALL & EMERGING BUSINESS SPECIAL COMMITTEE Virtual Meeting Minutes

September 25, 2020
10:30 a.m.

Location: Virtual Meeting

In attendance: Council Members Ju’Coby Pittman (Chair), Terrance Freeman

Absent / Excused: Council Member Garrett Dennis

Also: Council Member Ron Salem (Visiting); Jeff Clements, Anthony Baltiero and Yvonne Mitchell – Council Research Division; Lawsikia Hodges – Office of General Counsel; Steve Cassada, Eric Grantham, and Melanie Wilkes – Council Staff Services

Meeting Convened: 10:32 a.m.

Call to Order / Remarks from the Chair – Chair Pittman convened the meeting and introduced the attending Council Members. A quick procedural overview of the meeting was presented noting the guest speakers and the scope of the meeting. Chair Pittman noted that the Hon. Warren Jones would not be presenting at this meeting due to a death in his family, but will come and present at a future meeting.

Approval of 9/11/2020 JSEB Meeting Minutes – The minutes for the 9/11/2020 JSEB Special Committee Meeting were reviewed and approved as distributed.

Presentation by Greg Pease and Rose Nettles, Procurement Division – Mr. Pease provided an overview of the functions and composition of the Procurement Division. The functions were reviewed, including the oversight of the procurement of goods and services for the City, and the Department’s encompassment of the Office of the Ombudsman, Equal Business Opportunity Office, Copy Center, Central Mailroom, and surplus activities. Independent boards and authorities have separate procurements processes. The Procurement Division is housed under the Mayoral Administration and Finance Department. There are 36 employees within the Procurement division with 23 employees working directly in Procurement, 5 in the Equal Business Opportunity Office, 3 in the Office of the Ombudsman, and 5 in the Copy Center/Mailroom.

Mr. Pease opined on the importance of housing the JSEB Program in the Equal Business Opportunity Office noting that having JSEB within Procurement makes the goals of the JSEB Program the same as the goals of Procurement Division as a whole. Notes about the interactions between the JSEB Program and the Procurement Division were reviewed, including that the JSEB program generally operates independently from the Procurement Division; Procurement assists in the informal bid process; Procurement assists with challenging procurements and interdepartmental communications; and the close working relationships with the heads of the subdivisions within Procurement.

Visiting Council Member Salem asked if there has always been a separation of Procurement between the City and the independent boards and authorities. Mr. Pease said that for the 20+ years that he has been with the City that Procurement has been separate between the City and the independent authorities, but could not speak to the procurement processes prior to his time with the City. Council Member Salem asked about the possibility of one of the independent authorities being able to make a purchase for the entire City because they can get a better price or similar types of situations. Mr. Pease said that the City already has that type of partnership with the other procurement agencies within the City and that it is possible for one of the independent authorities to make a City-wide purchase.

Ms. Nettles provided an overview of the mission and goals of the JSEB Program. There are multiple requirements that must be met for small businesses to be eligible for entrance into the JSEB Program, including a residency requirement that requires a qualifying business owner to have resided in Duval County for a minimum of twelve (12) consecutive months at the time of the application date or to have an established business in Duval County and has resided in a neighboring county for the past twelve (12) months; a net worth requirement that requires a qualifying business owner to have a personal net worth of less than \$1,325,000; annual gross receipts do not exceed \$12,000,000; qualifying business owners must control at least 51% of the business entity; and the business must be a for-profit business.

Ms. Nettles provided an overview of the application process for small businesses entering into the JSEB Program, including registering in the City's 1Cloud system, completion of the JSEB Certification Application, the submission of supporting documentation, and orientation attendance. Ms. Nettles noted that the JSEB application process is very similar to the Disadvantaged Business Enterprise (DBE) application process. The recertification process is much quicker than the initial application process. The businesses need to resubmit the most current net worth statement, business tax receipt, professional licenses, personal and business taxes. Additionally, the business owners must attend an annual JSEB training program and submit a business balance sheet.

Ms. Nettles went over the methods for determining a small business's professional experience. The City tries to determine which commodity codes that the business can qualify for gathering information from the small business, including invoices that provide evidence of completed work, contracts, licenses, and the business owner's professional résumé. Sample commodity codes were listed, and it was noted that the business owner typically has to have a specific license to be given a commodity code in a specific area.

Types of services provided by JSEB businesses were provided with construction and cleaning services being two of the most popular industries. Other services listed included administrative/management, professional services, plumbing, architectural/engineering, landscaping, security, electrical, signs, surveys, painting/wallpaper, staffing, and wholesale suppliers. The demographics of the JSEB business owners were presented covering a span of three years from 2017 through 2019. There is a noticeable rise in the amount of African American business owners. The other listed demographics stayed relatively the same over the three-year span.

Ms. Nettles reviewed the functions of the JSEB Office, including establishing goals for certain projects via encouragement, participation, and set-asides, monitoring projects for compliance, and creating and

disseminating various annual reports. Ms. Nettles reviewed updates to the JSEB website and the various methods of navigating the site.

The Monitoring Committee has been meeting quarterly on a consistent basis since May 2018. Ms. Nettles discussed the composition of the Monitoring Committee that consists of various members from different backgrounds that are appointed by the Mayor and the City Council. Currently available mentoring opportunities were discussed, including the SBA Mentor Protégé Program, the Jacksonville Chamber of Commerce's ATHENA PowerLink Program, the Jim Moran Institute Small Business Executive Program & CEO Peer2Peer Program, and various opportunities through Haskell.

Ms. Nettles discussed potential areas of improvement for the JSEB Program, including offering an online application process, focus on increasing participation in non-construction areas, better data reporting methods, and the addition of a tier/graduate program. JSEB Program successes were presented, including increased funding for the JSEB Training Program, an increased number of certified JSEB suppliers, breaking up contracts with department level support, and an increase in JSEB spending over the past three years. A list of the JSEB Training Program course offering was presented showing examples that business owners can take. Following the presentation, Chair Pittman opened the floor to questions.

Council Member Freeman asked about a perceived reduction in budgetary funding for the JSEB Program over the past few years and the impacts of a reduced budget. Ms. Nettles said that based on her information, there has actually been an increase in the budget over the past few years and is not sure what data Council Member Freeman is referring to. Mr. Pease also was unsure of any budgetary reductions and noted various possibilities as to why it is being perceived as being reduced including looking at one time projects that were budgeted and not the program as a whole. Council Member Freeman explained that the figures that he is referring to started in the early 2000s with the initial amount budgeted for the program being steadily reduced over the years up to the present, and asked if there is a direct correlation between budgeted program funding and program participation. Mr. Pease said that there is a precedent for the correlation between the program budget and program participation. During the economic crisis of the late 2000s, the JSEB Program received much less funding, has to reduce the staff size, and ultimately resulted in less business participation in the program. Mr. Pease also noted examples of where budget increases resulted in higher business participation. Mr. Pease said that the size of the budget is important, but it is also important to have a broad spectrum of businesses within the JSEB Program that can accommodate many different types of work. Council Member Freeman asked about the Request for Proposal (RFP) process. Mr. Pease explained the process noting the responsible parties for approval throughout the process. Council Member Freeman asked for the amount of JSEB businesses that are required to be in the program to constitute a "set-aside". Ms. Nettles said there has to be at least three (3) businesses in the program to trigger a set-aside.

Chair Pittman asked about the methods for measuring the performance of the businesses in the JSEB Program and the effectiveness of program monitoring. Mr. Pease explained the process of monitoring and assessing if prime contractors are meeting their participation percentage goals based on multiple financial measures, and noted the future inclusion of a "contractor evaluation" that will be available on the ICloud website. Chair Pittman asked if under-performing or poorly rated businesses within the JSEB program are included in the overall program statistics and/or goal benchmarks, and/or how are those types of businesses included into the statistical reports. Mr. Pease explained the process for monitoring businesses for performance and participation benchmarks including assessments toward the end of the fiscal year or contract completion, and through weekly meetings to assess the JSEB Businesses agendas. The JSEB Office will reach out to the businesses that are not reaching their prescribed goals and encourage them to meet the goals before amending and/or extending their contract.

Chair Pittman asked if an initiative should be developed that will tie the success of the JSEB Program to the performance evaluations of the Chiefs/Heads of the various municipal departments across the City. Ms. Nettles noted that with the addition of the use of the 1Cloud website, the advanced reporting capabilities helps to see which departments are meeting their JSEB goals. Mr. Pease said that the municipal departments are inherently behooved to meet JSEB goals because of their relationship with the Procurement Division. If a department is not meeting their JSEB goal, the Procurement Division can decide to not amend or renew the contract until the goals are met. Additionally, future cross-departmental trainings will include a section noting the importance of meeting JSEB goals.

Chair Pittman opined on the importance of having a successful mentoring program for small businesses and asked about the recertification processes for businesses that have timed-out of the program after nine (9) years. Ms. Nettles explained that based on a 2017 Ordinance, the “clock” for all of the businesses in the JSEB Program at that point in time was reset and the businesses started their nine-year program tenure at the time of the Ordinance enactment. There is also the possibility for an additional two years in the program with approval from the department Chief.

Chair Pittman asked the speakers to discuss the possibility of adding a tiered or graduated program for alumni of the JSEB Program. Ms. Nettles explained that because of different situations and Ordinance changes, it is possible for some businesses to stay in the JSEB Program for approximately twenty-five (25) years. This can be good for some businesses, but also can cause businesses to block others from entering into the program. Mr. Pease added that the goal is to transition the JSEB businesses from subcontractors to prime contractors.

Council Member Freeman opined on his concerns with small businesses being blocked from the JSEB Program due to other businesses not graduating out of the Program. Council Member Freeman asked about the consequences to the City if businesses disengage from the JSEB Program due to many issues, including not winning enough contracts, not receiving enough mentoring/training, and being rushed through the Program only to fail to compete with larger established competitors. Mr. Pease opined on the importance of business engagement in the JSEB Program and said that if businesses drastically left the program, the Procurement Division would do whatever it takes to reverse the situation up to and including a complete revamping of the Program itself.

Council Member Freeman asked if there are additionally mentoring/training opportunities for small businesses that are offered by the City that have not already been listed or discussed. Ms. Nettles said that the City offers a plethora of training courses on a monthly basis at various different locations including local colleges, universities, and other City partners. Ms. Nettles added that the JSEB Office has undergone a culture change with a stronger emphasis on customer service relations and communication.

Chair Pittman asked if there are opportunities for the current JSEB businesses to ask for specific trainings and to share their successes and challenges with the Program, and if colleges and universities have been targeted as a way to attract small businesses from underrepresented industries. Ms. Nettles said that they have reached out to colleges to participate in graduation events, but the COVID-19 pandemic has halted that process for the time being. As for tracking the needs and concerns of the businesses in the Program, an annual survey is conducted to allow the businesses to share successes, concerns, and any training suggestions.

Chair Pittman asked if there were any current JSEB business owners in the meeting that could share their experiences with the program. There were two business owners, Cantrece Jones and Steven Davis.

Chair Pittman asked Ms. Jones to share her experiences in the JSEB Program from her perspective as a black female business owner. Ms. Jones shared her concerns about what happens to businesses after the

leave the program. Ms. Jones said that her business has been successful because of the relationships that have been developed during her tenure in the Program and stressed the importance for other small businesses to develop professional relationships through effective outreach and networking. Ms. Jones encouraged businesses to attend the pre-bid meetings and network with the individuals that are also at the meeting. Ms. Jones described one of the biggest challenges that she faced early in the Program. Her business was added to the contracting team during the initial bidding process, but when the actual work came in to be subcontracted out, her business did not receive any of the work. This allowed the Prime contractor to meet the JSEB percentage requirements when making a bid without any real guarantee that the work would be even distributed among the subcontractors.

Ms. Jones provided another more recent example of challenges that she has faced in the Program. A recent DIA contract became available that had an “encouragement” to include JSEB businesses, but it did not include a specific percentage of JSEB businesses to be included. Another concern is the ability to divvy the JSEB percentages. For example, a prime contract takes a contract with a 10% JSEB business requirement. The prime contractor can subcontract to five (5) different JSEB business, but only give each 2% of the work. The Prime contractor meets the requirement, but the JSEB businesses only get a very small portion of the work. Ms. Jones opined on the importance of having the actual work experience at the subcontracting level for when the JSEB businesses eventually take the next step to becoming a prime contractor. Ms. Jones said that she would be more than willing to share her business successes with other JSEB businesses that have not had success with the Program.

Council member Freeman said that he has two questions that he would like to ask to all of the JSEB businesses that speak to the Committee: How many contracts have you been awarded? How were you notified of being awarded the contracts? Ms. Jones said that as a prime contractor, her business has only received one (1) contract and that she will typically get a call and email from Ms. Nettles with the pertinent information. Ms. Jones applauded Ms. Nettles and the JSEB Office for their customer service relations and noted that the JSEB Office has improved dramatically over her tenure in the Program. Ms. Jones said that at the subcontracting level, it is up to the businesses to see what contracts are coming up, which prime contractors are going to bid on those contracts, and to use your professional relationships with those prime contractors to try and be a part of the team on the contract.

Council Member Freeman said that other small JSEB businesses see Ms. Jones’ business as a huge success. As such, when the other small businesses show up to bid on a contract and see Ms. Jones, they feel that they do not have a chance at winning the contract. Council Member Freeman asked about how to close that gap become the successful JSEB businesses and the businesses in the program that are struggling. Ms. Jones said that having a strong mentoring relationship between the small businesses is essential and a great way to bridge the aforementioned gap and that she is willing to help other small businesses.

Steven Davis, JSEB business owner, spoke to successes and challenges that his business has faced during his tenure in the JSEB Program. Mr. Davis said that Ms. Jones covered many of the concerns that he has about the program. Another challenge is stems from the way that the City calculates net worth as a requirement for entrance into the JSEB program. Other state and federal programs focus solely on the finances of the 51% owner of the business. The City expands upon this and includes the owner’s spouse and assets as net worth considerations causing the total amount to be much higher. This drastically limits the number of individuals that can be eligible for the JSEB Program. Mr. Davis said that program is about helping small businesses grow in capacity, but when every piece of equipment or property you buy for the business is counted toward your net worth, it makes it very difficult to grow and stay within the Program’s net worth limitations. Mr. Davis opined on other areas where business end up in difficult situations that limits their ability for growth. Mr. Davis said that there should be representation from multiple departments on the panel that awards a contract and provided an example to illustrate the

rationale. Mr. Davis said that he is a huge proponent of having a graduated tier program that follows the JSEB Program. Mr. Davis said that despite the excellent qualifications of his firm, his business has never won a prime contract from the City. He added to one of Ms. Jones' points and said that prime contractors would call and tell his team to stop working before they even completed the minimal 2% of the work that they were allocated. If he were to complain, that prime contractor would no longer offer his firm any work and simply choose a firm that does not make complaints.

Chair Pittman and Council Member Freeman asked about the formula that is used for calculating the net worth of JSEB business owners. After asking the question, Council Member Freeman had to leave the meeting to attend another engagement (departure 12:08). Mr. Pease said that he is unsure of how and when the "51% plus spouse and assets" portion of the net worth requirement came about, but will find out that information. Mr. Pease briefly discussed the process for calculating net worth.

Lawsikia Hodges, Office of General Counsel, advised that with the departure of Council Member Freeman, there was no longer a quorum and that the committee can only continue to stay in session without a quorum to hear public comment.

Chair Pittman asked Mr. Pease and Ms. Nettles to come back to the next meeting to continue the discussion and address many of the issues that were presented at this meeting. The floor was opened to public comment.

Public Comment (if time permits) – Stanley Scott applauded the committee for the work that they are doing. Mr. Scott suggested having a meeting on a Saturday to accommodate the schedule of the working community.

With no further comments from the committee, Chair Pittman adjourned the meeting.

Meeting adjourned: 12:18 p.m.

Minutes: Anthony J. Baltiero, Council Research Division

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Posted 10.05.20 8:00 a.m.