

**OFFICE OF THE CITY COUNCIL**

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4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

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**JACKSONVILLE SMALL & EMERGING BUSINESS SPECIAL COMMITTEE**

**Virtual Meeting Minutes**

 **November 6, 2020**

**10:30 a.m.**

**Location:** Hybrid Virtual/In Person Meeting

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

**Also**: 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**: 10:33 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.

Approval of 10/23/2020 JSEB Meeting Minutes – The minutes for the 10/23/2020 JSEB Special Committee Meeting were reviewed and approved as distributed.

Presentation by Dr. Carlton Robinson – JAX Chamber – Dr. Robinson gave a presentation on areas where Jacksonville has the opportunity to excel, particularly as they relate to small and emerging businesses. The presentation began with Dr. Robinson’s professional highlights, including his time as a business owner, volunteering with the JAX and Clay County Chambers of Commerce, four years working with the First Coast African American Chamber of Commerce, his work with the 2012 recession, recovery, and beyond study, and his current work with the JAX Chamber.

Dr. Robinson provided data to showcase the changes that have occurred to the JSEB program over the years. It was noted that in 2007 there were 320 minority businesses were certified in the JSEB Program. It was shown that in 2013 when the most recent disparity study was conducted, the City was on track to having approximately 5000 small businesses operating. In 2019, that number has doubled to approximately 10,000 operating small businesses. Graphics were presented that showcased the total number of small businesses that have been broken down by size. There are solely owned businesses, small businesses (2-9 employees), small and emerging businesses (10-99 employees), mid-sized (100-500 employees), and large (500+ employees). Of these variations all have remained relatively steady across the ten-year period shown (2009-2019) except for the small business (2-9 employees) subsection that has steadily grown over the same time period. Based on the research, Dr. Robinson believes that the group that needs the most attention is the small business (2-9 employees) group.

Dr. Robinson spoke about the JAX Bridges Case Study and outlined the path that a small business has to navigate to be able to obtain a City contract, including being a part of the vendor development pool, the certification process, the competitive bid policy, and criteria for inclusion. Challenges were presented that lead to cyclical disparities in the business community, including the lack of recordation of small business representation by social category, connectivity to the small business ecosystem, the journey of the small business, lack of support infrastructure/technology, parity in some industries, small business attrition, statistical significance, and underutilization.

Dr. Robinson outlined areas for improvement regarding the JSEB and small business procurement process, including a move toward more automation in the process, enhanced tracking by multiple categories, interoperability between multiple providers, more reporting by JSEB vendors as they go through the process to identify stumbling blocks, and securing online forms for business workflows.

Council Member Freeman asked if Dr. Robinson was up to date on the data as it relates to the current iteration of the JSEB Program. Dr. Robinson said that the bulk of his information comes from his time working through the JSEB Program and is not 100% up to date on the current data. Council Member Freeman noted that his research shows the current JSEB business count is at 308 which is less than the 320 from 2007, but concluded that a number around 300 could possibly be the “sweet spot” for the total amount of active JSEB businesses.

Council Member Dennis opined on the difficulties that small businesses face regarding the added administrative responsibilities that coincide with being a part of the JSEB Program and asked Dr. Robinson to address the issues from his experiences with the Program and his unique perspective. Dr. Robinson said that based on his comparison with other communities, the City can improve on building small business capacity and then doing a better job of coordinating the small business resources that are available within the City.

Chair Pittman asked about the issues and challenges that small African American owned businesses face when trying to navigate through the system. Dr. Robinson noted that he saw the same issues for small African American owned businesses when he was at the Black Chamber and now at the JAX Chamber. The major difference is the resources that are available to each Chamber. The JAX Chamber has much more funding and resources that make it easier to help small businesses navigate through the system. Dr. Robinson said that he actually created the JAX Bridges Program while he was at the Black Chamber, but could not get the resources needed to implement the Program until he was at the JAX Chamber.

Council Member Freeman asked if there are ways for the local government to take successful practices from the private sector to help drive the JSEB Program noting the success of the JAX Bridges Program. Dr. Robinson said that the most important thing is to build a trusting relationship between the local community and the private entity. The second thing is identifying the organizations that can help establish a relationship and help cultivate those businesses. The last thing is the importance of effective coordination between all of the groups involved.

Chair Pittman asked about mentoring and if it is good idea to provide mentoring opportunities for small businesses that do not create any potential future conflicts of interest. Dr. Robinson said that he feels that a huge local company should not have any issues with mentoring a small business within the same industry. There should be plenty of work that the idea of training a future competitor is mooted. Dr. Robinson made the point that it is imperative, especially during this COVID-19 pandemic, that small businesses become more technology savvy to stay on top of the bidding/contract process.

Council Member Dennis disagreed with Dr. Robinson and said that from his experiences, big businesses are always financially motivated and will try their hardest to avoid any type of mentoring program. Dr. Robinson said that this could be an opportunity area and possibly put requirements in contracts for large businesses to mentor a smaller JSEB business.

Dr. Robison closed by stressing the importance of engaging and listening to the small business in the JSEB program and local community when creating the structure for any program changes or legislation.

Presentation by Jeff Clements – Chief of Research, City Council Office – Mr. Clements provided information regarding minority set-aside programs from other cities and counties in Florida. This information was ascertained from each respective city or county’s Ordinance Code.

The City of Orlando has an MBE/WBE program. They have cumulative goals at 18% for MBE and WBE combined for supplies, services, and construction, and 6% for women owned businesses. Their code says that they will award contracts to the lowest bidding women-owned or minority-owned businesses that meets the contract specifications, unless it appears that the bid is unreasonably priced or the bid is neither in the best interest of the city, nor the lowest and best bid. They evaluate their level of MBE and WBE participation annually and adjust the goals based on that.

Orange County has an MBE/WBE type of ordinance. They do their goals by categories, but they are cumulative for MBEs and WBEs, but they divide them up among the different kinds of procurement: 25% for contracting, 27% for professional services, 10% for goods, and 24% for services. Each contract should require the contractor to commit to expanding at least the desired percentage, but that requirement can be waived or revised depending on market conditions and the availability of companies to do the work. Orange County has a bid preference system on a sliding scale. They award a percentage bid preference based on the size of the contracts, starting from 8% on small contracts of up to $100,000 and going up to a 3% preference on contracts over $5 million.

The city of Tampa has an MBE/WBE program with combined goals. They have a goal setting committee in each kind of procurement area that determines what the goals for the year will be. They highly encourage outreach efforts on the part of the city. Departments are asked to make affirmative efforts to reach out to women and minority owned businesses to specifically tell them about the opportunities. They do have a sheltered markets program in areas where discrimination has been described. They also have a bid preference program, up to 5% or $20,000 on construction, non-professional, and goods contracts. On professional services contracts they award between one and ten bonus points on their evaluation based on the level of participation for MBE/WBEs. They review their system every three years. They have a review committee that looks to see what kind of progress they're making and to recommend any changes that may be needed to help them reach the goals.

The city of Fort Lauderdale is one that is very short. All the code says is that the City will use best efforts to hire MBE/WBEs. The City will abide by federal nondiscriminatory statutes and strongly support disadvantaged small and minority businesses having full opportunity to get city contracts. Broward County is equally short and vague.

Miami Dade County, on the other hand, was very long and detailed. They have three separate programs for black businesses, Hispanic businesses, and women businesses. All of their goals are set for each of those three categories. They have participation goals. They seek every reasonable effort to meet the goals. They do have a set aside program when it is believed to be in the city's best interest to set aside certain contracts. They can do that in one of two ways. They can do a set-aside if there are at least three available black, Hispanic, or women owned businesses to compete for it, or if there are only two businesses available, they can still do a set-aside if no black, Hispanic, or woman-owned business has gotten a contract in the last 18 months. The Department of Procurement Management analyzes the bids that they make to make sure that they're not excessive. They have a bid preference program where majority contractors can get credit on their bids for the use of black, women, and Hispanic-owned businesses. They do a sheltered market program for small businesses on purchases ranging from $5,000 to $100,000. They specifically target their efforts to get small businesses to bid on those contracts on a non-race and non-gender specific basis.

The City of Tallahassee has an MBE/WBE small business program. They set their goals based on minority and women businesses in a variety of categories: construction, architecture, professional services, material supplies, and more. Their program went into a lot of detail on what counts as a majority contractor or prime making a good faith effort to hire MBE/WBEs. They have 10 different measures of things that you can do to prove good faith effort and you have to achieve 5 of those 10 measures to be counted as making a legitimate good faith effort. They reserve some projects under $150,000 only to SBEs, breaking down big projects into smaller chunks that would encourage them to apply. They encourage mentor and protege programs, joint ventures partnerships, and other ways to partner large companies with small and minority companies.

Daytona Beach has an MBE/MBE Program. Their goals are both for amounts of contracts awarded, dollar amounts of contracts, and also for employment of minorities and women in contracts that are funded by the city. They also have some details about good faith efforts. They had several different provisions regarding a failure of a prime contractor to maintain the minority and women employment that they promised in their contract.

Chair Pittman encouraged the Committee to pick a “top three” of the cities/counties that were presented by Mr. Clements to focus on and use as possible examples when drafting legislation. The Chair asked Greg Pease, Procurement Office, to provide an update on his conversations with Mason Tillman Associates as it relates to an updated disparity study.

Mr. Pease Said that Mason Tillman Associates have provided an executive summary of their disparity study. The executive summary summarizes the entire disparity study in a 17-page document. Mr. Pease spoke about the attempt to find funding for an updated disparity study and noted that some of the funding could come through the Procurement Division and the CBO budget, but the funds would require a drastic cut in staff training. Mr. Pease asked the Office of General Counsel on a update over the legal validity of data that is over 10-years old. Julie Davis, Office of General Counsel, said that it is her understanding that even if you go by the date that the report was released, 2013, an update to that data would take between 18-24 months which will put the update close to breaching the 10-year mark.

Council Member Freeman asked that if the original report will be considered “stale” data and Mason Tillman would have to essentially start over from scratch, wouldn’t it be more beneficial to bid out the contract to do the disparity study. Mr. Pease said that with the quote of $350,000 to update just the City’s portion of the study and approximately $290,000 per independent authority, it may behoove the City to bid out the contract. Mason Tillman does still have the advantage of knowing the City’s processes even if they have to start from scratch with the data. Council Member Freeman noted that there has not yet been any vote by the Committee to conduct or update a disparity study.

Chair Pittman asked about the reoccurring costs involved with updating the disparity study. Mr. Pease said that there will be costs for the continued updating of the disparity study. The study would need to be updated every 5 or 10 years to stay relevant. It would most likely be most cost effective to update the study every 5 years as there would be much less data to process. Mr. Pease also stressed the importance on developing technology to house all of the reporting involved with the disparity study.

Council Dennis said that he believes that going with a different company for the disparity study would be a mistake. Mason Tillman have been successful across the country, have had their work upheld at the federal level, and they already know the City’s processes. Council Members Freeman and Dennis agree the something has to be done in the short term to assist the current JSEB small businesses. Mr. Pease said that the City has the ability to single source the contract to Mason Tillman and/or put the bid out as an RFP. Chair Pittman asked the committee to workshop this issue. Ms. Davis added that having Mason Tillman update the study could highlight if a rac-neutral program has addressed the disparities, and if not, could lead the way toward created a race-based program if that is the will of the Committee.

Public Comment (if time permits) –

Stephen Davis declined to make his comments since one of the Committee members had left the meeting.

Stanley Scott opined on the issue of African Americans failing to take opportunities as they are presented to them and the need for a coalition between the different African American community groups within the City.

**Meeting adjourned:** 12:05 p.m.

Minutes: Anthony J. Baltiero, Council Research Division

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Posted 11.13.20 2:30 p.m.