

**OFFICE OF THE CITY COUNCIL**

117 WEST DUVAL STREET, SUITE 425

4TH FLOOR, CITY HALL

JACKSONVILLE, FLORIDA 32202

904-255-5200

**JACKSONVILLE SMALL & EMERGING BUSINESS SPECIAL COMMITTEE**

**Hybrid Virtual/In-Person Meeting Minutes - Amended**

 **December 4, 2020**

**10:30 a.m.**

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

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

**Excused:** Council Member 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**: 10:30 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 11/06/2020 and 11/20/2020 JSEB Meeting Minutes – The minutes for the 11/06/2020 and 11/20/2020 JSEB Special Committee Meetings were approved as distributed.

Presentation by Kirk Wendland – Office of Economic Development (OED) – Mr. Wendland provided information regarding the OED’s relationship with the JSEB Program noting that the Department manages the Access to Capital portion of the JSEB Program. The Access to Capital Program was established in 2004 and is required by ordinance to be managed by a third party or by the OED. The Access to Capital Program was managed by a third party until it became under the purview of the OED in 2012. The program sat relatively dormant from 2012 until 2017 when the OED put out an RFP and reestablished the program. Axion managed the program for a year, but the OED decided it was more financially prudent to manage the program in-house.

Mr. Wendland provided some of the criteria on how to qualify for the Access to Capital Program. The applicant has to be a qualified and currently certified JSEB business. Certain businesses are excluded from applying to the program, including nightclubs, adult entertainment, and gaming rooms. The applicant must have a contract with the City as either a prime or sub vendor. There is a minimum FICO score qualification of 550 and the applicant can not have had any bankruptcies in the past three years; their taxes, rent and/or mortgage must be current; and can not have any recent judgements against them. The minimum loan amount that the Program offers is $5,000 and the maximum loan amount is $100,000. These are short-term loans that go up to 36 months in term length, but most are for a year or less.

Mr. Wendland feels that the Program is underutilized noting the over the first eight years of the Program, there have only been approximately 70 loans. This is approximately 7-9 loans per year. Mr. Wendland said that one possibility for the lack of loans is that the JSEB businesses that are qualified to apply for the loans already have enough capital to conduct their business and do not need to take out a loan. Following the presentation, Chair Pittman opened the floor to questions.

Council Member Freeman opined on the importance of data collection and asked if allowing prime vendors to bring on sub vendors created more demand for the loans. He also asked about the amount of subcontractors that progressed to become prime vendors. Mr. Wendland said that he would have to do some research to properly answer the questions but noted that there have been very few loan applications overall in the past few years.

Chair Pittman asked about the amount of money that is typically allocated to the Program and how much has been spent over this fiscal year. Mr. Wendland said that funds for the Program have been in there for years and therefore it has not come up on the recent City Budget for allocation requests. The program current has approximately $878,000. Chair Pittman asked how many loan applications applied this fiscal year. Mr. Wendland said that he has the information for the past two years and there have been eight (8) applications over that period. Chair Pittman asked how long it typically takes for the businesses to pay back the loans. Mr. Wendland said it varies but typically ranges from 6 months to 3 years. Chair Pittman asked if any of the loans have been paid back in an untimely manner. Mr. Wendland said that there have been no repayment issues and all of the loans have been paid in a timely manner.

Presentation by Greg Pease – Procurement Department – Mr. Pease provided information regarding tracking the JSEB businesses and whether or not they advance and become prime vendors. The point was made that all of the JSEB participants can be seen as being prime vendors. It comes down to whether or not they receive contracts as a prime or as a sub. Mr. Pease said that they can track a JSEB business to see all of the contracts that they have been awarded. They may have had some contracts as prime and others as a sub, but getting the full picture of the types of loans that a business receives can help to better identify the business as being a prime vendor.

Mr. Pease said that the Public Works department is the largest customer with much of the contracts that are awarded to JSEB businesses coming through them. The Procurement Department works closely with the Public Works department to try and match JSEB businesses with City contracts. Mr. Pease said that the JSEB businesses do very well with Public Works in the construction and related industries.

Presentation by John Pappas – Public Works Department – Mr. Pappas spoke about the relationship between the Public Works Department and the JSEB Office noting an importance of having qualified professional bidders throughout the City. The projects within Public Works are broken down into two categories, capital improvement projects and the operation side. On the capital improvement project side, Public Works contracts professional services, including but not limited to design, surveying, geotechnical material testing, and inspection services. Unfortunately, certain state statutes limit the ability to offer complete set-asides for the professional services contracts, but they do allow for percentages and participation from JSEB businesses. Mr. Pappas noted that in addition to the construction side of their operations, tree mitigation has become a big part of the Public Works purview.

Mr. Pappas spoke about the operation side of Public Works noting the different maintenance services that are conducted, including HVAC, electrical, plumbing, roofing, and janitorial services. JSEB businesses are very involved in the aforementioned operational activities of the Public Work Department. Lawn maintenance and landscaping is another area of Public Works that has a significant JSEB presence.

Mr. Pappas said that he does not necessarily feel that there are problems with the JSEB program, but did mention a few areas to make the Program stronger. One area for improvement is making sure that businesses do not take on more contracts than they can handle. Another area would be having a way to graduate the JSEB businesses out of the program and give them the ability to better compete for contracts. Following the presentation, Chair Pittman opened the floor to questions.

Council Member Freeman asked about the process of JSEB vendors being introduced to the Public Works Department. Mr. pappas said that the process begins in the JSEB Office where lists of projects and vendors are compared and chosen. Council Member Freeman asked if there is a dedicated person in the Public Works Department that approves the contracts or if others are involved in a grading process. Mr. Pappas said that they rely on departmental chiefs to help with the decisions based on their expertise and the scope of the contract. Ultimately the decision comes down to Mr. Pappas and typically will meet with the JSEB Office to make the decision. Council Member Freeman about department chief turnover, how many chiefs there are, and how many of those chiefs have been replaced in the past two years. Mr. Pappas said that there are seven division chiefs within the Public Works Department and none of the chiefs have been replaced in the past five years.

Chair Pittman asked about JSEB reporting within the Public Works Department and the process for measuring success. Mr. Pappas said that reporting is conducted via the bid documents, contracts, and other documents. The reports are provided to the JSEB Office. Chair Pittman asked if there is a rotation of vendors or if the same vendors are used from project to project. Mr. Pappas said that the projects are put out to bid through the Procurement Department and that they are open and competitive in nature.

Presentation by Angie Dixon – Office of Ombudsman – Ms. Dixon provided a brief overview and history of the ombudsman position noting that it was introduced by the Swedish government in 1809. The Office of Ombudsman was established in Jacksonville in 2004. The City created the Ombudsman office to assist the public with complaints and concerns about the city, the city agencies, and the contractors. The goal was primarily to ensure that there were safeguards with the contractors and agencies to promote higher standards of competencies and efficiencies, as well as ensure that various agencies, independent agencies, and suppliers, were afforded the opportunity to be heard through an impartial process devoted in a timely resolution. The Office can conduct independent impartial investigations between contractors, subcontractors, as well as using agencies, and can recommend appropriate resolutions to these issues. The ombudsman investigation is conducted in a non-adversarial manner, and is free and confidential.

Ms. Dixon went through the process for when a complaint is made to the Ombudsman. Complaints can be made by email, by telephone directly to the Ombudsman Office, or by contacting 630-CITY. Ms. Dixon spoke about the resolve rate and amount complaints received. Since 2012, the Office has a 100% resolve rate. In fiscal year 2017/18, the Office received 786 cases, in 2018/19 the Office received 875, in 2019/20 the Office received 518. As of October 1, 2020 through present, the Office has received 119 cases.

Ms. Dixon provided examples of situations that JSEB businesses should try to avoid. It is very important for businesses that are trying to recoup payment to make their complaints as soon as possible because once a project is closed it is very hard to recoup funds. Ms. Dixon recommends that small business take more time during the initial contract process. They need to really understand the specific details of the contract and make sure that their business has the capacity to complete the contract. Another recommendation is to find a way for small JSEB businesses to get paid within 7 days. There are times when projects take much longer than anticipated, but the small businesses can not always wait 30 to 60 days to receive payment. Ms. Dixon stressed the importance of small businesses keeping up with the changing technologies and procedures. The example was shared of a business not getting paid because the improperly filled out the invoice. Following the presentation, Chair Pittman opened the floor to questions.

Chair Pittman asked how new JSEBS are introduced to the Office of Ombudsman and if it is when they first join the program or only when an issue occurs that requires a resolution. Ms. Dixon said that the JSEB Office mentions the Ombudsman in their orientation. Additionally, the Office also attends pre-construction meetings, pre-bids, and makes site visits. Chair Pittman asked for Ms. Dixon to share a typical case or situation and the average time it takes to resolve the issue. Ms. Dixon provided an example of a non-payment issue and went through the process of resolving the issue.

Presentation by Caleena Shirley – Black Business Investment Fund (BBIF) – Ms. Shirley provided an overview of BBIF noting that they are Florida's leading non-traditional lender with a hyper focus on black, minority, and women-owned businesses. In November 2019, BBIF opened up a headquarters in Jacksonville, and are launching their first program, the Construction Contractor Assistance Program, starting in the second quarter of 2021. Ms. Shirley said that one of the biggest problems is that there are millions of dollars in missed construction opportunities for minority and women owned businesses.

The Program will provide the assistance needed to assist general contractors that are a part of this cohort to go from the bid process all the way through contract/project completion. Ms. Shirley provided additional details regarding the Construction Contractor Assistance Program, including participation in the program that ranges from 24 to 36 months and having primes include at least 1 to 3 of their subcontractors to participate in the Program. BBIF has identified five key areas that challenge they businesses that they work with, including navigating through the procurement and selection process, obtaining insurance and bonding, dealing with account receivables, competing with primes, and access to capital. The Program is designed to address these challenges and provide competency and support. Another key component of the program that is directly tied to it BBIF’s contract financing program. BBIF wants to a comprehensive program, so that they are able to assist businesses all the way through the process. The Program will start in the second quarter of 2021 with 5 participating businesses. Following the presentation, Chair Pittman opened the floor to questions.

Chair Pittman asked if there is a cost for a business to participate and what the criteria are for participation in terms of size or wealth of the business. Ms. Shirley said that the program is fully funded for the initial 5 participants. As the program grows, BBIF hopes to keep it at no cost to the businesses. Chair Pittman asked why BBIF feels that this type of one-stop shop Program is necessary. Ms. Shirley said that it is important because it provides minority-owned businesses an opportunity to overcame many of the challenges that they will face throughout the process. Ms. Shirley noted a disparity study out of Orange County that identified over $50 million dollars in contract opportunities that were missed. This program will help to eliminate many of the potential lost opportunities for these businesses.

Public Comment (if time permits) – Stanley Scott – Mr. Scott said that he wants to connect with BBIF and opined on the lack of information that is made available for businesses in the African American community.

Nicole Hamm – opined on the importance of giving young business owners the support to start their businesses and stay in Jacksonville and applauded the work of the committee and the BBIF Apprenticeship Program.

**Meeting adjourned:** 11:56 a.m.

Minutes: Anthony J. Baltiero, Council Research Division

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Posted 12.10.20 10:00 a.m.