



**OFFICE OF THE CITY
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**Minutes Noticed Meeting Council Member Ju'Coby Pittman & Dinah Coleman-Mason
JSEB Wrap-Up
July 26, 2023
2:00 PM**

Location: Henry Cook Room, 1st Floor City Hall

In attendance: Council Member Ju'Coby Pittman (CD 10), Council Member Clark-Murphy (CD 9), Council Member Ken Amaro (CD 1), Dinah Mason and Lawsikia Hodges

Council Member Pittman convened the meeting at 2:10 pm and the attendees introduced themselves for the record. She said the purpose of the meeting was that the committee had a charge for developing updates for the JSEB Program. The committee was charged by Council Member Hazouri and followed up by Council Newby. There was something the Council Member requested. But at the time, we had to do Jason Mason Tillman Study. We also had recommendations from Lawsikia Hodges and so we're at the point where updates are needed to wrap up her responsibilities. Council Member Pittman provided names of committee members, Council Member Terrance Freeman, and Council Member Garrett Dennis. I asked Mrs. Mason and her team to put together a presentation, as did Mrs. Hodges. Council Member Pittman asked Mrs. Hodge to provide overview and history of the JSEB program, and where we are now. She also asked what may have been some recommendations letters legislative wise.

Lawsikia Hodges (OGC) History and Recommendations

Lawsikia Hodges Office of General Counsel, thank you for having me. As many of you may know this is a high-level history. We have had the JSEB has been in place for probably 12 years. The program started back in the 1980s, and she said it was under Hazouri, where minority set aside programs, might be used to hearing that terminology. They were a string of legal cases, and constitutional laws that said, we petty much couldn't have minority set aside programs that were raised base. So, they had to reconfigure those programs and that's what led us to our current JSEB setup in Jacksonville. The Jacksonville Small and Emerging Business Program is a race neutral program. So, we do not take race into account. Over the years since she's been with General Counsel, we've had a series of sessions with Council Member that tweaked the program. As Council Member Pittman said in 2020, we formed this special committee. I guess, six to eight meeting. Finally, in April 2021, the council enacted legislation to implement some recommendations that came out of the special committee. The bill is probably around thirty pages, and a lot the bill is reorganization and, trying to make it



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friendlier for customers or business entities. Some of the highlights that came out of the special committee work were deciding on what's called the disparities report. I have mentioned two types of programs Race Neutral or Race Face. All the legal case law that came out in the 90's, it's not that you cannot have a Race-Based Program, if you have a Race Base Program, you've got to have the evidence to back it up. The justification to implement such a program is what's called the disparities report. The Disparities Report looked at two things, it was looking at recommendations with respect to the Race-Based Program, and reviewing the current program that we had in place at the time. Whenever we enact anything that's race specific, we've got to have evidence and data. We consulted with Mason Tillman Council Member Pittman mentioned, what we were told is the Disparities Report was going to expire in 2020. Our offices counsel with special committee, if we want to begin to explore anything race-based, we've must update data. The determination was made to update the study, which was recently in place, for the 2010 and 2013 study. Dinah Mason and her team worked with our consultant to get that study updated. Dinah will talk to you about where they are on that, pursuant to our code changes that were made, the study had to be completed by the end of August. We had a six-month period to sort and come back to the City Council with some recommendations based on that study. This was one big highlight of the committee charge. The committee also looked at ways with respect to training and education of Small Business Programs and ways to partner with access capital. The last point I will make is that, in this same discussion we began to talk about personal net worth. One of the eligibility criteria to participate in the program is that you have to a certain amount of personal net worth. The Special Committee recommendation was to put a moratorium on the use of that criteria. The last update provided information on the Tier Program that enable Mrs. Mason and her team to not just look at sort Small and Large Businesses. After the Disparities Report is received the Council decides which direction to move.

Dinah Mason (JSEB Administrator) Follow-Up/ Recommendations Chapter 126, Tier Program

Dinah Mason Afternoon, thank you for Allowing me to be hereto give you this presentation. I will provide an overview of what I call The Road to Success. Each of you have a deck in front of you that has all the information I will present today. Ms. Hodges gave an overview of the history of JSEB. The program went from MVP Program to Race Neutral Program up until 2020. When we began the work with the Council Committee, citizens, and their opinions. Some of the findings concerned bonding, as well as access to capital, education, training, capacity of the program, as well as the Tier Program. I was asked to provide 100 days report to Council Member Pittman, we met and gave an overview of the things we completed in the first 100 days. I mentioned we did a SWAT analysis of 318 files in the program at time. Some of the JSEB were active about 100 files. So, we did a SWAT analysis, which looked at strengths, weaknesses, opportunities, and threats within the office. One of the things we looked at was the application, there were some complaints about the application. Many people feel the



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application is too long. The issue with the application is when it is a specialized program, we need detailed information for the city to trust you as a small business and trust you to perform contract work. We need certain information to trust you as a responsible person, and from state records and local records to make sure you qualify to be in the program. We did do some updates to the application to slim it down. They also revamped the website. They had room for JSEB and new JSEB to have help with filling out application. In the ordinance, we follow what's called brick-and-mortar. They had suspended doing site visits, but site visits were reinstated because this is extremely important to see what type of business they're doing. By doing site visits we found some were working with someone else, and not actually doing the work which they stated. So, people were decertified. This action shows the importance of site visits.

We also did a video doing business with the City of Jacksonville for our small businesses. We understand this process could be a little intimidating, trying to understand procurement code and how to bid. We have a class that we recommend, and it is mandated for JSEB. We began an advertising campaign with the Advertisement of the JSEB Programs on local billboards positioned throughout Jacksonville.

Current Access to Capital Status & Funding

Another concern was access to capital programs. The access to capital program started in 2004, the program originally came out of committee findings. In 2004, Mayor Peyton put a committee together asking to go from the MBE to the JSEB programs, what did the community want to see and what were some of the biggest challenges. One of the challenges was access to capital programs that was access to capital for small businesses. A lot of small businesses did not qualify for traditional lending. And so, we went out and spoke with several banks and they gave us funding which equaled about \$1.2 million. Small businesses who came to the JSED program were able to receive contracts with the City of Jacksonville, JTA, JEA, or JaxPort. She also spoke about the additional processes in place for funding, payback schedules, and interest rates.

Currently, the access capital program is housed in EBO they are administering the program. One recommendation is to find a CDFI, a nonprofit CDFI to be able to take over the program because at the time when this program was created, it was not in the City of Jacksonville. As of today, the available balance for JSEB Access to Capital loans is \$891,167.56.

Council Member Pittman said I want to ask; this program was done before, and it was successful without the city engaging. Is this correct? Dinah, you had an opportunity to see what it would take to find some who could take on the program. Dinah, I would say the city does have CDFIs, I think, it is because it's a small business program. It is something that is unique to CDFI not just loaning money, it's not about using their programs or products. The



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programs that they have are specialized lending just to small businesses. Again, this is basically what I just reviewed with all of you. Dinah spoke on funding that was removed in by last administration that needs to be moved back , because

Access to Capital

Current Legislation

- Housed in EBO
- All funds are subject of a permanent and continuing appropriation
- Used for the purpose of loans to assist JSEB's
- EBO monitors & enforces the contract for disbursing funds.
- Ensure that certified JSEB's are receiving funding
- Provides a quarterly report

Recommended Changes

- Single Source the Access to capital Program to a CDFI/Consultant (specializing with micro & small business)
- Project Liaison who will, on behalf of the City, coordinate with consultant and administer an Agreement according to terms and conditions contained of Jacksonville City Ordinance Code governing the AC
- It shall be the responsibility of the Consultant to coordinate all project related activities with the designated Project Liaison.
- Review Consultants business plan and to ensure it is acceptable to this office and the City's Council Auditors.

Continuing Education & Mentoring

Developed a more specific curriculum through a three-pronged approached using the following basis:

- Business Plan
- Financial Plan
- Continued Education Plan



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Mentoring

- Match JSEB with an industry leader who is equipped to assist with their shortfall
- Match a Jr. JSEB with Sr. JSEB firm, this will allow Jr. JSEB firms to have a stronger foundation
- Mentoring will address future development of company through a SWOT analysis to provide insight what might be considered unmovable hurdles

Bonding

Current Program (Under Negotiations)

- Bonding Programs would provide support service through an established bond enhancement program entity.
- Provide services to assist vendor efforts to secure performance and payment bonds for public & private contracts.
- Program will not provide or pay for bond.
- Provide program solutions, technical project management and financial services.
- Improvement plans for contractors who do not qualify.

Insurance Program Review

- Risk Manager shall prepare a report on available insurance programs for Florida Small Business.
- Risk Manager will make recommendation regarding methods or programs to assist JSEB's
- Reports should be provided to the Director of the Finance & Admin Department with a copy to JSEB Administrator.
- Report shall be prepared and submitted biannually.



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History of Personal Net Worth

- The personal net worth limit in the initial ordinance was \$450,000.
- In 2004, it increased to \$750,000.
- Since 2004, the threshold has been increased several times to \$1,320.00.
- The PNW requirement was suspended in 2023.
- The moratorium authorized by the City Council on April 27, 2021, suspended the use of PNW as a certification criterion pending the completion of current disparity study.

**Personal Net Worth Conclusion
(Mason-Tilman & Associates)**

- The objective of the Personal Net Worth Study is to determine whether the \$1.32 million personal net worth requirement for JSEB certification should be modified or discontinued.
- The data suggests several reasons why the PNW requirement should be permanently suspended.
- Most Florida cities and counties with small business programs intended to eliminate discrimination do not define eligibility by the owner's personal net worth.
- Furthermore, the personal net worth requirement for participation in a small business program is not required by law.
- Of significance too, is the fact that the requirement from its inception has been controversial.
- It is therefore recommended that the city permanently discontinue the use of the PNW certification requirement, and instead certify JSEBs based only on business revenue, It is reasonable to expect the use of business revenue would readily increase the number and capacity of the businesses willing to apply for certification.

For additional regarding this meeting, please review audio.

Council Member thanked everyone for coming out to the meeting.

Meeting adjourned: 3:24 pm