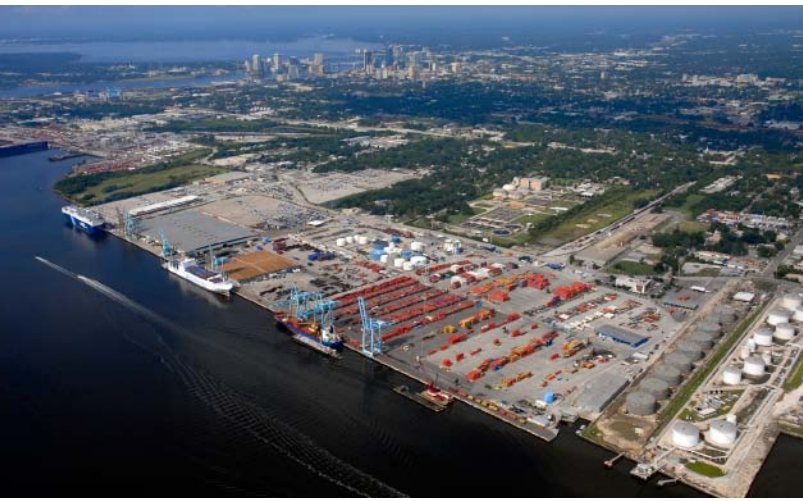


Jacksonville

Multi-Jurisdictional Disparity Study



Volume 2

Final Report
September 2013



ACKNOWLEDGEMENT

Volume Two of the Disparity Study provides context to the disparity findings through a historical analysis of minority and woman-owned business enterprise (M/WBE) formation, and a current analysis of barriers to M/WBE formation.

Volume Two is organized into the following three chapters:

Chapter 1, *Historical and Sociological Review of Discrimination in the City of Jacksonville, Florida and Duval County*

Chapter 2, *Managers Survey*; and

Chapter 3, *Small Business Certification and Public Agency Report*

Mason Tillman Associates, Ltd., (Mason Tillman) a public policy consulting firm based in Oakland, California, was selected to perform the Study. Three local subconsultants, Aces of Jacksonville, Inc., Broadbased Communications, Inc. and L.A. and Associates PR, Inc. assisted Mason Tillman in the performance of the Study. The subcontractors performed data collection activities, anecdotal interviews, survey research, and business outreach. Chapters 2 *Managers Survey* and Chapter 3 *Small Business Certification and Public Agency Report* were performed in conjunction with Broadbased Communications.

Table of Contents

**CHAPTER 1: HISTORICAL AND SOCIOLOGICAL REVIEW OF
DISCRIMINATION IN THE CITY OF JACKSONVILLE,
FLORIDA AND DUVAL COUNTY 1-1**

I. INTRODUCTION..... 1-1

**II. HISTORICAL OVERVIEW FROM THE COLONIAL PERIOD
THROUGH THE 19TH CENTURY 1-3**

A. HISTORICAL FACTORS AFFECTING THE FORMATION AND GROWTH OF M/WBES . 1-3

**III. THE GREAT MIGRATION, WORLD WAR I, AND THE GREAT
DEPRESSION 1-14**

A. AFRICAN AMERICAN EXODUS NORTHWARD AND THE GREAT WAR 1-14

B. 1920S, THE GREAT DEPRESSION, AND THE SECOND WORLD WAR..... 1-17

IV. WARTIME BOOM AND CIVIL RIGHTS ERA 1-20

A. OCCUPATIONS AND UNIONS..... 1-21

B. EDUCATION..... 1-26

C. HOUSING..... 1-28

**V. HIGHWAY CONSTRUCTION, URBAN RENEWAL,
AND PROPERTY VALUE 1-29**

A. HIGHWAY CONSTRUCTION AND URBAN RENEWAL IN JACKSONVILLE 1-30

B. HIGHWAY CONSTRUCTION AND URBAN RENEWAL’S IMPACT ON MINORITY
BUSINESS 1-33



Table of Contents

VI.	IMPEDIMENTS TO BUSINESS FORMATION AND GROWTH	1-34
A.	THE STATE OF M/WBES TODAY	1-35
B.	THE WEALTH GAP AND OTHER BARRIERS TO BUSINESS FORMATION	1-37
C.	IMPEDIMENTS TO BUSINESS GROWTH	1-41
D.	BARRIERS TO MINORITIES' BUSINESS GROWTH IN JACKSONVILLE	1-44
VII.	CONCLUSION	1-50
 CHAPTER 2: MANAGERS SURVEY.....		2-1
I.	BACKGROUND AND GOALS.....	2-1
II.	METHODOLOGY	2-1
III.	SUMMARY OF FINDINGS	2-2
A.	PRIMARY FINDINGS.....	2-2
B.	SECONDARY FINDINGS.....	2-4
IV.	CHARTS AND OPEN-ENDED RESPONSES	2-7
A.	UNBUNDLING AND BONDS	2-7
B.	OUTREACH EFFORTS TO SMALL BUSINESSES	2-27
C.	REQUIREMENTS FOR HOW PRIME CONTRACTORS DEAL WITH SUBCONTRACTORS.....	2-47
D.	TRAINING EFFORTS FOR DEALING WITH SMALL BUSINESS CERTIFICATIONS	2-51
E.	OTHER COMMUNICATIONS WITH SMALL BUSINESSES.....	2-55
F.	PAYMENT POLICIES AND INVOICE REQUIREMENTS	2-59



Table of Contents

**CHAPTER 3: SMALL BUSINESS CERTIFICATION
AND PUBLIC AGENCY REPORT 3-1**

I. INTRODUCTION..... 3-1

II. METHODOLOGY 3-1

III. SUMMARY OF FINDINGS 3-2

A. CURRENT SMALL BUSINESS SUPPORT AND INITIATIVES 3-4

B. SMALL BUSINESS HEALTH..... 3-10

C. HISTORY OF BIDS AND PROPOSALS SUBMITTED
TO FLORIDA PUBLIC AGENCIES..... 3-13

D. DEMOGRAPHICS..... 3-20



List of Tables

Table 1.01:	List of African Americans Working in Professional Fields in 1940	1-22
Table 1.02:	Detailed Comparison Between Caucasian and African American Laborers.....	1-23
Table 1.03:	Breakdown of Better Jacksonville Plan's Expenditures.....	1-47
Table 1.04:	Minority Business Ownership Top 36 Racial Minority- Owned Business by Race, 2003.....	1-49
Table 1.05:	Minority Business Ownership Revenue of Top 36 Racial Minority-Owned Business by Race, 2003	1-49
Table 1.06:	Jacksonville City Contracts 2004-2005	1-50
Table 3.01:	Ethnicity from 2010 Census.....	3-21



CHAPTER 1: HISTORICAL AND SOCIOLOGICAL REVIEW OF DISCRIMINATION IN THE CITY OF JACKSONVILLE, FLORIDA AND DUVAL COUNTY

I. INTRODUCTION

The Disparity Study findings reported for Minority and Woman-owned Business Enterprises (M/WBEs) are based on a statistical analysis of utilization and availability. These findings are further contextualized with an examination of historical, economic, and anecdotal data to determine whether there is evidence that the participating partners of the Jacksonville Multi-Jurisdictional Disparity Study are passive participants in racial, disability, or gender discrimination. This chapter, *Historical and Sociological Review of Discrimination in the City of Jacksonville, Florida and Duval County*, presents an historical and structural analysis of the conditions affecting minority and women's access to the educational and economic resources needed to start and operate businesses. The examination provides a crucial context for understanding the current business environment affecting M/WBE formation and development.

This chapter identifies and examines historical patterns and practices of discrimination involving government, the private sector, lending institutions, unions, and civic organizations, which have impeded the formation, growth, and utilization of M/WBEs. Further, it seeks to determine whether documented historical and socioeconomic discrimination in the public and/or private sector has had an adverse effect on the availability of financing for M/WBEs, and whether these practices have impeded the ability of M/WBEs to successfully compete for contracts within the City of Jacksonville, and more broadly, in Duval County.

An historical approach was undertaken to demonstrate that existing inequalities rest upon a foundation of racial discrimination that has been built over many years in the United States generally, and specifically in the State of Florida, Duval County and the City of Jacksonville. This examination provides a broad historical overview and gives particular attention to the Great Depression of the 1930s, the period of urban renewal beginning in the late 1940s, and the recent recession and related housing crisis. Social



and historical events that took place during each these time periods disrupted the development of African American communities and the creation and expansion of African American businesses.

Hispanic American and Asian American-owned businesses were not a significant part of the State's history until fairly recently, as these minorities represented a much smaller proportion of the Jacksonville/Duval County population than did African American and Caucasian residents. Therefore, this historical report focuses primarily on the social and economic factors affecting the formation and development of African American businesses. This report also reviews social and economic factors specific to Woman-owned businesses, but focuses predominantly on the educational, political, and socioeconomic barriers to business development for African Americans.

The City of Jacksonville represents 95 percent of the population of Duval County, with over 836,000 estimated inhabitants as of 2012. Approximately 90 percent of the population identifies as either Caucasian (including Caucasian-Hispanic American) or African American (59.4 percent and 30.7 percent respectively). Jacksonville's African American population percentage places it above Florida's statewide average of 16 percent.¹ The Hispanic American population of the city is 7.7 percent and the Asian American population is 4.3 percent.² The demographics for Duval County as a whole closely mirror those of Jacksonville.

Jacksonville is above the national average in minority-owned businesses for African Americans and below the national average for Asian Americans and Hispanic Americans. However, for African Americans and Hispanic Americans, the rate of business ownership is notably lower than the proportion of each group's population; African American-owned businesses account for 15.2 percent of all businesses in Jacksonville in 2007, compared to nine percent in the State of Florida, and 7.1 percent nationally. For Asian Americans, the percentage of minority-owned businesses was 5.1 percent in the City, 3.2 percent in the State, and 5.7 percent nationally. Hispanic business ownership, in comparison, was 6.5 percent in the City, 22.4 percent in the State, and 8.3 percent nationally. Asian Americans, on the other hand, have a rate of business ownership that is slightly higher than the population proportion. The percentage of women-owned businesses was slightly above the State and national averages of 29.9 percent.³

This historical overview of social and economic conditions affecting minority-business ownership is based on a thorough review of available scholarship, news sources, official reports by government agencies, and legal case history. This review will cover the

¹ U. S. Census Bureau. "State & County Quick Facts: Jacksonville, Florida." <http://quickfacts.census.gov/qfd/states/12/1235000.html>.

² El Nassar, Haya. "U.S. Census Reports on Arab-Americans for First Time," U.S.A. Today, 11/20/2003 <http://usatoday30.usatoday.com/news/nation/2003-11-20-arab-americans_x.htm>.

³ U.S. Census Bureau, "Quickfacts."



experiences of minorities throughout the U.S. generally, and within Duval County and Jacksonville, Florida in particular, in order to contextualize the present-day status of their social and economic development.

II. HISTORICAL OVERVIEW FROM THE COLONIAL PERIOD THROUGH THE 19th CENTURY

A. Historical Factors Affecting the Formation and Growth of M/WBEs

African Americans have faced considerable barriers to the business formation process through the institution of legal segregation and discrimination. These barriers have their origin in race relations shaped by chattel slavery practices in the United States. Jacksonville was one of the first regions to participate in this practice. During this period, African Americans were subjected to both *de jure* and *de facto* discrimination, and to second-class citizenship within the Duval County and across the United States, via systemic discrimination and economic repression. These historical factors, along with continued discrimination post-slavery, have had a significant impact on the formation of minority-owned businesses.

1. Colonial Period

Slavery's origins in the United States can be traced to the territory then known as La Florida. In 1565, the Spanish established the settlement of St. Augustine in northeast Florida and at Fort Caroline, both near modern day Jacksonville. Pedro Menéndez de Avilés introduced 500 slaves to the St. Augustine colony during its first three years of development. The institution would persist for another 300 years before emancipation, providing ample time for systemic institutionalized racism to develop.⁴ Still, St. Augustine's role in the history of slavery in Florida is complex, and reflects the broader struggles between European powers. In the 18th century, rebel slaves from surrounding British colonies such as South Carolina often sought refuge there, as Spanish missionaries at the time had promised liberation to any slave that escaped from a Protestant colony. In 1739 fugitive slaves built a fortress in St. Augustine as a defense against British attempts to recapture them.⁵

⁴ Rodriguez, Junius P. *Slavery in the United States: A Social, Political, and Historical Encyclopedia*, [2 Volumes] (Santa Barbara: ABC-CLIO, 2007), 287.

⁵ *Ibid.*, 15.



2. Jacksonville and Duval County during Slavery

Following a 300-year period of conflict between competing European colonial powers, the Florida region became a territory of the United States in 1819. After the conclusion of the Second Seminole War in 1842 and the admission of Florida to the Union in 1845, cotton cultivation developed rapidly and the slave population increased proportionally. According to the 1840 Florida census, there were 26,526 recorded slaves, and by the time of the Civil War, the number had increased by 133 percent to 61,750 slaves, or 44 percent of the total population of the state. With its abundance of slaves and strategic location along the eastern seaboard, Jacksonville became an integral part of the domestic slave trade along the Atlantic.⁶

In 1850 there were about 513 African Americans in Jacksonville and Duval County. Though these numbers are unimpressive relative to the population boom that would occur in the following decade, these slaves represented almost half of the total population of the county. Of the 513 African Americans in the Jacksonville area, only eight were free. Of those eight individuals, all were manual laborers (five laborers, one wheelwright, and two carpenters). In 1860, the City experienced massive growth, particularly in the lumber, naval store, brickyard, and tannery industries. Jacksonville's tourism industry also expanded as new railroads were constructed throughout the region, leading to increased investment in hotels and boarding houses. Slaves were essential in providing both skilled and unskilled labor during this period of increased development, and the number of African Americans living in the area increased by 319 percent over the previous decade. In 1860, Jacksonville was home to over 1,000 African Americans, the majority of whom were enslaved (908 slaves, 87 free). By 1870, the African American population outnumbered the Caucasian population for the first time since 1830.⁷

In Jacksonville, unlike cities in other slave states, there were strict laws that prevented slaves from expanding their professional skills. The few free African Americans that resided in the city were prohibited from owning their own businesses or pursuing most occupations. This meant that African Americans in Jacksonville were effectively excluded from any potential business enterprises. By 1860, free African Americans owned a combined paltry \$3,450 in real estate and personal estates in Jacksonville. This averaged out to under \$40 per person, an unimpressive amount by 1860 standards.⁸ This disparity in property ownership and business development, reproduced over the ensuing decades, contributing directly to the persistent wealth gap between African American and Caucasian citizens. This wealth gap generated additional barriers for African Americans to surmount in order to develop new enterprises.

⁶ *Ibid.*, 287.

⁷ Bartley, Abel A. *Keeping the Faith: Race, Politics, and Social Development in Jacksonville Florida 1940-1970*, (Westport: Greenwood Press, 2000). 2.

⁸ *Ibid.*, 9.



3. Jacksonville after the Civil War

On January 10th, 1861, Florida was the third state to secede from the United States. When the Civil War began later that April, Union troops occupied many forts and cities along Florida's eastern coast, including Jacksonville. Jacksonville was occupied by Union soldiers four times over the course of the war. Although these occupations were often short-lived, the presence of African American Union soldiers inspired local slaves to leave their slave masters. Many adult male slaves who were fit for service ran away to join Union forces. By the end of the war in 1865, more than 1,000 African Americans (slave and free) from the Jacksonville area alone had joined the Union army to engage in skirmishes with the Confederate forces located along the coastline.⁹ While the political liberation that followed the war was very real, circumstances would soon reveal that changing the old order would remain a formidable challenge.

After the war, the entire South was in upheaval as the old racially-based social and economic hierarchy lurched and attempted to recover from the fundamental attack the war and emancipation had been on them. Newly freed former slaves who asserted themselves were subject to a vicious backlash by whites. Some commandeered abandoned property and forcefully resisted efforts to drive them off, in some instances driving former masters off plantations.¹⁰ Yet despite early efforts to change the fundamental distribution of resources in the state, land remained largely in white hands, and the Federal government made little effort to alter this basic reality. The result was that for all intents and purposes, for many recently freed African Americans, returning to work on the plantation was one of the only options available.¹¹

Jacksonville continued to take shape as a place of white privilege and wealth attainment that was dependent upon exploitive and compliant black labor. Signaling the course that Florida would steer post-Civil War, the state's governor, George Drew, elected in 1877, was a wealthy Northern industrialist with views of African Americans that were quite at home in the South. Drew saw African Americans as childlike, irresponsible, and immoral, suited for little more than manual labor. The election of a Northerner to such a high office was part of a broader knitting together of the North and South post-slavery, and the emergence of Jacksonville in particular as a leisure destination for the wealthy and source of investment in land.¹²

African Americans arrived in the city in large numbers after the war, both from within the state and beyond. Migration was driven both by the desire to escape servitude in the

⁹ Hornsby Jr., Alton. *Black America: A State-by-State Historical Encyclopedia*, (Santa Barbara: ABC-CLIO, 2011), 176.

¹⁰ Wasserman, Adam. *A People's History of Florida 1513-1876: How Africans, Seminoles, Women, and Lower Class Whites Shaped the Sunshine State*, (Online Edition, 2009), 388.

¹¹ *Ibid.*

¹² Wasserman, *A People's History of Florida*, 476.



fields, and to take advantage of the economic opportunities afforded to Jacksonville through its redevelopment during the Reconstruction Era. However, Caucasian men continued to dominate the business enterprise landscape, through the ownership of the wharves, warehouses, and assorted businesses within the neighborhoods with the highest concentration of black residents—La Villa, Hansontown, Grand Boulevard, Durkeeville, Sugar Hill, Hogan Creek, Springfield, and Mixontown. Though the African Americans living within these neighborhoods owned little property, they took full advantage of their recently afforded freedom by creating churches, building schools, and establishing a few small businesses. Many of these newfound entrepreneurs used the skills they had developed as slaves to support new endeavors in carpentry, butchering, masonry, baking, cooking, laundering, catering, and barbering.¹³

African Americans found themselves at a disadvantage due to severe laws passed during slavery that constrained their opportunities after its demise. These laws had prohibited slaves from learning skilled work, which inhibited their ability to take advantage of existing opportunities in the professions. Within the City of Jacksonville, 85 percent of the African American workforce was unskilled compared to a mere 16 percent of Caucasians. This disparity persisted for the next several decades and in 1894, 85 percent of African Americans in Jacksonville still worked as manual laborers.¹⁴ At the same time, the monopoly that Caucasian business held on business opportunities led Jacksonville's African Americans to rely heavily upon one another. Freed men and women worked for fellow African American-owned businesses, seeking to build a community of support as they sought to thrive in an economic environment that heavily maintained the status quo.

Structural exclusion also took place beyond the labor market. Other mechanisms of exclusion sought to limit the political power of the African American community. By preventing African Americans from voting, for example, Caucasian businessmen were able to maintain their social and economic power by dominating the market place. In an effort to make Florida as “business-friendly” as possible, these constituents fought against African American demands for higher wages, voting rights, and economic opportunities, such as land ownership, and leveraged their strong political power to shape voting laws.¹⁵ Through the institution of a poll tax in 1885 and the redefinition of district boundaries in 1907, for example, Caucasians effectively reduced African American political representation on the city council. as a sign of how closely white control of the labor market was intertwined with political control, in 1876 black workers were threatened with termination of employment if they did not vote the Democratic ticket in Duval County.¹⁶

¹³ Bartley, *Keeping the Faith*, 2.

¹⁴ *Ibid.*, 9.

¹⁵ Ortiz, Paul. *Emancipation Betrayed*, (London: University of California Press, 2005), 11.

¹⁶ Wasserman, *A People's History of Florida*, 472.



Florida was one of the first states to require segregation of African Americans and Caucasians on railroad cars in the late 1880s. “Jim Crow” laws led to such an intense social bifurcation that “not only were the schools segregated, but the state law went so far as to require that schoolbooks used by black students and those used by white students be stored in separate facilities when not issued to students.”¹⁷ These laws had severe, long-lasting consequences, and were only declared unconstitutional in 1965.

a. Labor Conditions and Organizing During the Reconstruction Era

Though legally free, many African Americans were economically dependent on the plantations on which they had previously been enslaved. Many African Americans acquiesced to the Caucasian economic monopoly due to their inability to provide skilled labor, as previous legislation had prevented slaves from learned skilled tasks. However, a small but growing subset sought employment in the industrial sectors. These individuals needed legal protection from being overworked and underpaid, but the government instead concerned itself with the Caucasian majority. Not ready to abandon the social structure of slavery, the legislature introduced a series of restrictions and regulations that came to be known as the “Black Codes” of 1866. Among other things, the Black Codes played a key role in the regulation of African American labor. According to these laws, employee disobedience or insubordination from an African American laborer to his or her employer resulted in a charge of vagrancy. A sentence of vagrancy consisted of twelve months of forced labor, and generally applied to the breaking of a work contract:

[W]hen any person of color shall enter into a contract as aforesaid, to serve as a laborer for a year, or any other specified term, on any farm or plantation in this State, if he shall refuse or neglect to perform the stipulations of his contract by willful disobedience of orders, wanton impudence, or disrespect to his employer or his authorized agent, failure or refusal to perform the work assigned to him, idleness, or abandonment of the premises or the employment of the party with whom the contract was made, he or she shall be liable, upon the complaint of his employer, or his agent, made under oath before any justice of the peace of the county, to be arrested and tried before the criminal court of the county, and upon conviction shall be subject to all the pains and penalties proscribed for the punishment of vagrancy.¹⁸

Furthermore, the convicted laborer’s children would become apprentices at the disposal of the state. If African Americans could not afford their court costs and fines, they were

¹⁷ *Ibid.*, 303.

¹⁸ A Century of Lawmaking for a New Nation: U.S. Congressional Documents and Debates, 1774–1875 Congressional Globe, Senate, 39th Congress, 1st Session, page 443. The Library of Congress. <http://memory.loc.gov/cgi-bin/ampage?collId=llcg&fileName=070/llcg070.db&recNum=548>



sold in a public auction for a year's term of unpaid labor.¹⁹ The Black Codes served to prolong slavery in the post-war era and prevented African Americans from receiving fair access to the labor market.

The labor market was also racially structured via the convict-leasing system. Through this system, prison inmates were leased to private companies as a means of providing labor. Enacted by the 1871 legislature ostensibly as a rehabilitative measure, the system disproportionately affected African Americans, who by the end of the 19th century constituted 90 percent of state convicts.²⁰ Though the convict-leasing program ended in 1923, it continued to stifle African American political gains. Furthermore, it severely hampered African American efforts to secure gainful employment and to demand acceptable working conditions, as these individuals competed with a free source of labor with little to no restrictions on the nature of the work performed.

In the 1870s African American laborers began to organize as they expressed dissatisfaction with long work hours, low wages, the high demands of their jobs, and consistent exclusion from Caucasian labor organizations. Florida native and civil rights leader Timothy Fortune noted:

There is no fact truer than this, that the accumulated wealth of the land, and the sources of power, is fast becoming concentrated in the hands of a few men, who use that wealth and power to the debasement and enthrallment of the wage workers.²¹

By keeping labor at a low cost and easily dispensable in order to favor existing business practices and ownership, African American industrial laborers were subject to numerous hardships, including high employment turnover, low wages, and a lack of bargaining power over working conditions and terms of employment.

Responding to unjust conditions, lumber mill workers organized the Labor League in 1873 to force employers to make concessions. The Labor League demanded increased pay and a standard ten-hour workday, relatively moderate for the time, given that Northern laborers were demanding an eight-hour workday at the same time. The Labor League's protest was unsuccessful after Caucasian strike breakers were brought in to continue their work, but the effects of the protest remained substantial as more African Americans were inspired to form unions and to protest unfair working conditions. In August 1873, the Jacksonville, Pensacola, and Mobile Railroad Company was three months late with payment of wages, and the laborers demanded pay before they would continue working. On August 5th at noon, black and white workers stopped work. After a

¹⁹ Wasserman, *A People's History of Florida*, 515.

²⁰ Miller, Wilbur R. *The Social History of Crime and Punishment in America: An Encyclopedia*, (London: SAGE, 2012), 633.

²¹ Wasserman, *A People's History of Florida*, 494.



weeklong strike, the railroad company was put into receivership, and the overdue wages were paid.²² The emergence of the Jacksonville Labor League “provided a notable example of Black working-class resistance to the dual oppression of White supremacy and labor exploitation.”²³

African American workers in Jacksonville also joined the Knights of Labor, a national workers’ organization, primarily dockworkers, warehousemen, and tobacco factory operatives.²⁴ Although the Knights were active in a series of strikes during the 1880s that helped it gain national prominence, it was the organization’s practice of admitting African American members on an equal basis with Caucasians that contributed to its spread throughout Florida and in Jacksonville. By the late 1880s, African Americans constituted most of the union’s members statewide. Interestingly, it’s most notable achievements, state-wide and locally, was arguably not in labor disputes, but in the political contests. In 1887 a Knights’ ticket won the municipal elections in Jacksonville. Officials from the ticket quickly moved to expand the city limits to the black suburbs, and the city became majority African American.²⁵ The victory, though ultimately short-lived, marked an important attempt by African Americans post-slavery to remake the South.

b. Education in Reconstruction Era Jacksonville

During the period of “Jim Crow” laws, African Americans in Jacksonville turned to education as a resource to improve their social and economic standing. Community leaders made strong investments into community schools, hoping to take full advantage of new opportunities from Reconstruction via advancing community education. By 1866, Jacksonville’s African American community featured three schools and four teachers, serving approximately 530 students.

In 1868, Ossian B. Hart, future tenth Governor of the State of Florida and a Jacksonville native, leased six lots of land to the African American community for 99 years with the stipulation that the land be used exclusively for facilitating the education of African Americans. Hart, a Republican, had opposed secession and sought to secure rights for African Americans. In addition to the groundbreaking land grant, Hart also appointed Jonathan Clarkson Gibbs as Florida’s first African American Superintendent of Public Instruction.²⁶ Though many political positions held by African Americans were more symbolic than functional, Gibbs’ role as Superintendent placed him at the head of the

²² *Ibid.*, 494

²³ *Ibid.*, 496.

²⁴ Ortiz, *Emancipation Betrayed*, 46.

²⁵ Brown Jr. Cantor. *Florida’s Black Public Officials, 1867-1924* (Tuscaloosa, AL.: University of Alabama Press, 1998), 61.

²⁶ Brown Jr., Canter. *Ossian Bingley Hart: Florida’s Loyalist “Reconstruction Governor.* (Baton Rouge and London: Louisiana State University Press, 1997), 232.



Board of Education.²⁷ In 1869, the local Colored Educational Society used a grant from the Freedman’s Bureau, the federal agency created to aid former slaves, to open the Stanton Norman School, which would provide over 300 students with a comprehensive education through the eighth grade. More than eight years later, the school board acquired the Stanton School and renamed it Public School Number 101, acknowledging its success by officially integrating it into the school system.

Despite the limited resources afforded to Public School 101, Principal James Weldon Johnson so greatly improved the quality of instruction at the school that by 1900, 73 percent of Jacksonville’s African American population was literate, an impressive number for the time. The school board rewarded the school by raising the final level of instruction from the eighth grade to the 11th grade in 1901. This shift in grade levels allowed the school to further educate the African American population, which had now grown to over 29,000—approximately 53 percent of the city’s total population.²⁸

However, despite the concessions made to African American schools, they still received far fewer resources than their Caucasian counterparts. By century’s end, disparities in education were stark, even as the public school system underperformed for Caucasian students as well. Duval County’s Caucasian schools “receive[d] more resources, had larger budgets, spent more money, had newer and upgraded facilities, and always had sufficient materials and supplies,” in contrast to the African American schools, whose principals under-spent in order to demonstrate fiscal responsibility to their Caucasian superiors on the school board.²⁹ In 1900 Duval County, the state’s largest school system, spent \$12.08 per Caucasian student compared with \$5.47 for each African American child, ranking it seventh and 11th, respectively, compared with other counties in the state. Further, it was not uncommon for those African American teachers that did exist to experience salary discrimination.³⁰

²⁷ The Superintendent of Public Instruction, Secretary of State, and Attorney General shall constitute a body corporate, to be known as the Board of Education of Florida. The Superintendent of Public Instruction shall be president thereof. The duties of the Board of Education shall be prescribed by the Legislature.” *Florida Constitution*, (1868). Article VIII, Sec. 9, Florida Constitution Revision Commission, State of Florida, 1868 Florida State University Legal Archives <http://www.law.fsu.edu/crc/conhist/1868con.html>.

²⁸ Bartley, *Keeping the Faith*, 3.

²⁹ Hurst, Rodney L. *It Was Never About a Hot Dog and a Coke!*, (Livermore, CA: WingSpan Press, 2008), 9.

³⁰ Crooks, James B. *Jacksonville after the Fire, 1901-1919: A New South City* (Gainesville, FL: University Press of Florida 1991), 13



c. Civic Organization and Caucasian Backlash

The end of the Civil War saw the rapid emergence of an African American political class. In 1865, African Americans petitioned Florida's seventh governor, William Marvin, to extend the vote to African Americans. Furthermore, many Caucasian Union sympathizers and recently immigrated Northerners formed Republican Party clubs that served to attract and encourage political participation amongst the growing African American populations.³¹ These clubs worked tirelessly to mobilize African American voters. In 1865 these clubs were able to register 65 percent of eligible African American voters, providing their efforts with a considerable numerical advantage over their Caucasian counterparts.³² In 1868, W.T. Garvin became the first African American elected to the city council, along with 18 other African Americans representatives from a variety of districts, at the State's 1868 constitutional convention. Furthermore, 18 African Americans were elected to the legislature, and Jonathan Clarkson Gibbs was appointed as Secretary of State prior to his appointment as Superintendent of Schools.³³ African American voters in Duval County elected 16 African Americans to the State House of Representatives between 1865 and 1900. In 1887 and 1889, all of the representatives from Jacksonville in the state house were African American. Caucasian Floridians, however, regained control of state and local politics in the 1880s, and began to systematically remove African Americans from political power.³⁴ When Yellow Fever returned to the city in 1888, the old white elite linked the epidemic to African American political power, and successfully called on the state legislature to replace the elected city government with an all, white commission appointed by the governor.³⁵

The dawning of a new century ushered in many changes and challenges for a newly freed people negotiating their space and rights within the confines of racial oppression. African American Jacksonville residents were proactive in creating fully functional and vibrant communities, despite segregation of the day. Segregation created a need for a duality of services within Jacksonville; essentially, the services necessary for Caucasians were also necessary for African Americans. However, due to restrictive Jim Crow policies and practices, African Americans had to provide these services for themselves in segregated communities predominantly located in Oakland toward the northeast area of the city. The industrious were quick to establish beauty salons and barber shops, funeral homes, insurance services, benevolent societies, missions, theatres, churches and schools. In 1900, there were no public high schools available for African American high-school-aged students, so private academies were established in order to provide secondary and technical education. These institutions included Edward Waters College, Cookman

³¹ Hornsby, Jr. *Black America*, 177.

³² Bartley, *Keeping the Faith*, 5.

³³ Hornsby, Jr., *Black America*, 178.

³⁴ Bartley, *Keeping the Faith*, 1.

³⁵ Driskell Jr., Jay. "Learning How to Jim Crow: Jacksonville, Florida's White Progressives," 1887-92," American Historical Association (New Orleans, LA, January 4, 2013). <http://aha.confex.com/aha/2013/webprogram/Paper10959.html>



Institute (now Bethune-Cookman College in Daytona, Florida), Florida Baptist Academy and Boyland Industrial School. These educational institutions were supported by affluent Jacksonville residents, and allowed a number of African Americans to rise from poverty to enter the middle class.

One of Edward Waters College's and Bethune-Cookman College's biggest supporters was Abraham Lincoln Lewis, named after President Abraham Lincoln to celebrate being born free to former slave parents. Lewis founded the Afro-American Life Insurance Company in 1901 to provide death benefits, and to serve as a financial institution for African Americans. The venture proved very successful, and Lewis was able to expand to a number of locations throughout the Southeast. Through his business ventures, Lewis became Florida's first African American millionaire, and was also secretary of the Negro Business League.

Lewis expanded his efforts to provide access and services to African Americans through the purchase of 220 acres of beach front property. He named the area American Beach, and it offered many of the amenities of prominent white-only beaches so that Lewis' employees and other middle class African Americans could enjoy Florida's waterfront. Other areas within Jacksonville were also a hotbed of social and entrepreneurial activity. LaVilla, dubbed "The Harlem of the South," provided first-class entertainment, theater and nightlife. James Craddock, a LaVilla business and nightclub owner, operated various highly profitable business enterprises and rental properties. He was able to employ over 500 African American workers throughout his portfolio of businesses, which included a loan agency, pawn shop, general store, shoe store, instrument shop and a property management company.

Another prominent Jacksonville resident, Eartha M.M. White, founded the Clara White Mission in 1904 to provide food for the hungry; it has since grown into a comprehensive social service agency. A former employee of the Afro-American Life Insurance Company, White owned and operated a laundry service, restaurant, janitorial service, taxi service and employment service before founding the Clara White Mission.³⁶ White also established herself as a well-known Jacksonville philanthropist, teacher and social worker. The development of these organizations and businesses helped to foster civic engagement by strengthening the sense of community.

While a few black Jacksonville residents were able to find a niche and prosper economically, many more suffered under the tyranny of Jim Crow and its state-sponsored segregation. African Americans' unemployment greatly exceeded that of their Caucasian counterparts. The black workforce was largely unskilled, and many African Americans were not able to fully participate in formal education due to overcrowding and substandard supplies, books and facilities. The Jacksonville Women's Club tried to supplement the shortages experienced by the school board with a \$600 donation in 1900,

³⁶ <http://www.clarawhitemission.org/About/History.aspx>



but yet (and still), African American students continued to drop out at high rates. This created a system with very few successful African Americans at the top and masses of unskilled African Americans at the bottom. Those at the bottom were subject to disparate and unethical treatment at the hands of Caucasians, with no legal protection and no recourse of action.

There were also several African American professional and social groups. A group of African American men established the Most Honorable Fraternity of Free and Accepted Masons of Florida in Jacksonville in 1870, with the Most Worshipful Grand Lodge being Florida's first African American Masonic organization. The Masonic organizations soon constructed a building project that would later serve as the Florida Masons headquarters.³⁷ The Jacksonville branch of the National Association for the Advancement of Colored People (NAACP) was established in 1918 and served to desegregate the Democratic Party and improve conditions for African American teachers. The Negro Welfare League (NWL) helped improve educational, social, economic, and political opportunities for Jacksonville African Americans.³⁸ The organization achieved this success by working both within and outside of formal systems. Despite these advances, the legacy of discriminatory legislation served as a steady impediment to the progress of African Americans through the first half of the 20th century. Jacksonville was very much a segregated and unequal city, with the majority of African Americans living in poverty and on the edges of downtown in slum conditions.

On the eve of the Great Fire of 1901, the largest urban fire in the Southeast to date, which began in the African American community of LaVilla, the city had grown into a center of finance, commerce and transportation.³⁹ Tourism boomed and provided a seasonal inflow of visitors and resources that both helped the city to prosper and buoyed its image as progressive. The African American community in Jacksonville comprised 57 percent of the total population, approximately 28,000 in 1900. The city was considered liberal by even national standards, and although most African Americans were manual laborers with little chance for advancement, a small middle class had developed that included ministers, doctors, and lawyers. African American women were concentrated in domestic service and also worked as seamstresses and waitresses. The city also contained 131 African American-owned businesses, mostly small, which included barbershops, restaurants, and clothes makers.⁴⁰

³⁷ Mjagkij, Nina. *Organizing Black America: An Encyclopedia of African American Associations*. New York: Garland Publishing, 2001, 251.

³⁸ *Ibid.*, 251.

³⁹ Crooks, 8

⁴⁰ Crooks, 13-14. See also Shira Levine, "'To Maintain Our Self-Respect': The Jacksonville Challenge to Segregated Street Cars and the Meaning of Equality, 1900-1906," *Michigan Journal of History* (Winter 2005), <http://www.mich.edu/~historyj/papers/winter2005/levine.htm>



The few but notable gains made by African Americans experienced a massive setback because of the fire, which destroyed 455 acres of downtown Jacksonville and left 2,368 buildings in ruins. One such building was that of the Cookman Institute, which reopened as Bethune Cookman College in Daytona Beach, Florida.

The fire—which was the third largest fire in United States history (behind the San Francisco earthquake and fire of 1906 and the Great Chicago Fire of 1871)—left thousands of residents homeless. James Weldon Johnson, prominent civil rights leader and principal of the Stanton School in Jacksonville (which later integrated into the public school system as Public School Number 101) attributed the expanse of the fire’s destruction to the presence of racism, in particular institutional racism promulgated by the agents of the local government. He recalled in his autobiography, *Along the Way* that firefighters neglected to provide services to the western end of the city where African American residents lived, and instead, used the majority of their resources to save a row of houses belonging to a white Jacksonville resident. He also reports hearing the fire chief retort using a racial epithet that, “it would be a good thing for [African Americans’] homes to burn down.”

African Americans who were injured were restricted to one hospital in the city, Brewster Hospital and Nurse Training School, which also provided training for black women to become nurses. Brewster Hospital was the first African American hospital established in the United States to provide medical care for African Americans when they were denied services from majority institutions.⁴¹ The fire had a profound effect on the city of Jacksonville, but the effects were more pronounced in the African American community, where funding and resources to rebuild were scarce.

III. THE GREAT MIGRATION, WORLD WAR I, AND THE GREAT DEPRESSION

A. African American Exodus Northward and the Great War

Rebuilding Jacksonville after the 1901 fire cemented the racial divisions. Historian James B. Crooks describes the city that rose from the ashes as two cities, one white and one black. White Jacksonville was a prosperous urban center that linked to water and rail transport routes. Black Jacksonville was mostly poor, segregated, and trapped in low-skilled work; still, in addition to the existence of important economic and social institutions, the African American community of Jacksonville also maintained an important tradition of political struggle. In a foreshadowing of the struggles that would define much of the 20th century; however, the city was rocked by black-led protests

⁴¹ <http://www.coj.net/departments/public-affairs/headlines/brewster-hospital-restoration-kicks-off-with-celeb.aspx>



against streetcar segregation in its first decade. Although some violence did occur, it was the more broadly supported boycotts that positioned the anti-street car segregation campaign as one of the forerunners of the later Civil Rights movement.⁴²

While African Americans experienced moderate advances in industrial labor opportunities, civic engagement, education and politics, heavy and swift was the backlash from angry Caucasians. This manifested in the rise of personally meditated acts of racism, many perpetrated by the infamous Ku Klux Klan, whose national membership reached 4 million by 1925.⁴³ Nationally, by conservative estimates, 4,733 African Americans were lynched and killed, and countless others were otherwise intimidated by violence.⁴⁴ Accounts of large-scale violent Klan activity are not well-documented for Jacksonville and Duval County. However, there are many accounts in the surrounding areas.

In addition to personally meditated acts of racial violence, racial tensions were further spurred by a surge of oppressive legislation, by way of Jim Crow laws which limited the economic and social advancement and voting rights of African Americans. With the introduction of “Jim Crow” and the start of the Great Depression, Klan activity dwindled except for a few prominent klaverns in Jacksonville, Miami, Orlando, and Tampa. Together, these cities had an estimated membership of 30,000.⁴⁵

“Jim Crow,” the state-sponsored infringement on civil rights and liberties—along with the entrapment of African Americans generally in racially unjust and inhumane living and working conditions—motivated many thousands of African Americans to seek relief, safety and opportunity in the northern United States and Canada. This geographic shift, spawned by social conditions in the South in the first half of the 20th century, is known as the “Great Migration.” Jacksonville became a key departure point for those who were intent on heading northward.

The Great Migration had a profound effect on the city. Within a span of only three decades between 1900 and 1930, the percentage of African Americans in Jacksonville decreased from 57 percent to 37 percent.⁴⁶ Momentum for the migration was also fueled by northern labor shortages in wartime industries as a result of U.S. involvement in World War I.

⁴² Crooks. 43. See also Levine.

⁴³ <http://www.splcenter.org/get-informed/intelligence-files/ideology/ku-klux-klan>

⁴⁴ “1959 Tuskegee Institute Lynch Report”, Montgomery Advertiser; April 26, 1959, re-printed in *100 Years Of Lynching* by Ralph Ginzburg (1962, 1988).

⁴⁵ <http://www.pbs.org/harrymoore/terror/k.html>

⁴⁶ Gibson, Campbell and Jung, Kay. *Historical Census Statistics on Population Totals by Race, 1790 to 1990, and by Hispanic Origin, 1970 to 1990, For Large Cities and Other Urban Places in the United States*, Washington D.C.: U.S. Census Bureau, 2005, <http://www.census.gov/population/www/documentation/twps0076/twps0076.html>



The impact of African Americans leaving the City was profound, and soon businesses in Jacksonville grew desperate for the agricultural and industrial labor services historically provided by African Americans. On April, 22, 1919, John D. Baker, of the Jacksonville Chamber of Commerce, wrote to the federal veteran's employment office in Chicago requesting assistance in securing laborers, stating,

“we people of the South understand the Negro laborer and the large employers of labor in this section of the country prefer the working of Negro's [sic] to the white man, especially in the turpentine camps, saw mills, and upon the plantations, for these men understand this work, and give better satisfaction than the white man.”⁴⁷

Additionally, in response to the mass exodus of African Americans, Jacksonville Mayor (from 1899 to 1901 and again from 1915 to 1917) J.E.T. Bowden invoked a vagrancy ordinance and issued orders for the chief of police to prevent African Americans from leaving the city. Jacksonville police harassed African Americans gathered at the Union Depot, waiting for buses headed north. Despite the police force's best efforts, African Americans continued to leave the city. In realizing that the violent responses of the police department which were sanctioned by the Mayor further fueled the African American exodus, Caucasian leaders of Chamber of Commerce in Jacksonville sought dialogue and discussion with the African American middle class community leaders. Caucasian business owners claimed they could not afford to increase wages for African American workers, and that African Americans leaving the city was hurtful to business. African American leaders remained unconvinced by this argument of economic interest, and continued to support those wishing to head north in search of better opportunity.⁴⁸

While the United States struggled to deal with issues associated with race relations domestically, several European countries were embroiled in World War I, a conflict so destructive compared to anything previously known that it was at the time referred to as the Great War. The U.S.' original stance was a policy of non-intervention; however, on April 6, 1917, President Woodrow Wilson and Congress declared war on Germany. The African American response varied. Some leaders discouraged the community's involvement in the war, opposed to fighting for a county in which African American residents did not have equal access to civil rights and liberties. Other community leaders saw it as an opportunity for African Americans to gain equal footing in society, and encouraged involvement. To this end, more than one million African Americans responded to their draft calls, and 370,000 African American troops were inducted into the Army.⁴⁹ Although many African Americans answered the call of service, many of them did not see combat. They instead provided support services and industrial labor,

⁴⁷ McWhirter, Cameron. *Red Summer: The Summer of 1919 and the Awakening of Black America*, New York: Henry Holt and Company, 19.

⁴⁸ *Ibid.*, 140.

⁴⁹ <http://memory.loc.gov/ammem/aaohhtml/exhibit/aopart7.html>



and played in jazz bands. Nevertheless, African Americans were eager to serve their country and remained hopeful of equitable treatment, opportunities and benefits upon their return home.

B. 1920s, the Great Depression, and the Second World War

The end of World War I marked an important turning point for African Americans. Returning African American soldiers had witnessed equitable social relations in Europe and had risked their lives abroad in defense of democracy. The continued existence of Jim Crow laws in the South and other forms of racial discrimination in the north further fueled civil rights activism several decades before the period historically known as the Civil Rights Movement.

This time period witnessed the emergence of African American labor organizing, which would later play a significant role after the plunge into economic depression. Employers were not the only source of racism in the workplace: established labor unions also perpetuated discriminatory practices. Some examples of activism toward community uplift include A. Philip Randolph's Brotherhood of Sleeping Car Porters in 1925, and the National Urban League's establishment of the Department of Industrial Relations to specifically address African American labor issues.⁵⁰ These efforts provided African Americans with a mechanism to advertise and be notified of employment availability during the harsh economic times on the heels of the Great Depression.

The Great Depression began in late 1929 following the stock market crash on October 29, 1929. The dire economic situation for African Americans prior to the Great Depression only grew worse. The stock market crash marked a setback in the meager gains African Americans had made since emancipation. Many African American home and business owners lost these investments during the Depression. According to historian Cheryl Greenberg, the total number of lost businesses was easily in the thousands.⁵¹

Not only did conditions for entrepreneurs worsen, but African Americans also experienced decreased opportunity within employment. In the early 1930s, unemployment across the nation stood at approximately 25 percent, but this figure was double for African Americans. Further worsening race relations, hostility toward African Americans deepened as competition for scarce jobs increased. Record high unemployment further fueled this hostility, as many unemployed Caucasians actively organized to deny work to African Americans. Given the dire economic circumstances, Caucasian men and women moved into occupations that had previously been predominantly filled by African Americans, which increased competition for even the

⁵⁰ Cheryl Lynn Greenberg (2009), *To ask for an equal chance: African Americans in the Great Depression*, Lanham, MD: Rowman and Littlefield Publishers, Inc.

⁵¹ Greenberg.



most dangerous and undesirable jobs.⁵² For African Americans who remained in Jacksonville, the Depression led to increased debt, land loss, hunger, and a second wave of migration to the north.

As the historian Richard Wormser noted, President Franklin D. Roosevelt's administration did not do much to address the specific problems facing African Americans during his first term. According to Wormser, Roosevelt avoided antagonizing Southern senators who could block his efforts to end the Depression.⁵³ However, towards the end of Roosevelt's first term, "federal agencies began to open their doors to blacks, providing jobs, relief, farm subsidies, education, training, and participation in a variety of federal programs."⁵⁴

The New Deal, a series of economic programs enacted from 1933, sought to provide immediate relief for all Americans. However, the benefits afforded to many were not necessarily available to African Americans. African American women faced difficulties finding employment in work relief programs and were relegated to domestic work or manual labor jobs. These two sectors predominantly consisted of African American workers.⁵⁵ At the time, nearly 90 percent of African American women worked providing agricultural labor or domestic services. However, domestic servants and agricultural labor were excluded from minimum wage laws and Social Security. Tragically, these exclusions were at the request and politicking of southern legislators. These members of Congress supported New Deal legislation and programs frequently only in order to direct financial or other benefits to wealthy and powerful Caucasian power brokers among their constituency, using their position as swing vote on critical New Deal bills to get what they wanted. Instead of the New Deal program benefits being evenly distributed, aid was disproportionately allotted to Caucasians.⁵⁶ Furthermore, the New Deal's "crop reduction policies, geared toward increasing agricultural prices by reducing supply, led landowners to evict large numbers of black women who had raised crops on their land as tenants or sharecroppers."⁵⁷

It was not long before activists focused needed attention to the needs of African Americans affected by the Depression. During a meeting of prominent African American leaders in 1933, it was agreed upon that the New Deal represented the best opportunity for African Americans to improve their conditions, and that all efforts should be made to

⁵² Greenberg.

⁵³ Richard Wormser (n.d.) *The Great Depression, 1929-1939. The Rise and Fall of Jim Crow*. http://www.pbs.org/wnet/jimcrow/stories_events_depression.html

⁵⁴ Wormser.

⁵⁵ Nelson, Ira Katz (2006), *When Affirmative Action was White: An Untold History of Racial Inequality in Twentieth-Century America*, New York: W.W. Norton and Company.

⁵⁶ Cott, Nancy F. *No Small Courage: A History of Women in the United States*, (New York: Oxford University Press, 2000), 264.

⁵⁷ *Ibid.*, 264.



pressure the Roosevelt Administration to implement and extend policies to African American communities.⁵⁸ These efforts did succeed in bringing at least some resources and opportunities to more African American communities, if not across the board.⁵⁹

African American women were systematically excluded from a number of occupations under the New Deal's Works Project Administration (WPA), restricting their subsidized employment to household work.⁶⁰ This exclusion contributed to the labor force practices that relegated African American woman to low wage, manual labor jobs, even as opportunities increased for Caucasian women. As the historian Jacqueline Jones wrote in her history of African American women and work in the United States,

The radical economic inequality of black working women in the urban North did not become apparent until the early twentieth century. Before that time, disproportionately large numbers of black women worked for wages, but they and black men and unmarried white women were concentrated in essentially the same job category—domestic service... However, as household conveniences and electricity lessened the need for elbow grease, new forms of business enterprise opened clerical and sales positions for white women... In the process, personal service became increasingly associated with black women exclusively. For the most part, black female wage earners remained outside the expanding industrial economy, and the few who gained a foothold in the factory work remained in the lowest paying jobs. Despite the significant shift in white working women's options the paid labor of black women exhibited a striking continuity across space—urban areas in the North and South—and time—from the nineteenth century to the early twentieth century.⁶¹

⁵⁸ Kirby, John B. (1980) *Black Americans in the Roosevelt Era: Liberalism and Race*. Knoxville, TN: University of Tennessee Press.

⁵⁹ Kirby.

⁶⁰ Cronin.

⁶¹ Jones, Jacqueline. (2009) *Labor of Love, Labor of Sorrow: Black Women, Work, and the Family from Slavery to the Present*, New York: Basic Books, 139.



IV. WARTIME BOOM AND CIVIL RIGHTS ERA

World War II brought substantial population growth to Duval County and the city of Jacksonville. Between 1940 and 1946, the county population grew by 29.7 percent. In 1945 the county population reached to 272,449 people, with 206,442 living in Jacksonville. Most of this rapid growth was attributed to war related-migration. Despite this overall increase in both Caucasian and African American populations, the percentage of African Americans decreased from 35.7 percent to 32.5 percent.⁶²

Jacksonville reached its peak during the period immediately following World War II. It became a transportation and commercial node for northern Florida and southern Georgia.⁶³ Yet throughout the war and even unto its conclusion, Federal programs continued to neglect the needs of African Americans, and to bolster the economic viability of Caucasians. The most illustrative example of policies in the immediate aftermath of the war (which disproportionately assisted Caucasians in generational wealth acquisition) is that of the Serviceman Readjustment Act of 1944 (G.I. Bill). The bill, although on its face it provided benefits for every honorably discharged war veteran, whether involved in combat or not—was not uniformly applied. All veterans were entitled to mortgage assistance, low-interest small business loans, payment of educational and vocational expenses and even unemployment compensation; however, African American veterans found themselves unable to find lenders willing to provide the capital necessary for home and business ownership. Ira Katz Nelson notes that congressional leaders from the South ensured that local officials, rather than federal officials in Washington, D.C., directed the distribution of benefits under the bill, which resulted in the denial of housing and business loans, job training, and access to certain universities among countless African American veterans.⁶⁴ For Caucasians, the G.I. Bill functioned to create a strong middle class and provided access to the “American Dream,” which much eluded their African American counterparts. In essence, the G.I. Bill allowed Caucasians the means and government-sponsored support to amass resources necessary to strengthen their social capital and generational wealth.

Within this context of this post-war boom for some, the city embarked on an effort to evaluate the economic and social disparities between its Caucasian and African American populations, and commissioned a major study of the city’s African American population. The study, entitled “Jacksonville Looks at its Negro Community,” was released by the Jacksonville Council of Social Agencies in May 1946.

⁶² Council of Social Agencies, *Jacksonville Looks at its Negro Community*, (Jacksonville: Southern Regional Council, 1946).

⁶³ National Research Council (U.S.) Committee on Urban Waterfront Lands, *Urban Waterfront Lands*, (Washington, D.C: National Academy of Sciences, 1980), 126.

⁶⁴ Nelson.



To address the concerns of the 1946 study, the city sought to cover an impressive range of social issues, though coverage of the emerging issue of civil rights was noticeably scant. This landmark study provided an important and relatively comprehensive picture of the plight of African Americans in Jacksonville during the decade preceding the Civil Rights movement.

A. Occupations and Unions

1. Labor Force Participation

Given the city’s history of unemployment and labor issues within the context of racial relations, the study first examined labor force participation. The study found that African Americans were “underrepresented in the field of retail trade and almost entirely unrepresented in the field of manufacturing and processing of commodities.”⁶⁵ While there were several existing organizations at the time designed to assist African American laborers with acquiring work, such as the Negro Business Men’s League and the Jacksonville Negro Chamber of Commerce, the most supported and successful organization for job seekers, the United States Employment Service (USES), did little to support minority job seekers. Despite the USES’ responsibility for “assisting [with] coordination of the State public employment services in providing labor exchange and job finding assistance to job seekers and employers,” the report noted:

Practically all of the employment of Negroes through the USES is common labor. It is estimated that only about one out of ten Negro workers comes to the office. Relatively few are in skilled trades... The USES Office, in accordance with federal policy, cannot and does not take an order that specifies workers by race or creed. In practice it follows that certain corporations, industrial factories, etc. “become known as desiring certain types of workers.”⁶⁶

From October to December 1945, the USES received 36,390 Caucasian contacts compared to 8,927 African American contacts. The low percentage of African American placements over that period (24 percent) was attributed to the poor quality of education African Americans received. Caucasian businesses further posited that African Americans were not of the “type” of employee they were seeking.⁶⁷

In 1940, the total labor force in Jacksonville was 67,523 laborers, of which 25,363 workers (38 percent) were African American. This rate was in parity with the city’s population at the time. However, African Americans were “greatly under-represented in

⁶⁵ *Ibid.*, 63.

⁶⁶ *Ibid.*, 69.

⁶⁷ *Ibid.*, 69.



professional fields with the exception of teaching.”⁶⁸ Table 1.01, below, is a list of the number of African Americans in each professional field in 1940. The total number of African Americans working in professional fields represented a mere 2 percent of the entire African American labor force.

Table 1.01: List of African Americans Working in Professional Fields in 1940

Field	Number of Employees	Percent of Employees
Teachers	445	70.41%
Trained Nurses and Student Nurses	74	11.71%
Practical Nurses	67	10.60%
Physicians and Surgeons	18	2.85%
College Presidents and Instructors	6	0.95%
Lawyers	6	0.95%
Pharmacists	6	0.95%
Social Welfare Workers	6	0.95%
Dentists	4	0.63%
TOTAL	632	100.00%



⁶⁸ *Ibid.*, 65.

Table 1.02, below, shows a more detailed comparison between Caucasian and African American laborers by occupational group, highlighting notable disparities.⁶⁹

Table 1.02: Detailed Comparison Between Caucasian and African American Laborers

Occupational Group	Total	Number of Caucasians	Percent of Caucasians	Number of African Americans	Percent of African Americans
Total Employed	67,523	42,160	62.4%	25,363	37.6%
Professional and Semi-Professional Workers	4,460	3,698	82.9%	762	17.1%
Proprietors, Managers, etc., except Farm workers	6,658	6,227	93.5%	431	6.5%
Clerical, Sales and Kindred Workers	14,663	13,922	94.9%	741	5.1%
Craftsmen, Foremen, and Kindred Workers	7,276	6,100	83.8%	1,176	16.2%
Domestic Service Workers	8,245	316	3.8%	7,929	96.2%
Service Workers, except Domestic and Protective	7,013	2,590	36.9%	4,423	63.1%
Laborers, except Mine and Farm	6,537	1,272	19.5%	5,265	80.5%
All Other	12,671	8,035	63.4%	4,636	36.6%



⁶⁹ *Ibid.*, 61.

With President Harry S. Truman's Executive Order of March 26, 1946 regarding the Veterans Housing Program, the construction industry appeared to provide expanding opportunities to secure employment. The Council determined that it would be desirable for African Americans to enter this field at a higher rate to take advantage of these opportunities.

2. Unions

In 1945, the union with the largest number of participating African Americans was Local 4-A American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) of the Food, Tobacco, and Agricultural and Allied Workers Union of America in Duval County. This can be attributed to the fact that African Americans had "long been employed in these occupations."⁷⁰ In contrast, other unions had notably low numbers of participating African Americans, often citing levels of education for decreased employment opportunities for the population."⁷¹ The National Maritime Union was described as being the most inclusive towards African Americans. As a result of these disparities in union membership and employment racial differences, the Council recommended that "vocational training be expanded to afford opportunities for Negroes to learn skilled jobs in the building trades, and that employment in these trades be opened to colored citizens." Despite this acknowledgement, there remained considerable differences in the educational facilities provided to African American laborers compared to those provided to their Caucasian counterparts. These facilities, for example, did not include training in the vocations of the day such as radio, electricity, plumbing, marine plumbing, refrigeration, air conditioning, interior decorating, painting, and airplane motors.⁷²

During World War II, Jacksonville experienced a wartime boom that created many new economic opportunities for its inhabitants, but racism prevented most African Americans from taking advantage of these new opportunities. African Americans found it hard to secure work because the Boilermakers' union refused to grant them membership for skilled work opportunities. However, the Industrial Union of Marine and Shipbuilding Workers of America (IUMSWA) Local 32, which included African Americans, had a strong presence in the shipbuilding industry and aided Jacksonville African Americans in their efforts to be included in the work. IUMSWA Local 32 began organizing unions at the smaller Merrill-Stevens and Gibbs Gas Engine shipyards while "[enduring] frequent beatings in 1942 and 1943, from both AFL members and the company."⁷³

⁷⁰ *Ibid.*, 71.

⁷¹ *Ibid.*, 71.

⁷² *Ibid.*, 53.

⁷³ Eskew, Glenn T. and Fink, Gary M. *Labor in the Modern South*, (Athens: University of Georgia Press, 2001), 143.



St. Johns was a new port that had been built specifically for the war. Caucasian building trade workers who had worked to construct the yard continued to work there following its completion and joined the AFL, which excluded minorities at the time. A Fair Employment Practices Commission (FEPC) investigation of St. Johns revealed that:

The closed shop contract...has become a convenient device behind which the yard may legally refuse to employ any worker because he is not a member of the union, and by means of which the [Boilermakers] union aids and abets discrimination.

Furthermore, “African American welders who had worked in other Jacksonville shipyards as long ago as World War I were classified as unskilled helpers at St. Johns and paid accordingly.”⁷⁴

In the early 1940s, as wartime contracts swelled in existing repair and ship construction jobs, Gibbs and Merrill-Stevens shipyards housed many African American workers working peacefully alongside Caucasians due to the absence of the antagonistic metal trades unions. These African American laborers worked in skilled positions as blacksmiths, crane men, riggers, and painters, demonstrating that the pool of qualified minority workers exceeded the number of opportunities made available to them by the established parties. However, despite the positive example of interracial cooperation in the Merrill-Stevens shipyard, interracial unionism was a unique challenge faced in Jacksonville. IUMSWA Regional Director William Smith in 1943 noted “southern negroes are generally much more receptive to our program than southern whites,” and that the recruiting of African American members exclusively would result in a union that was “large in membership, but completely ineffective in terms of collective bargaining, because such a local will inevitably be boycotted by the whites.”⁷⁵

In 1944, Merrill-Stevens employed 2,000 workers in Jacksonville. Approximately 500 were African American, but only 50 of those 500 workers were classified as being above “laborer.” The FEPC investigated these cases of discrimination and discovered that the Merrill-Stevens shipyard “appears to utilize Negroes at their maximum skills, but classifies and compensates them as laborers and semi-skilled workers,” adding that they were observing “discriminatory practices at the Merrill-Stevens yard.”⁷⁶ It wasn’t until the African American union members threatened collective action that the institution of premium pay and appropriate titles were awarded to more than 60 African American workers at Merrill-Stevens.

⁷⁴ *Ibid.*, 143.

⁷⁵ *Ibid.*, 144.

⁷⁶ *Ibid.*, 146.



B. Education

Jacksonville's segregated education system was far from equal and served to further existing disparities between African American and Caucasian communities. African American schools were not equipped to provide quality education to their students, often featuring large class sizes, poor building conditions, and low administrator compensation. For example, the pupil-teacher load for African American senior high schools was ten more pupils per teacher than Caucasian senior high schools. Furthermore, the 1946 Jacksonville study suggested that the poor condition and quality of education received in elementary schools prevented approximately 3,000 African American pupils from advancing beyond elementary school.⁷⁷ These poor conditions were further highlighted in the recommendations, where the Council concluded that "only one of the Negro schools in the county has a sufficient rating to justify rehabilitation, [indicating] a need for an immediate building and modernization program on a county-wide basis to house the Negro school system." The report further added that basic classroom equipment and supplies such as blackboards, electric lighting, bookshelves, lockers, and teachers' desks and chairs were also severely needed in order to provide quality education. The Council determined that "economic prosperity for Jacksonville and Duval County depends upon the extent to which employment at living wages can be provided for all workers, white and colored, in peace-time occupations."⁷⁸ In order to arrive at this economic prosperity, African Americans needed equal opportunities to quality education.

In 1954, the *Brown v. Board of Education* ruling, which ruled that separate educational facilities are inherently unequal and therefore unconstitutional, provided a glimmer of hope for the nation's African American community. However, little change occurred in the Duval County educational system. African American schools continued to receive outdated teaching materials and equipment from Caucasian schools. African American teachers remained relatively underpaid compared to their Caucasian counterparts, and African American administration was expected to pay more out of pocket for basic teaching resources. Despite the findings and recommendations of the 1946 study, the Caucasian-dominated government took little meaningful action in the ensuing years. In response to the lack of progress following the 1954 Supreme Court decision, the National Association for the Advancement of Colored People (NAACP), represented by a powerful legal team which included Thurgood Marshall, filed a suit on behalf of the children of parent Sadie Braxton, which challenged the County's school segregation. The suit

[c]harged the school system with running a dual system and emphasized the inequities between the black and white schools [and] showed the recalcitrant attitude of the School Board in correcting the inequities. Only

⁷⁷ *Ibid.*, 41.

⁷⁸ *Ibid.*, 63.



by combining the two systems...could blacks receive an education equal to white[s].⁷⁹

The federal courts ruled in favor of the NAACP and ordered school leaders to draft a desegregation plan. The final draft plan was completed in October of 1962, six years after *Brown v. Board of Education*.⁸⁰ The plan consisted of gradual desegregation beginning in first grade, and granted African Americans the freedom to attend the school of their choice. By 1964, fewer than 60 African American children had integrated into Caucasian schools: “Many black children lived close to white schools and could have been integrated, but were not.”⁸¹ Adding to the difficulty of desegregation were the intimidation tactics of the Ku Klux Klan, including the February 16, 1964 bombing of the home civil rights worker Iona Godfrey, whose son had recently integrated into a Caucasian school.⁸² The culprits were caught and admitted that their objective was to scare Godfrey and her son out of the Caucasian school. Further, to show their disdain of the integration of African Americans within Caucasian schools, Duval County school officials named their new high school after Klan founder Nathan Bedford Forrest. Many other schools were named after Civil War Generals such as Robert E. Lee, Kirby Smith, Jefferson Davis, Joseph Stilwell, and Jeb Stuart.⁸³ The school remains named Nathan B. Forrest High School to this day.

As a result of Duval County School Board’s inaction with regard to desegregation, the Southern Association of Colleges and Schools (SACS) conducted an in-depth investigation and determined that the Duval County’s public school system fell short of its mandate. This resulted in the revocation of the school system’s accreditation, a move applauded by many African American leaders. Despite its loss of accreditation, the school system continued to do little to integrate African Americans into Caucasian schools. By 1965, only 137 of the 30,000 African American students in the school district attended Caucasian schools.⁸⁴

Following the 1969 U.S. Supreme Court ruling in *Alexander v. Holmes County Board of Education*, which ordered the merging of all school systems into a unitary system, Jacksonville was forced to act more quickly than it had in the past.⁸⁵ Additionally, changes in populations made it difficult for Jacksonville to adhere to the mandated

⁷⁹ Bartley, Abel. “Reading, Writing and Racism: The Fight to Desegregate the Duval County Public School System,” *The Journal of Negro History*, Vol. 86, No. 3 (Summer, 2001), 338.

⁸⁰ *Ibid.*

⁸¹ *Mims v. Duval County School Board*, 4598-Civ-J 1971: Florida Times Union August 29, 1964; Jimmie Johnson Interview.

⁸² Mabry, Donald J. *World's Finest Beach: A Brief History of the Jacksonville Beaches*, (Charleston, SC: The History Press, 2010), Chapter 6.

⁸³ Hurst. *It Was Never About a Hot Dog and a Coke!*, 11.

⁸⁴ Bartley. “Reading, Writing and Racism,” 340.

⁸⁵ *Alexander v. Holmes County Board Of Education*, 396 U.S. 1218 (1969). 396 U.S. 1218.



student ratios in schools. Many Caucasian residents resisted busing. Because the School Board relied on forced busing to achieve student ratios, the resistance of the Caucasian community and the lack of direct action by school leaders led to a slow desegregation.⁸⁶ In 1989, there were still 18 identifiably African American schools (schools with an African American student population of 75 percent or higher). By 1997, this number increased to 30 identifiably African American schools.”⁸⁷

C. Housing

The 1946 study made clear that securing housing remained an additional issue of concern for African Americans in the post-war years. Acknowledging that this was typical of almost any city with a large black population, the authors highlighted the additional severity for the case at hand: “The real tragedy of the situation in Jacksonville is that it grows worse instead of better.”⁸⁸ Key findings of the study include the following:

- Less than one quarter of African American residents owned the homes in which they lived, despite there being a considerable range in home ownership across location (from 55 percent in some neighborhoods to 11 percent in others);
- Many houses were overcrowded;
- Most housing in African American parts of the city consisted of old frame structures unequipped with modern facilities and unsuitable for upgrading;
- Less than a quarter of these houses were in good condition, and most were in need of major repairs; and
- Slum conditions accumulated in African American parts of the city, due to both owner neglect of rental properties and city failure to pave streets and sidewalks.⁸⁹

Although driven by good intentions, the recommendations of the study authors foretold another era of dispossession. Given the degraded status of many African American neighborhoods, the authors suggested that slum clearance remained the best option. For many residents and African American study participants, this seemed like an attractive potential step forward. In retrospect, however, the era of urban renewal not only failed to improve housing conditions for most residents, but also destroyed resilient African American communities that had historically provided a social system of support to counteract discrimination and stigmatization.

⁸⁶ Bartley. “*Reading, Writing and Racism*,” 343.

⁸⁷ *Ibid.*, 344.

⁸⁸ “*Jacksonville Looks at its Negro Community*,” The council of Social Agencies, Jacksonville, FL. May 1946. 21.

⁸⁹ *Ibid.*, 21-24.



V. HIGHWAY CONSTRUCTION, URBAN RENEWAL, AND PROPERTY VALUE

Federally funded construction programs after the Second World War had a lasting negative impact on African American communities. Urban Renewal programs, referred to before the 1960s as “Urban Redevelopment,” were designed ostensibly to address the overcrowding of urban centers, and ensure a suitable living standard for all Americans. In practice, Urban Renewal had the opposite effect for African Americans, resulting in the destabilizing of established communities by demolition or displacement. The sharp spike in unemployment during the Great Depression increased the demand for affordable housing across the nation. Federal housing programs, initiated with the Housing Act of 1934 under President Roosevelt spurred growth in the dwindling housing industry while providing employment during the Great Depression.⁹⁰ Federal legislation was passed in 1937 strengthening the 1934 Housing Act, and due to public pressure, introduced the goal of slum clearance into law. With the passing of the bill, the Federal Housing Program became twofold, both subsidizing the construction of new homes and paying for dilapidated neighborhoods to be renewed.

The Housing Act of 1949 led to a massive transformation of urban areas across the country. The Housing Act extended support for the FHA’s mortgage insurance program and provided funding for slum clearance, redevelopment, and the construction of public housing through Title 1. The extremely favorable conditions for purchasing new homes contributed to “white flight” of Caucasian residents from the inner city into the suburbs. The subsidized loans that gave millions of whites the opportunity to purchase homes in the suburbs weren’t offered to African Americans. A nascent effect of homeownership for Caucasians was the wealth it generated through equity, wealth that has been historically important in starting business enterprise. In contrast, the urban centers of America and the people who lived there were left with a diminished tax base. Also, there was redlining of African American neighborhoods to further depress property value and overt discrimination in the banking industry, effectively implementing *de facto* segregation.⁹¹

The Federal Aid Highway Act of 1956 led to a massive, federally funded expansion of the interstate highway system and a radical reconfiguration of the landscape in metropolitan regions. On the impact of interstate highway construction on the inner city, Raymond Mohl states:

[T]he interstates tore through long established inner-city residential neighborhoods in their drive towards the city cores. Huge expressway

⁹⁰ Von Hoffman, Alexander. (2000) “A Study in Contradictions: The Origins and Legacy of the Housing Act of 1949,” *Housing Policy Debate*, 299-322.

⁹¹ Rinaman, Jim. (2003) “Jacksonville’s Consolidated Government,” *Jacksonville Historical Society*, <http://jaxhistory.com/journal11.html>



interchanges, cloverleaves, and on-off ramps created enormous areas of dead and useless space in the central cities. The bulldozer and the wrecking ball went to work on urban America, paving the way for a wide range of public and private schemes for urban redevelopment.⁹²

Mohl argues highway construction created a housing crisis for African American communities in the 1950s and 1960s, as housing and communities were destroyed on a large scale to make way for the new roads. According to a 1969 report of the National Commission on Urban Problems, approximately 330,000 city housing units were demolished as a direct result of federal highway building between 1957 and 1968. In the early 1960s, highway construction dislocated an average of 32,400 families every year, a burden that fell inordinately on African Americans.

A. Highway Construction and Urban Renewal in Jacksonville

Jacksonville provides several illustrative cases of large scale construction projects profoundly impacting African American communities. Highway construction through inner-city neighborhoods was the national trend, and as the Caucasian population had largely migrated towards the suburbs, the inner city was predominantly African American.

Financial incentives also helped to ensure that the burden of freeway construction fell disproportionately on lower income neighborhoods. While freeway builders had lavish funding at their disposal in the early years, their desire to quickly complete as much mileage as possible drove them to the inexpensive low hanging fruit: suburban segments and routes through lower income central city neighborhoods (where land costs were lower and organized political opposition was weaker).⁹³

African Americans made up the only minority population in Jacksonville in 1945, 60,040 of the city's 204,517.⁹⁴ Many African Americans resided in the Metro North community, which was comprised of several distinct communities. During the latter half of the twentieth century, the west end of the Metro North community was significantly impacted by expressway construction, as:

The creation of the Jacksonville Expressway Authority by the state legislature in 1955, a seventy million dollar bond program was initiated in

⁹² Mohl, Raymond A. (1992) "Race and Space in the Modern City: Interstate-95 and the Black Community in Miami," Arnold R. Hirsch, ed., *Urban Policy in 20th Century America*, New Brunswick, NJ: Rutgers University Press, 101-158, 102.

⁹³ Brown, Jeffrey R. (2009) "Paved with Good Intentions: Fiscal Politics, Freeways and the 20th Century American City," *ACCESS Magazine* 30-37. <http://www.escholarship.org/uc/item/4rd3r0nd>

⁹⁴ Bartley. 2000, 30.



1957 for the purposes of extending I-95 south from Dunn Avenue across the Fuller Warren Bridge to the Southside.” This construction project displaced many residents as “the entire bond project required the acquisition of approximately 2,594 parcels located in and along the right-of-way.”⁹⁵

Furthermore, “the construction of I-95 diverted travelers from local commercial corridors such as Main Street, which negatively impacted local commerce.”⁹⁶ Jeffrey Brown of University of California, Berkeley’s Transportation Center notes that early highways were designed to connect suburban housing developments to open spaces, and thus came at the expense of existing local roads. Interstate highways, as their title implies, were built to allow drivers to travel at high speeds from state to state. Local access was not a priority, so roads in the construction path were bulldozed, forcing local resident to look for less convenient routes.⁹⁷

The case of Wilder Park, a predominantly African American neighborhood in Jacksonville, is instructive. In 1927, the Wilder Park Branch Library became the first library opened for African Americans, and had one of the largest collections of any library in the city.⁹⁸ The library acted as a hub for the African Americans who lived nearby. Soon a recreational area was established in 1930, and a community center several years later in 1938. It became the premier public space for African Americans living in Jacksonville. However, in 1955 the Jacksonville Expressway Authority decided to use the area as the center of a new expressway to aid the flow of traffic running between the Trout and St. Johns Rivers. This highway construction had a profound effect on the Wilder Park community.

[T]he superhighway would also serve as a dividing line between the highly minority-populated Northwest Jacksonville, downtown, and the majority Caucasian (during Jim Crow era) neighborhoods north of downtown. Jacksonville Historic Commission records indicate that the Wilder Park Community Center was demolished to make way for what would become Interstate-95 in 1958.⁹⁹

The completion of I-95 in 1960 created a physical barrier between the library and the residential areas to the west, forcing the Wilder Park Library to close down in 1965.

⁹⁵ North Shore Neighborhood Association. *Greater Metro North & North Shore History*, http://northshorejax.com/wp/?page_id=39.

⁹⁶ City of Jacksonville, *Metro North Neighborhood Action Plan*, 2004. <http://www.coj.net/departments/planning-and-development/docs/community-planning-division/plans-and-studies/metro-north-nap.aspx>.

⁹⁷ Brown, Jeffrey R. (2009) “Paved with Good Intentions: Fiscal Politics, Freeways and the 20th Century American City,” *ACCESS Magazine* 30-37. <http://www.escholarship.org/uc/item/4rd3r0nd>

⁹⁸ Bartley 2000, 12-15.

⁹⁹ Davis, Ennis. *Lost Jacksonville: Wilder Park*, *Metro Jacksonville*, October 4, 2011. <http://www.metrojacksonville.com/article/2011-oct-lost-jacksonville-wilder-park>



The story of the LaVilla neighborhood mirrors that of Wilder Park. LaVilla was a thriving community for African Americans in the first half of the 20th century, leading Jacksonville to be known as the Harlem of the South. The neighborhood featured a wide selection of popular nightclubs and theaters along Ashley Street, which people referred to as “The Great Black Way.” Celebrities such as Louis Armstrong, Duke Ellington, and Cab Calloway performed at LaVilla clubs and served to further the area’s reputation as an evening hotspot. LaVilla businesses were sustained by segregation. African Americans built and operated their own establishments and were able to conduct most business within the community. This cultural hot spot began to suffer, though, when the highway system expanded and divided the community.¹⁰⁰

With the introduction of Interstate-95, the abruptly divided neighborhood also became the primary access point to downtown Jacksonville. The isolation of LaVilla led to an increase in crime and poverty in the neighborhood. In the 1990s Chamber of Commerce leaders and then mayor Ed Austin “began to complain that the neighborhood was the wrong way to introduce visiting business executives to the city,” and created a \$30 million plan to redevelop the area which included adding palm trees, widening roads and buying and demolishing old homes to build open tracts of land in an attempt to lure developers.¹⁰¹ This urban renewal was supposed to revitalize the area, and did to some degree, but the improvement came at the expense of the African American community, forced to move out due to the city “purchasing or condemning many other blocks.” This contributed further to the decline of community and faith-based organizations such as the Second Missionary Baptist Church, which lost many members to the urban renewal project.¹⁰²

The historically African American communities of Fairfield and Sugar Hill were also retooled to make way for the 20th Street Expressway, the Matthews Bridge, and I-95. From the end of Reconstruction until the 1960s, Sugar Hill was the neighborhood where Jacksonville’s most prominent African Americans lived. The neighborhood housed African American middle class professionals such as doctors, lawyers, teachers, bricklayers, ministers, morticians, and many others lived in upscale houses. Residents included Abraham Lincoln Lewis, (owner and founder of the Afro-American Life Insurance Co.); William Raines, a high school principal; and Sara Blocker, a schoolteacher who took the Duval County school system to court for equal working rights for African American teachers.¹⁰³ However, Sugar Hill also fell victim to the large

¹⁰⁰ Jacksonville Story.com, “The Great Black Way.” <http://www.jaxhistory.com/Jacksonville%20Story/Picture%20of%20Four%20Ink%20Spots.htm>

¹⁰¹ Mitchell, Tia. *LaVilla revitalization plan: “A story of fits and starts,”* *The Florida Times Union*, May 19, 2010. <http://jacksonville.com/news/metro/2010-05-19/story/future-jacksonvilles-longtime-lavilla-project-good-or-bad>

¹⁰² *Ibid.*

¹⁰³ Davis, Ennis, “*Lost Jacksonville: Sugar Hill*”, *Metro Jacksonville*, March 2, 2009. <http://www.metrojacksonville.com/article/2009-mar-lost-jacksonville-sugar-hill>



development projects of the 1960s like “construction of I-95 through the neighborhood’s heart, the continued expansion of the Shands Medical Center and urban renewal,” leading to “more than 75 percent of the families [being] relocated outside the neighborhood after their homes were demolished in the late 1960s by the city Department of Housing and Urban Development.”¹⁰⁴ The residents who refused to move were forced to purchase more land and remodel their homes. According to city rules introduced at the time, residents owning 25-foot-wide lots had to buy twice as much property to meet then newly adopted 50-foot requirement, a burden too large for even the more prominent African American families.

B. Highway Construction and Urban Renewal's Impact on Minority Business

The expansion of the highway system through African American communities created a significant impediment to African American business development. Traditionally in America, large companies develop from the expansion of small, family owned businesses. Highway construction separated black business districts in Jacksonville from their customers. During construction, existing roads into and out of the neighborhood were detoured or cut off. Businesses had to relocate at their own expense, or lose access to the customer base that had been displaced or cut off.

African Americans were barred from the contracting opportunities supported by the construction of the interstate system. Traditionally, entry into the fields of construction and architecture and engineering was gained through apprenticeship. Since African Americans were not offered apprenticeships by Caucasian businesses, it was difficult to participate. Many were nascent opportunities that fostered a surge in the growth and formation of Caucasian male businesses to meet the heavy demands of the highway construction industry through government subsidies. The few emerging African American construction businesses and architecture and engineering businesses were not given the opportunity to work on the construction of interstate highways prior to the adoption of DBE programs. Thus, African Americans were denied the opportunity to grow using the federal aid afforded to Caucasian-owned businesses during the highway and housing construction boom.

Also, the government did not mandate relocation programs until 1968, and the states were not required to adopt this policy until 1970. Therefore, African Americans whose houses and apartment buildings were demolished were unlikely to have received reasonable or any compensation before 1970.

Jacksonville’s long history of inequity in education no doubt impacted African American business formation. There is a documented disparity since at least 1945 between the funding by the Jacksonville school board of Caucasian and African American schools: the school board spent only 67 percent of what they spent on Caucasian high school

¹⁰⁴ *Ibid.*



students. We have seen how the schools that were available were often in deplorable conditions, lacking adequate space and facilities. Libraries in African American schools had on average less than a single book per student, whereas Caucasian schools had almost two books per student. Before 1926, parents purchased their children's school supplies. After that year, the state began providing books and supplies for Caucasian students, giving the old and discarded supplies to African American students. African American schools were very overcrowded, with some having to hold night sessions, often with fifty students per classroom in primary school.¹⁰⁵

VI. IMPEDIMENTS TO BUSINESS FORMATION AND GROWTH

Historical barriers in education, home ownership, and the labor market negatively impacted minorities in every era. Challenges to business formation and expansion in the present era are the result of deeply embedded patterns, as well as newer forms of discrimination. In particular, the difficulty minorities have had in accumulating wealth, through barriers to homeownership, for example, placed hurdles for minority business owners and minorities who would potentially become business owners. These hurdles slowed the upward mobility of their communities.

This experience of African Americans provides a stark contrast to that of previous waves of European immigrants. European immigrants were able to assimilate and experience upward mobility much more quickly in terms of socio-economic status. This section surveys current challenges to business formation.

In a paper prepared for the National Minority Enterprise Development Week Conference (2004) held in Washington, D.C., Andrew Bernard and Mathew Slaughter of the Tuck School of Business at Dartmouth and the National Bureau of Economic Research argue: "The success or failure of minority-owned businesses will increasingly drive the success or failure of the overall U.S. economy."¹⁰⁶ Despite overall growth in the number of M/WBEs, and some clear improvement in addressing the barriers minorities and minority business owners face as we entered the new century, M/WBEs have yet to reach parity with majority businesses in number of businesses, gross receipts, and paid employees.

¹⁰⁵ Bartley. 2000, 30-35.

¹⁰⁶ Bernard, Andrew B. and Slaughter, Matthew J. (2004), "The Life Cycle of a Minority-Owned Business: Implications for the American Economy," National Minority Enterprise Development (MED) Week 2004 Conference September 7-10, 2004 Washington, D.C.



A. The State of M/WBEs Today

1. African Americans

In 2007 the U.S. Census Bureau conducted a survey of businesses across the United States, providing rich data on the number and type of M/WBEs.¹⁰⁷ The survey was repeated in 2012, but these figures are not yet available.

According to the 2007 survey, African Americans owned 1.9 million nonfarm U.S. businesses operating in the 50 states and the District of Columbia, an increase of 60.5 percent from 2002. These black-owned businesses accounted for 7.1 percent of all nonfarm businesses in the United States, employed 921,032 persons (0.8 percent of total employment), and generated \$137.5 billion in receipts (0.5 percent of all receipts). Black-owned businesses were concentrated in New York, Georgia, and Florida. The survey's measure of the Jacksonville metro region found 11,437 African American-owned businesses, or 10.2 percent of the regional total.¹⁰⁸

The current literature on African American business formation reveals that obtaining credit and capital remains a key barrier. Furthermore, past discrimination that prevented African Americans from owning businesses or destroyed existing businesses makes it less likely that current African American businesses are able to benefit from entrepreneurial experience of a family business than are Caucasian businesses. Oftentimes, however, the impact of past discrimination on present challenges is downplayed or ignored.

Scholars have documented key issues and challenges facing African American businesses today. In a 2007 study published in the *Journal of Labor Economics*, Robert Fairlie and Alicia Robb focused on the success of African American businesses and the influence of capital and prior work experience.¹⁰⁹ The authors highlighted the importance of family-based entrepreneurial experience as a key factor in business success. Their investigation concluded that African American businesses have less family-based entrepreneurial experience than Caucasian businesses, causing these businesses to suffer from a lack of historical experience passed down through generations.

This barrier can take two forms. In the first, general constraint on business formation in African American communities prevented actual existence from matching with potential

¹⁰⁷ U.S. Census Bureau, *2007 Survey of Business Owners Summaries of Findings*, Washington, D.C. <http://www.census.gov/econ/sbo/07menu.html>.

¹⁰⁸ U.S. Census Bureau. *Black Owned Businesses*, <http://www.census.gov/econ/sbo/getsof.html?07black>. This figure differs from the figure the Census Bureau gives for Jacksonville proper in 2007, which was 15.1 percent. What this suggests is that the proportion of African American-owned businesses is higher within the city limits than it is throughout the rest of the metro region. This notable difference does not appear for Hispanic and Asian Americans.

¹⁰⁹ Fairlie, Robert W. & Robb, Alicia M. (2007), "Why Are Black-Owned Businesses Less Successful than White-Owned Businesses? The Role of Families, Inheritances, and Business Human Capital." *Journal of Labor Economics*, 25, 289-323.



existence had the particularly virulent form of racism directed at black communities not taken place. Secondly, African American businesses were destroyed, whether during the anti-black riots of the early part of the 20th century, or during the period of urban renewal during the post-WWII years. Thus, black business formation was both constrained at a general level over centuries, and specific eras saw the disruption of actually existing businesses that could have anchored an expansion through familial lines, or more broadly throughout the community.

The single most important factor leading to racial disparities in success rates of businesses is the sharp disparity in startup capital between African American businesses and Caucasian-owned businesses. This is the conclusion Fairlie and Robb reach in their 2008 book, *Race and Entrepreneurial Success*. Their research relied upon statistical regression analysis of the factors responsible for entrepreneurial success rates among Caucasian, African American, and Asian American businesses, and made use of census datasets previously available to only a handful of researchers. Another study by Salazar and Robinson (2007) combined Fairlie and Robb's findings, and found that net wealth is positively correlated with the probability that a nascent entrepreneur will start a new company if the nascent entrepreneur is in the top 25 percent of wealth distribution.¹¹⁰

2. Other Minority Groups

Researchers have analyzed the surveys of Minority Business Enterprises (MBEs) conducted by the U.S. Chamber of Commerce in 1997 and 2002. These researchers found that there were fewer M/WBEs in the United States than should be expected percentage-wise, based on the population totals:

[M]inorities represented 29 percent of people age 18 and older in the United States, whereas MBEs represented almost 18 percent of businesses that could be classified according to the race, ethnicity, or gender of ownership. If parity had been reached, minority businesses would have represented 29 percent of classifiable businesses and generated comparable percentages in gross receipts and employment.... They earned 8 percent of gross receipts and employed 9 percent of the people employed by these classifiable businesses. Further, in 2002, average gross receipts of minority businesses were \$162,000. This was considerably lower than the \$448,000 average gross receipts of non-minority businesses. The average gross receipts of MBEs decreased by 16 percent between 1997 and 2002, over the same period, average gross receipts of non-minority businesses remained level.¹¹¹

¹¹⁰ Salazar, Maria & Robinson, J. (2007), *The Effect of Wealth and Race on Start-up Rates*, Small Business Administration Office of Advocacy, No. 37, 1-35.

¹¹¹ U.S. Department of Commerce (2006). *The State of Minority Business Enterprises: An Overview of the 2002 Survey of Business Owners*. Washington, D.C.: Minority Business Development Agency, 3-4.



a. Asian Americans

The Census survey of businesses found that, nationwide, Asians owned 1.5 million nonfarm U.S. businesses, an increase of 40.4 percent from 2002. These Asian-owned businesses accounted for 5.7 percent of all nonfarm businesses in the United States, employed 2.8 million persons (2.4 percent of total employment) and generated \$507.6 billion in receipts (1.7 percent of total receipts). Asian businesses were concentrated primarily in California, New York, and Texas. In Jacksonville, home to approximately 35,000 Asian Americans in 2007, the Asian businesses numbered 3,271, or about 5.1 percent of all businesses in the metro region.¹¹²

b. Hispanic Americans

The Census data counted 2.3 million Hispanic owned nonfarm U.S. businesses operating in the 50 states and the District of Columbia in 2007, an increase of 43.7 percent from 2002. These Hispanic-owned businesses accounted for 8.3 percent of all nonfarm businesses in the United States, 1.6 percent of total employment and 1.1 percent of total receipts. These businesses were concentrated in California, Florida, and Texas.¹¹³ In Duval County, Hispanic-owned businesses numbered 4,300 in 2007, or about 6.3 percent of the county-wide total.

c. Women

The Census survey shows that women owned 7.8 million nonfarm U.S. businesses operating in the 50 states and the District of Columbia in 2007, an increase of 20.1 percent from 2002. These woman-owned businesses accounted for 28.7 percent of all nonfarm businesses in the United States. Woman-owned businesses employed 7.6 million persons (6.4 percent of total employment) and generated \$1.2 trillion in receipts (3.9 percent of all receipts). Woman-owned businesses were concentrated in California, New York, and Texas. Jacksonville contained 19,156 woman-owned businesses in 2007, approximately 29.9 percent of the city-wide total.¹¹⁴

B. The Wealth Gap and Other Barriers to Business Formation

The wealth gap has been one of the most remarked-upon factors in explaining the persistence of economic inequality that disproportionately affects minorities in the United States. A 2008 study by the U.S. Department of Commerce found on average that 50 percent of Hispanic families have less than \$7,950 in accumulated wealth, and 50 percent

¹¹² U.S. Census Bureau, *Asian-Owned Businesses-2007*, <http://www.census.gov/econ/sbo/getsof.html?07asian>.

¹¹³ U.S. Census Bureau. *Hispanic-Owned Businesses: 2007*, <http://www.census.gov/econ/sbo/getsof.html?07hispanic>

¹¹⁴ U.S. Census Bureau, *Women-Owned Businesses-2007*. <http://www.census.gov/econ/sbo/getsof.html?07women>



of African American families have less than \$5,446. Comparatively, Caucasian wealth accumulation is from 11 to 16 times these levels. The wealth disparity constitutes a primary barrier to business formation. The Department of Commerce states that:

Low levels of wealth and liquidity constraints create a substantial barrier to entry for minority entrepreneurs because the owner's wealth can be invested directly in the business, used as collateral to obtain business loans or used to acquire other businesses.¹¹⁵

The gap is obviously of concern to minority communities, but it also represents a pressing public policy concern for all Americans. The Department of Commerce study stressed that minority-owned businesses create jobs at similar rates as non-minority businesses, create jobs with good pay, and outpace the growth of non-minority businesses. During the recession of the late 1990s and early 2000s, minority-owned businesses increased employment even as total employment declined among non-minority businesses. Employment among Hispanic American businesses grew by 11 percent, African American businesses by 5 percent and Asian American businesses by 2 percent during the same period.¹¹⁶

1. Historical Determinants of the Wealth Gap

In their landmark work on the racial wealth gap, *Black Wealth, White Wealth*, Melvin Oliver and Thomas Shapiro argue that:

Wealth is a particularly important indicator of individual and family access to life chances.... Wealth is what people own, while income is what people receive for work, retirement, or social welfare. Wealth signifies the command over financial resources that a family has accumulated over its lifetime along with those resources that have been inherited across generations. Such resources, when combined with income, can create the opportunity to secure the “good life” in whatever form is needed—education, business, training, justice, health, comfort and so on.... [I]t is used to create opportunities....¹¹⁷

The importance of home ownership for business formation in explaining this persistent gap is difficult to overstate, as is the history of housing discrimination detailed above. In

¹¹⁵ U.S. Department of Commerce (2008) *Characteristics of Minority Business and Entrepreneurs: An Analysis of the 2002 Survey of Business Owners*. Washington, D.C.: Minority Business Development Agency, 7. <http://www.mbda.gov/pressroom/publications/executive-summary-disparities-capital-access-between-minority-and-non-minority-businesses>.

¹¹⁶ U.S. Chamber of Commerce.

¹¹⁷ Oliver, Melvin L and Shapiro, Thomas M. (1995) *Black Wealth, White Wealth: New Perspectives on Racial Inequality*, New York: Routledge, 2. Emphasis added.



his report to the Small Business Administration, economic researcher Robert Fairlie writes:

For all individuals, home ownership is an important determinant of business formation because home equity can be invested directly in the business or used as collateral to obtain business loans. Home owners are found to be roughly 10 percent more likely to start businesses than are non-home owners, even after controlling for other factors such as education, family income, and initial employment status.¹¹⁸

Although housing remains the driving factor behind the wealth gap, other factors remain crucial as well. Research conducted by the Surface Transportation Policy Project found that most American families spend more on transportation than on health care, education, or food. While the average family spends about 20 percent of its household expenditures on transportation, the poorest fifth of families, earning less than \$13,060 per year, spend 42 percent, and families in the next quintile, earning \$13,601-\$25,218 annually, spend 26 percent. The Project concludes:

These high transportation costs compromise household savings that could otherwise be used for home ownership, education, or other investments that give low-income families a better chance of moving into the middle class. For example, over the course of a decade, \$30,000 invested in owning a car can be expected to result in just \$3,000 in equity while investing \$30,000 in owning a house on average yields more than \$13,000 in equity.¹¹⁹

The historical disparities in education and employment continue to present additional barriers to business formation as well. Levels of education are positively correlated with employment for all racial and ethnic groups, pointing to the negative consequences of discrimination in education for African Americans and Hispanic Americans in particular. Furthermore, the racial disparity across education levels underscores the continued significance of race when considered separately from education levels. For example, data from 2004 show that African Americans with a Bachelor's degree had slightly higher rates of unemployment than Caucasians with only some college or an associate degree. More dramatically, African Americans with some college or an associate degree had an unemployment rate of 7.9 percent, while the unemployment rate for Caucasians with a high school degree but no college degree was only 4.8 percent. African Americans with some college had unemployment rates closer to that of Caucasians with less than a high school degree at 7.8 percent. Hispanic Americans and Asian Americans with some

¹¹⁸ Fairlie, Robert W. (2012) *Immigrant Entrepreneurs and Small Business Owners, and their Access to Financial Capital*, Washington, D.C.: Office of Advocacy, Small Business Administration, iv.

¹¹⁹ Surface Transportation Policy Project n.d. *Transportation and Social Equity*. <http://www.transact.org/library/factsheets/equity.asp>.



college or an associate degree had unemployment rates of 5.7 percent and 5.9 percent respectively. Caucasian income levels exceed that of all other racial and ethnic groups at each level of education, and Caucasians with only a high school degree earned more than blacks with some college or an associate degree.¹²⁰

2. Barriers to Securing Capital and Financing

In addition to disparities in initial wealth, African Americans and other minorities also face discrimination when trying to access start up finance for a business venture. Discrimination in the credit market forms a major barrier to both business formation and expansion for minorities. The 2008 study by the U.S. Department of Commerce found that a lesser proportion of minority respondent businesses used bank loans to start or acquire the business (7.2 percent) or to expand or finance capital improvements to the business (5.7 percent) compared to non-minority businesses (12 percent and 9.7 percent, respectively). This was a particularly important issue for smaller minority enterprises.¹²¹

African Americans are also 30 percent more likely to have loans denied in the small business credit market than Caucasians.¹²² Hispanic Americans face a disadvantage similar to that of African Americans in the loan market. Asian/Pacific Islander Americans are about 14 percent more likely than Caucasian small business owners to have their loan application denied.¹²³

3. Impact of the Great Recession and the Foreclosure Crisis

The wealth gap between minority and Caucasian communities rose to an all-time high in the wake of the Great Recession. The Pew Research Center found that the median wealth for Caucasian households in 2009 had risen to 20 times that of African American households and 18 times that of Hispanic American households. According to Pew Research:

These lopsided wealth ratios are the largest since the government began publishing such data a quarter century ago, and roughly twice the size of the ratios that had prevailed between these three groups for the two decades prior to the Great Recession that ended in 2009.¹²⁴

¹²⁰ Bernard and Slaughter.

¹²¹ U.S. Department of Commerce.

¹²² Blanchflower, David G., Levine, Phillip B. and Zimmerman, David J. (2003), *Discrimination in the Small-Business Credit Market: The Review of Economics and Statistics*. 85(4), 930-43.

¹²³ Blanchflower, Levine and Zimmerman.

¹²⁴ Kochhar, Rakesh, Fry, Richard and Taylor, Paul (2011), *Wealth Gaps Rise to Record Highs Between Whites, Blacks, Hispanics*, Washington, D.C.: Pew Research. <http://www.pewsocialtrends.org/2011/07/26/wealth-gaps-rise-to-record-highs-between-whites-blacks-hispanics/>



Additional findings of the Pew study are as follows:

- The bursting of the housing market in 2006 and the ensuing recession took a far greater toll on the wealth of minorities than Caucasians. Wealth fell by 66 percent among Hispanic households, 53 percent among black households and 16 percent among Caucasian households.
- As a consequence of these declines, the average African American household had \$5,677 in wealth the typical Hispanic household had \$6,325, and the typical Caucasian household \$113,149.
- About a third of black and Hispanic households had zero or negative net worth compared to 15 percent of Caucasian households.

In a 2008 report on the foreclosure crisis and minorities, United for a Fair Economy estimates the total loss of wealth for people of color to be between \$164 and \$213 billion for subprime loans taken out between 2002 and 2008, arguably the greatest loss of wealth for people of color in U.S. history. Projecting into the future based on recent trends, they estimate it would take over 5,000 years for African Americans to achieve parity with Caucasians in homeownership.¹²⁵

C. Impediments to Business Growth

Although minority businesses have recently grown at a faster rate than non-minority businesses in terms of gross receipts, number of employees, and total annual payroll, they remain on average smaller in all three categories.¹²⁶ This suggests that there remain significant barriers for to minority business expansion for minority businesses once established. A 2010 study by the Minority Business Development Agency of the Department of Commerce identified three key areas in which minority-owned businesses face challenges to their expansion: loans, equity, and financial investment. Within these, the study points to a range of concrete challenges. Some are directly linked to institutionalized historical conditions that have long disrupted entrepreneurial activity and wealth creation within African American communities specifically, while others cite geographic location and lack of experience. The study identifies numerous ongoing patterns of discrimination as well. Some of the most important patterns are as follows:

- **Minority-Owned Businesses Are Less Likely To Receive Loans than Non-Minority Businesses—**Among businesses with gross receipts under \$500,000, 23 percent of non-minority businesses received loans compared to 17 percent of

¹²⁵ Rivera, Amaad, Cotto-Escalera, Brenda, Desai, Anisha , Huezo, Jeannette and Muhammad, Dedrick. (2008), *Foreclosed: State of the Dream 2008*, Boston, MA: United for a Fair Economy. http://www.faireconomy.org/files/pdf/StateOfDream_01_16_08_Web.pdf

¹²⁶ Fairlie, Robert W. and Robb, Alicia. (2010), *Disparities in Capital Access between Minority and Non-Minority-owned Businesses.*, Washington, D.C.: U.S. Department of Commerce, Minority Business Development Agency. <http://www.mbd.gov/sites/default/files/DisparitiesinCapitalAccessReport.pdf>



minority businesses. Among high sales businesses (businesses with annual gross receipts of \$500,000 or more), 52 percent of non-minority businesses received loans compared with 41 percent of minority businesses according to 2003 data from the Survey of Small Business Finances.

- **Minority-Owned Businesses Receive Lower Loan Amounts than Non-Minority Businesses**—the average loan amount for all high sales minority businesses was \$149,000. The non-minority average was more than twice this amount at \$310,000. Conditioning on the percentage of businesses receiving loans, the average loan received by high sales minority businesses was \$363,000 compared with \$592,000 for non-minority businesses.
- **Minority-Owned Businesses Are More Likely to Be Denied Loans**—among businesses with gross receipts under \$500,000, loan denial rates for minority businesses were about three times higher, at 42 percent, compared to those of non-minority-owned businesses, 16 percent. For high sales businesses, the rate of loan denial was almost twice as high for minority businesses as for non-minority businesses.
- **Minority-Owned Businesses Are More Likely to Not Apply for Loans Due to Rejection Fears**—among businesses with gross receipts under \$500,000, 33 percent of minority businesses did not apply for loans because of fear of rejection compared to 17 percent of non-minority businesses. For high sales businesses, 19 percent of minority businesses did not apply for loans because of a fear of rejection compared to 12 percent of non-minority businesses.
- **Minority-Owned Businesses Pay Higher Interest Rates on Business Loans**—for all businesses, minority businesses paid 7.8 percent on average for loans compared with 6.4 percent for non-minority businesses. The difference was smaller, but still existed between minority and non-minority high sales businesses.
- **Disparities in Access to Financial Capital Grow after First Year of Operations**—Non-minority businesses invested an average of \$45,000 annually into their businesses, while minority-owned businesses invested less than \$30,000 on average after the first year of operation. The disparity in financial capital between minority and non-minority businesses was much larger in percentage terms for the next three years in operation than their first year.¹²⁷



¹²⁷ Fairlie and Robb.

Using data from the 1993 and 1998 National Surveys of Small Business Finance, Blanchflower, Levine and Zimmerman find similar results:

Evidence shows that black-owned businesses face impediments to obtaining credit that go beyond observable differences in their creditworthiness. These businesses are more likely to report that credit availability was a problem in the past and expect it to be a problem in the future. In fact, these concerns prevent more black-owned businesses from applying for loans, because they fear being turned down due to prejudice or discrimination. We also found that loan denial rates are significantly higher for black-owned businesses than for white-owned businesses even after taking into account differences in an extensive array of measures of creditworthiness and other characteristics. This result appears to be largely insensitive to changes in econometric specification. Similar findings are presented regarding interest rates charged on approved loans. Overall, the evidence is consistent that black-owned businesses are disadvantaged in the market for small business credit, which would traditionally be attributed to discrimination.¹²⁸

Research into the broader dynamics of minority business performance and structural racism by Lois M. Shelton provides useful context for anecdotes like this. In reviewing the literature on the issue, she identifies the importance of social stratification within specific sectors of the economy, often maintained by Caucasian businesses as a means of protecting their advantage and thereby preserving the subordinate status of minority businesses. She writes that “minority businesses often confront a difficult and sometimes hostile environment as they strive to grow.”¹²⁹ Drawing from previous research across sectors, she points to a number of examples. These include discrimination by Caucasian general contractors who dominate private commercial projects in the construction sector, and big advertisers in the advertising sector who refuse to pay prevailing rates to minority-owned and targeted radio stations.

Shelton points to the financial sector in particular as one where personal connections and social networks are vital, placing minority businesses at a disadvantage. Not surprisingly, she observes, no minority investment banks have expanded beyond being “boutique” businesses. In these and other cases, government intervention was required to rectify this situation. Government intervention has proven itself to be invaluable for many minority business owners.

In addition to stratification within sectors, Shelton also finds that minority businesses are excluded from certain attractive business segments and industries. “Often, the client base

¹²⁸ Blanchflower, Levine and Zimmerman. 942.

¹²⁹ Shelton, Lois M. (2010), *Fighting an Uphill Battle: Expansion Barriers, Intra-Industry Social Stratification, and Minority Business Growth*; *Entrepreneurship Theory and Practice*, 34(2), 378-98.



of minority businesses is circumscribed to serving minority ethnic segments, which are frequently smaller in size and offer lower growth potential.”¹³⁰ Drawing from Lowery (2007) and Robb (2002), she concludes that minorities are heavily concentrated in highly competitive, labor-intensive industries (personal service, repair and maintenance, and health care and social services) that have higher failure and turnover rates than capital intensive industries (for example, manufacturing and wholesale trade) where they remain substantially underrepresented.

The challenges facing minority businesses in their efforts to secure financing for expansion have consequences beyond the businesses themselves. For inner-city based businesses, for example, a lack of access to financing becomes a barrier to inner city economic development.¹³¹ Research suggests that these minority-owned businesses form a subset of disadvantaged businesses that are often overlooked by studies of discrimination against minority businesses. These businesses rely disproportionately on “informal” sources of capital, often from family and friends.¹³² These businesses provide important services to what are often underserved communities, and constraints on their growth are also constraints on a broader transformation of the low-income communities they serve. Unless properly addressed, the current difficulties facing business expansion will in retrospect be viewed as this era’s contribution to a long history of undermining the development of minority-owned businesses.

D. Barriers to Minorities’ Business Growth in Jacksonville

The conditions outlined above are national in scope and affect minorities across the country. At the same time, there are a number of factors specific to the racial history of the south, and of Duval County and Jacksonville, that also shape the business environment for M/WBEs in these areas. As an understanding of these factors is also important for changing the current state of M/WBE expansion, two examples of continued structural impediments are presented here. The first relates to the persistence of racism and the active role some individuals and associations play in seeking to maintain a business environment lacking mechanisms for fair access. The second example concerns continued challenges, often related to the first in implementing policy intended to initiate or deepen institutional change. Both of these challenges contribute to the reproduction of racial disparities, and suggest that more robust approaches may be necessary.

¹³⁰ Shelton.

¹³¹ Bates, Timothy (2010), *Alleviating the Financial Capital Barriers Impeding Business Development in Inner Cities*. Journal of the American Planning Association. 76(3), 349-62.

¹³² Bates, Timothy and Robb, Alicia. (2013), *Greater Access to Capital is Needed to Unleash the Local Economic Potential of Minority-Owned Businesses; Economic Development Quarterly*. February. doi: 10.1177/0891242413477188.



1. A Continued White Backlash

Founded in 1976, the Southeastern Legal Foundation (SLF) is a conservative non-profit and constitutional public interest law business and policy center that has been at the center of many legal battles for equality in Jacksonville. Former treasurer and former chair of the SLF, Kathy Barco, who was also the president of Barco-Duval Engineering, Inc., is described as “part of a growing constituency of contractors who have actively opposed minority business enterprise (MBE) programs. She has recently expressed concern over Jacksonville’s MBE program, commenting that it is problematic because “it just adds a whole layer of bureaucracy” [and instead] proposes in its place a program directed toward “small businesses.”¹³³ The SLF was closely involved with the case *Northeastern Fla. Chapter of the Associated Gen. Contractors v. City of Jacksonville*.¹³⁴

In this case, the Northeastern Florida Construction Association did not meet the criteria of an MBE and wanted compensation from the U.S. District Courts for the Middle District of Florida. The Association claimed that it would have successfully bid on many more contracts had there not been set-aside provisions for MBEs, and suggested that these provisions violated the Fourteenth Amendment’s Equal Protection Clause. The case ended up in the Supreme Court. The ordinance in question was designed to support MBEs and required 10 percent of city contracts to be awarded to MBEs. MBEs at that time were defined as a business whose membership was at least 51 percent minority or female, with a minority defined as “a person who considered himself to be African American, Spanish-speaking, Oriental, Indian, Eskimo, Aleut or handicapped”.¹³⁵ The chief purchasing officer was required to make a solid attempt at reaching the 10 percent mark with no specific guidelines for what happened if it fell short of that goal.

While the court was still in the process of case review, the City repealed the previous MBE ordinance and replaced it with an ordinance entitled “African American and Women’s Business Enterprise Participation,” which differed from the previous ordinance in that it:

Applied only to women and African Americans [and] established a participation goal ranging from five to sixteen percent, depending upon the type of contract, the owner of the contract, and the fiscal year in which the contract was awarded.¹³⁶

¹³³ Cokorinos, Lee. *The Assault on Diversity: An Organized Challenge to Racial and Gender Justice*, (New York: Rowman & Littlefield, 2003), 107.

¹³⁴ *Northeastern Fla. Chapter of the Associated Gen. Contractors v. City of Jacksonville*, (91-1721), 508 U.S. 656 (1993.)

¹³⁵ 508 U.S. 656, 658, 1993.

¹³⁶ Tucker, Ronnie Bernard *Affirmative Action, The Supreme Court, and Political Power in the Old Confederacy*, (New York: University Press of America, 2000), 156.



The City of Jacksonville argued that since they had modified the ordinance, the case was moot, but the majority opinion of the Supreme Court decided differently, and remanded the case to the Eleventh Circuit. The Eleventh Circuit remanded to District Court stating:

This case is remanded to the district court for it to reconsider the case in the light of the decision of the Supreme Court in *Northeastern Florida Chapter of the Associated General Contractors of America v. City of Jacksonville*, 508 U.S. 656, 113 S.Ct. 2297, 124 L.Ed.2d 586 (1993). The court should permit plaintiff to amend its complaint to raise the validity of the second ordinance, if it wishes to do so. *Church of Scientology F.S.O. v. City of Clearwater*, 777 F.2d 598 (11th Cir.1985).

In District Court, several months later, the parties settled and stipulated to a dismissal (the settlement agreements are not public). Though the case did not wildly disrupt or eliminate programs designed to assist disadvantaged businesses, it did signal that they could be attacked by large Caucasian-owned businesses threatened by the progress of minorities.

2. Institutional Constraints to Policy Redress

The Better Jacksonville Plan (BJP), approved by voters in 2000, is a \$2.25 billion growth management program that “provides road and infrastructure improvements, environmental preservation, targeted economic development and new and improved public facilities.”¹³⁷ This plan is administered by the City of Jacksonville, the JEA, and the Jacksonville Transportation Authority, in cooperation with the Florida Department of Transportation. The first phases of the plan distributed \$138 million, with minority companies receiving 24 percent of the money. From 2003-2005, however, minority contractors received only 10 percent of the \$469 million for construction work. It has been suggested that the drop in minority participation occurred because the city eliminated a provision that put some contracts up for bid to only minority companies. The city also created a small business program that will phase out minority contracting goals, potentially ending such targets by 2009.¹³⁸ Another issue, as raised by the president of the Northeast Florida chapter of the National Association of Black Contractors, William Truitt, was that there is a shortage of minority-owned businesses that do road construction, which is a large part of the Better Jacksonville Plan.

According to the plan data and city records, the city spent \$607 million for construction contracts from October 2000 through June 2005. Minority contractors reaped 12.8 percent of that business, which was short of the 19 percent goal established in the plan.¹³⁹ These decreased trends of minority participation were supposed to improve with the

¹³⁷ City of Jacksonville, “*The Better Jacksonville Plan (BJP)*” <http://www.coj.net/departments/better-jacksonville-plan.aspx>.

¹³⁸ Bauerlein, David. *Minorities' share of Better Jacksonville Plan jobs falls*. The Florida Times Union, October 27, 2005 http://jacksonville.com/tu-online/stories/102705/met_20134625.shtml.

¹³⁹ *Ibid.*



introduction of the Jacksonville Small and Emerging Business (JSEB), but from October 1, 2004 through June 30 of 2005, the Better Jacksonville Plan paid \$104 million for construction contracts. Minority-owned companies got \$7.9 million of that work, about 8 percent.¹⁴⁰ Table 1.03 below is a breakdown of how the Better Jacksonville Plan's expenditures have been distributed to different businesses:

Table 1.03: Better Jacksonville Plan's Expenditures

Ethnic Group	Dollar Amount (in Millions)	Percent
Caucasian Males	\$529.5	87.2%
Caucasian Females	\$529.5	5.5%
African American Males and Females	\$28.4	4.7%

Plan data, from October 2000 through June 2005.

Though the implementation and execution of the Better Jacksonville Plan is still in progress, it is clear that the plan has not substantially enhanced the economic opportunities of minority businesses; it also has not created a thriving African American middle class.

Bidding for the 2009 County Courthouse Project provides another example of the Jacksonville Small and Emerging Business (JSEB) program's failure to provide minority-owned businesses with sufficient opportunities to receive city contracts. City Ordinance 2004-602-E states:

It has been concluded that several issues impede the progress of small businesses including bonding issues, access to capital, training, City procurement barriers and lack of resources for growth. To that end, the City has devised the Jacksonville Small Emerging Business Program (the "Program") to address these concerns.

However, many minority contractors feel as though the JSEB has failed to meet this objective. In advance of the bidding process for the City Courthouse project, approximately 30 contractors met and discussed what they viewed to be barriers to their participation in city contracts and inherent flaws in the JSEB. Reggie Fullwood, an African American contractor and former Council member, remarked:



¹⁴⁰ *Ibid.*

We are seeing repeated patterns in the bid process and the Courthouse project is a microcosm of bigger issues. The way the program is set up, you can meet your JSEB requirements without hiring any minority contractors.¹⁴¹

To support Fullwood's point, the contract for structural concrete for the Courthouse project was awarded to a company using a contractor that has a Woman-owned JSEB classification. Given that the JSEB only has a designation for Caucasian females, this means that JSEB is able to satisfy its goal without racial-ethnic minority participation.

Public contracting with minorities in the state of Florida had dropped by 88 percent between 2003 and 2009, with "both the state and its municipalities, including Jacksonville, [failing] to keep pace with the federal government in awarding a larger share of public contracts to minorities, veterans and to women."¹⁴² This decline can be attributed to several different factors. One factor was the dismantling of procurement programs for disadvantaged businesses. Another factor was a lack of accurate data: both the state and cities such as Jacksonville failed to maintain accurate procurement records during this time.

Racial disparities in the realms of business ownership and leadership persist as well. In 2004, none of the 50 fastest growing private companies identified by The Business Journal of Jacksonville were led by African Americans. Furthermore, Hispanic American and Asian American leaders only made up a total of 6 percent of business leaders, demonstrating that minority leadership advancements do not occur at rates proportional to their respective populations. Additionally, fewer African Americans were involved with the leadership of Jacksonville companies in 2004 when compared to 2000, suggesting a growing disparity in minority leadership.

Comparing the rates of minority business ownership to the revenue of these businesses also suggests that African Americans experience extreme disparities. According to a JCCI report, "among the top minority-owned businesses in Jacksonville, one-fourth were owned by African American individuals, but their revenues made up only 5 percent of the total revenues among top minority-owned businesses."¹⁴³

¹⁴¹ Wilhelm Jr. Joe. *Minority businesses speak up about Courthouse bidding*. Daily Record, 04/07/2009. http://www.jaxdailyrecord.com/showstory.php?Story_id=52135.

¹⁴² Espinosa, Raul. *Decline in minority contracts shows more action is needed*. The Florida Times Union, April 3, 2010. <http://jacksonville.com/opinion/letters-readers/2010-04-03/story/decline-minority-contracts-shows-more-action-needed>.

¹⁴³ JCCI Jacksonville Community Council Inc, *2005 Race Relations Report*, 2005, 17.



Tables 1.04 and 1.05 above illustrate that African American revenue of the top 36 minority-owned businesses was less than all other minorities by millions of dollars, despite the fact that African American businesses had the highest minority representation after Hispanic Americans. Furthermore, “Total revenues of these black-owned businesses made up less than one-half of one percent of the revenues of the eight private companies in Jacksonville with the largest revenue gains in 2002 (\$1,119,700,000), all of which had white ownership and leadership.”¹⁴⁴

**Table 1.04: Minority Business Ownership
Top 36 M/WBE-Owned Business by Race, 2003**

Ethnicity of Business Owner	Percent
African American	25%
Hispanic American	47.2%
Asian American	19.4%
Other	5.5%

**Table 1.05: Minority Business Ownership
Revenue of Top 36 Racial Minority-Owned Business by Race, 2003**

Ethnicity of Business Owner	Revenue
African American	\$5,367,000
Hispanic American	\$58,758,000
Asian American	\$28,190,000
Other	\$8,500,000



¹⁴⁴ *Ibid.*, 18.

Of the total city contracts awarded in the first quarter of fiscal year 2004-2005, totaled at \$71,866,050, only 11.5 percent were given through the JSEB program. Table 1.06 shows the total amount and percent of contracts awarded to owned businesses through the JSEB Program during the first quarter from 2004 to 2005.

Table 1.06: Jacksonville City Contracts 2004-2005

Ethnicity of Business Owner	Dollars Awarded	Percent of Dollars
Caucasian	\$67,682,408	94.2%
African American	\$2,888,583	4%
Hispanic American	\$589,794	0.8%
Asian American	\$268,663	0.4%
Native American	\$456,602	0.6%

VII. CONCLUSION

This chapter has analyzed historical and sociological research to determine whether or not discrimination has negatively impacted the formation and growth of MBEs in the City of Jacksonville, Florida and in the associated Duval County. It has addressed the somewhat different but genuine problems faced by WBEs as well, particularly for women who are also racial-ethnic minorities. This historical and sociological research has focused primarily on the experiences of African Americans in Jacksonville because a significant presence of other minority racial-ethnic groups is a relatively recent phenomenon. Furthermore, African Americans were uniquely affected by slavery and more than a century of subsequent racial segregation, which continues to this day. Indeed, the effects of slavery are more pronounced in Jacksonville than in many other cities. The Hispanic American and Asian American experience in the State, on the other hand, have resembled the much lengthier African American experience in many but not all respects. Jacksonville has historically been a center of the national phenomena of racial discrimination and its resulting effects. The historical evidence presented in this chapter documents that significant barriers still exist for minority business enterprise formation and growth.



CHAPTER 2: MANAGERS SURVEY

I. BACKGROUND AND GOALS

The goal of the Managers Survey was to understand how the procurement policies and procedures of the City of Jacksonville (City), Duval County Public Schools (DCPS), Jacksonville Port Authority (JAXPORT), Jacksonville Electric Authority (JEA), and Jacksonville Transportation Authority (JTA), collectively referred to as the Participating Agencies, are interpreted and implemented by the procurement managers and executives. Responses to the survey can also pinpoint gaps between the managers' understanding of procurement policies and small businesses' understanding of procurement policies. These responses are used in formulating recommendations as part of the disparity study.

The managers and executives surveyed for this report were selected by the project managers for the Participating Agencies. Thirty managers and executives across the five agencies were selected; seventeen completed the survey and another four provided partial responses.

The survey pinpointed the origins of bureaucratic hurdles that small businesses face when attempting to contract with the Participating Agencies. These hurdles include large contracts that are not unbundled, prequalification requirements, and retainage policies. The survey also pointed out areas of inconsistency among the managers. There was a range of responses regarding the frequency of training sessions for procurement policies and D/M/WBE policies. There were also a range of practices for the procurement of informal contracts.

II. METHODOLOGY

The survey was hosted using Qualtrics, an Internet based survey service.¹ Surveys were sent to 30 managers and executives from the participating agencies with duties related to procurement by email between September 26, 2012 and October 29, 2012. Those who had not completed the survey were sent additional reminders by email on October 1, 2012 and October 9, 2012. A total of 21 managers started the survey between September 26 and November 5, 2012; 17 completed the survey, and four more completed enough



¹ <http://www.qualtrics.com/>

items to be included in the analysis. Because of the small sample size, the data should be treated as qualitative rather than quantitative. The responses received from open-ended items may provide additional findings that cannot be captured through closed-ended items. The data were tabulated in SPSS, a computer program for statistical analysis, and the charts were created in Excel.

III. SUMMARY OF FINDINGS

A. Primary Findings

In a concurrent survey of small businesses presented in the following chapter, we found small businesses encounter many barriers in receiving contracts with the Participating Agencies. Most of these barriers are bureaucratic. The businesses most affected are small businesses with five employees or fewer, which include a disproportionate number of minority-owned businesses. The following is a list of barriers mentioned, and what the manager survey reveals regarding the existence of these barriers within the five sponsoring agencies:

- The bundling of contracts prevents small firms from bidding on the parts they are qualified for because the contract includes items they are not qualified for.
 - A total of 14 out of 20 managers reported that they do not unbundle contracts and the majority of the others only unbundle contracts for those targeting Jacksonville Small Emerging Businesses (JSEB), not for non-certified small businesses. (Q3 and Q4)
 - Only two of the 11 managers who regularly hire construction firms reported that they never contract for individual services instead of bundling them as an item into a general construction contract. (Q61 and Q62)
- Large insurance or bond requirements prevent small and emerging businesses from bidding due to their lack of capital.
 - Seven out of 18 managers reported they occasionally reduce insurance requirements. (Q13)
 - Eight out of 17 managers reported that they occasionally reduce bond requirements. (Q15)
 - Those that reported “yes” indicate a single person, the head of the division or the Risk Manager usually has discretion over the level of insurance or bond required. This was not the case for projects using federal funds which often have inflexible requirements in this regard. (Q14 and Q16)



- Complicated applications or prequalification processes were also identified as barriers to small and emerging businesses.
 - Ten out of 12 of those that regularly hire construction firms require prequalification. This qualification process can involve three different departments and often requires that they have done similar work before, which automatically excludes startups. Further six of those ten stated that they will sometimes use firms that are not prequalified, but the most often cited process for selection had to do with past experience. (Q65 through Q68)
 - Five of the ten managers requiring prequalification for prime contractors also require prequalification for subcontractors. However, one manager reported that subcontractors have to prequalify before starting work, not before the bid is approved. (Q69 and Q70)
 - Nine of the 14 managers used evaluation panels for awarding construction services contracts. These panels seem to typically consist of four to six people and have specific guidelines set for how they are to choose the winner of the contract. (Q77 and Q78)
 - Architecture and engineering consultants do not require prequalification as often as construction firms. Six out of 11 managers reported they do not require prequalification and the process for the other five seems to allow more flexibility on the part of the committee doing the qualifying. Of those who do require prequalification, three out of five reported they sometimes hire those without prequalification. Similarly, only two out of 11 require subconsultants be prequalified. (Q79 through Q84)
 - The process for being awarded a professional services contract can often be quite complicated despite the agencies not requiring prequalification. Nine out of 10 managers say they use an evaluation panel rather than a single decision maker. This panel typically draws from several areas or departments within the agency and has specific requirements on its processes written into state and city law. (Q90 and Q91)
 - The process is simpler again for those providing goods to the agencies. From the comments it seems often each bidder must just meet minimum requirements and then the contract goes to the lowest bidder. Other times a panel is formed, especially if it is a long-term contract, and the criteria will differ from project to project. (Q96 through Q98 and Q105 and Q106)



- Some managers indicated prompt payment on contracts is a concern that prevents them from bidding on some public agency contracts.
 - Thirteen out of 18 managers indicated that their department does withhold retainage from payments until the contract is deemed complete, though this amount is typically ten percent or less. (Q17, Q18, and Q19)
 - Six out of 12 managers indicated that their department will sometimes purchase construction supplies and material directly for an awarded contract rather than making the contractor front the expense. (Q63 and Q64)
 - Nine out of 17 managers stated they use an expedited payment program. In most cases, this is only available to DBEs or JSEBs. (Q23 and Q24)
 - Ten out of 15 managers allow a partial payment on an invoice when there are disputed fees in the invoice. Many, though, state that this must be in the contract already for the partial payment to be allowed. (Q25 and Q26)
 - Each agency and department has its own methods for authorizing final payment, and it is unsurprising that many small businesses would find the process confusing. (Q76, Q85, Q86, Q92, and Q93)

B. Secondary Findings

In addition to the identification of existing barriers, secondary findings provided additional insight into manager perceptions and practices with procurement policies. These findings include the use of a database of businesses when soliciting for bids and proposals, participation in trade fairs, and the use of partnerships for disseminating information about contracting opportunities.

The managers did indicate that there is a high level of effort from all five agencies to reach out to small businesses and find new contractors. Many cited requirements within their organization to seek out multiple bids on contracts exceeding a set dollar amount. (Q5 and Q6)

Most of them, 14 out of 18, indicated that there is a database of businesses used when soliciting for bids and proposals. (Q27) Some of those lists include the JSEB or DBE certifications, though the coverage is not universal. (Q28) These lists have typically been in use for five to 15 years (Q29), and though are primarily used by procurement, are available in most cases to all departments (Q30). It might be that focusing the agencies' efforts on getting businesses with special certifications to just get on these lists will go a long way toward encouraging participation. For seven out of 12 managers who cited these lists, their lists are updated daily or as companies request to be added. (Q31) These lists are most often maintained electronically. (Q32)



A large majority (15 out of 19) indicated their department participates in trade fairs. (Q37) Thirteen of those had attended trade fairs within the past year. (Q38) The most attended trade fair among this sample was the North Florida Procurement Association (NFPA) Reverse Trade Fair, though the agencies had booths or participated in other ways at several other trade fairs. Managers indicated they were very willing to attend most of these fairs again. Despite the high attendance among the managers from the sponsoring agencies, the NFPA Reverse Trade Fair was only attended by an estimated 125 people, sixth-most-often of the trade fairs referenced by the managers. (Q39 through Q41) Those companies with targeted certifications should be encouraged to seek these agencies out at trade fairs, especially at the NFPA Reverse Trade Fair. The survey of small businesses did not inquire about trade fair attendance, so it is not known what subset of businesses benefited from trade fairs.

Ten managers used partnerships with other agencies to disseminate information about contracting opportunities. (Q42) The most common partners in these relationships were the Jacksonville Aviation Authority (5) and the City of Jacksonville (3). Both of these were reported to meet monthly, though most managers reported the majority of relationships just use email and shared links on web sites. (Q43 and Q44)

For all of the different industries that the managers commonly dealt with, the primary method of seeking vendors was searching electronic lists. The lists most cited were the COJ/Procurement website, Onvia by DemandStar, the Responsible Bidder's List (RBL) and internal prequalified lists. (Q45 through Q48)

Very few agencies prepare forecasts for upcoming contracting opportunities, and those that do mainly share these forecasts internally or at live trade shows. Only one agency, DCPS, reported they make such a forecast available online for potential contractors to find. (Q49 and Q50)

The agencies allow prospective contractors to sign up to receive requests for proposals or requests for bids, but each one is different; and some require knowing exactly who to go to in order to be put on the list. (Q51 through Q53) It would be simpler for contractors if there was one list for all five agencies that could be accessed from all agencies' websites. Each individual list is being advertised in many different ways: websites, written ads, and in person. (Q54) The effect of each of these efforts would be simplified by a central list.

Another finding from the Small Business portion of this study was that the subcontractor relationship was particularly critical for many firms. Businesses that were signed on as a subcontractor because of their certification status reported that they got more unrelated business with the prime contractor 60 percent of the time. Therefore, it is encouraging that nearly all of the managers reported that they require prime contractors to list all subcontractors on the bid. (Q7 and Q8) Prime contractors were less likely to have the agency's standards applied to subcontractor substitution or to vendors they use to supply materials or products. (Q74, Q75, Q99, and Q100) Subcontractors are also often at the mercy of the prime contractor in terms of upfront cost. Only one respondent reported that its prime contractors are not allowed to withhold a retainage from the subcontractor when



the agency withholds a retainage from the prime contractor. (Q21 and Q22). Of those departments that release payment for mobilization, only half (3 out of 6) will also release mobilization monies for the subcontractor. One manager reported that he was not aware of any standards regarding mobilization payments to subcontractors at all. (Q71 through Q73)

Agencies are not as aggressive with internal training to deal with certified small businesses as they are in reaching out to them. Of the certifications mentioned in the survey, DBE had the most associated training, and it was only certification trained offered in the departments of five managers taking the survey. (Q55) Only two managers reported that there was a budget dedicated to DBE training. The managers disagreed on how often these training sessions were held, some saying annually, some quarterly and some as needed. Only four training sessions for any certification were remembered as having taken place within the past year. The training was usually conducted by the department itself; most often by a department manager. (Q56) More effort is put into external training. Seven managers say their department uses external training, and six of those stated there is a budget allocated for such. (Q57 and Q58)

About half of the managers indicated that their agency does have a debriefing process for unsuccessful businesses. Most often this involves going back to the committee that made the decision or asking for information from the project manager. From the explanations, it is clear that the business must request a debriefing session. (Q9 and Q10)

The tracking of contracts awarded and all the associated information is present in the majority of cases for the prime contractor, (11 out of 17) but not usually for the subcontractor (6 out of 17). In both cases, the information is usually tracked manually on a single internal document such as a spreadsheet. The other pieces of software most often used are B2G Now Compliance Software and ORACLE. (Q33 through Q36)

The agencies are inconsistent about requiring a list of subconsultants or vendor's fees on final invoices. Sometimes this is only required for projects with participation goals for a targeted certification. (Q94, Q95, Q101, Q102, Q103, and Q104)

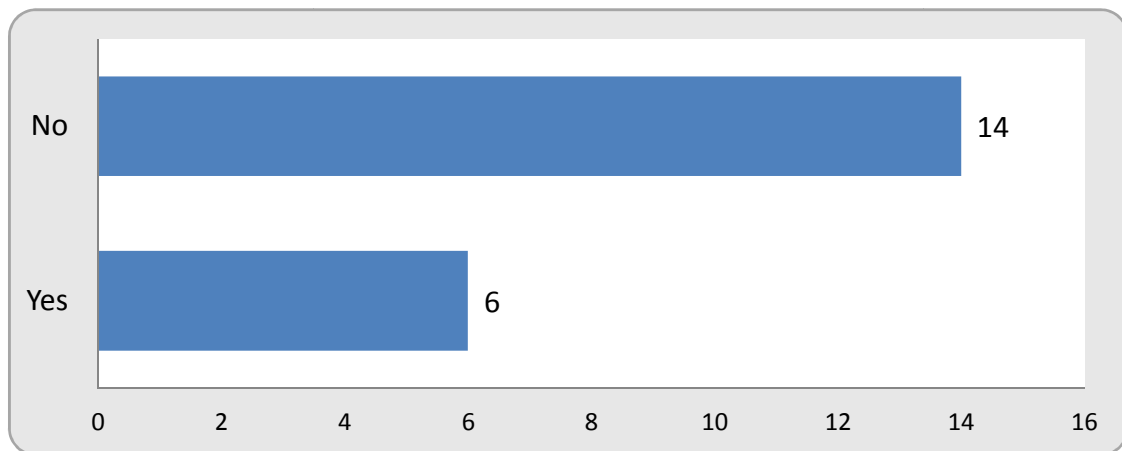


IV. CHARTS AND OPEN-ENDED RESPONSES

The following section contains both closed-ended and open-ended survey responses for the findings included in the previous section. Charts are provided for closed-ended items; the full responses are provided for open-ended items.

A. Unbundling and Bonds

Q3. *“Does your department have a standard for dividing large projects into smaller contracts?”*



Q4. *“If yes, please describe the standard used and forward any pertinent information.”*

All requests for solicitations are reviewed by the Procurement Division and the Equal Business Opportunity to determine the method for procurement. If the project is less the dollar threshold for formal solicitation of \$200,000 (capital improvement) or \$0,000 [sic] (professional services, supplies and services), EBO will review their database to ensure two or more available bidders are certified based on the Scope of Work, and makes a recommendation to the agency and Procurement utilize JSEB vendors either by Set-A-Side?? or Participation Goals.

Anytime we can unbundle contracts we do so. Project Managers work closely with Contract Compliance Office staff to identify those contracts that may meet the criteria for unbundling. The vast majority of these contracts would be found in the Highway & Engineering Department. Over the last several years, JTA has not had any contracts that met the criteria for unbundling.



Areas in which there are ample JSEB firms are either bid as a JSEB sheltered market, or projects are broken down with portions sheltered for JSEBs. [e.g., Janitorial, Landscaping and By-product hauling services have multiple contracts that include JSEB vendors.]

Instead of assigning regular property maintenance to one or two contractors city-wide, our division assigns contractors per inspection zone (6), thus providing opportunities for six bids.

On a project-by-project basis, by looking at subcontracting opportunities of the project as well as the certified DBEs in those categories

The Equal Business Opportunity Office reviews capital improvement and service related contracts to recommend opportunities for JSEB vendors to participate.

We do not have a “standard” per se, but we do often have percentage targets for a portion of the work to be given to companies participating in the Jacksonville Small Emerging Business (JSEB) program. Even when we do not have a specific percentage target we do award extra points on evaluated bids where a prime has “voluntarily” given a portion of the work to a JSEB sub.

Additional comments from those who said “no” to Q3:

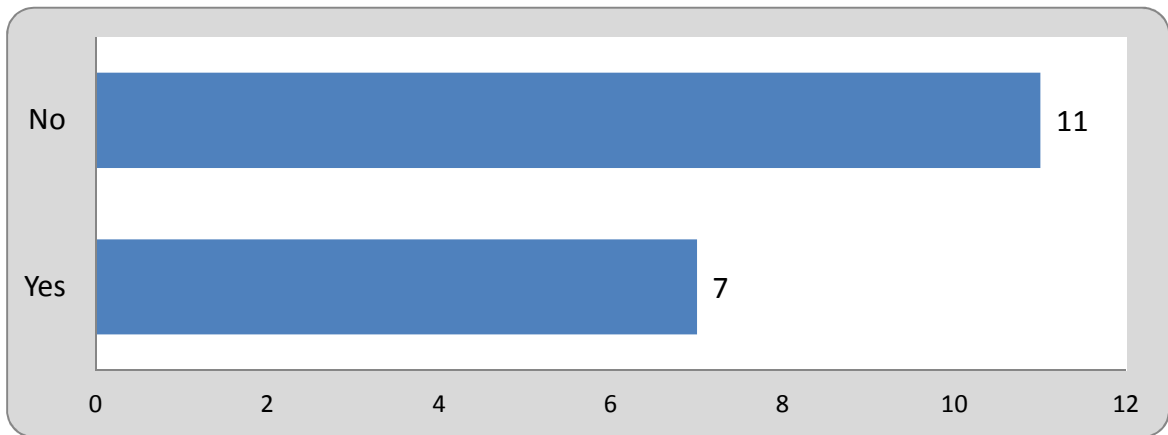
As a support department, we have few such contracts and most are very small or very specific tech requirements

However, when the project can be divided practically, we do so by providing the ability for bidders to bid any one or more of multiple bid alternates.

We have a variety of large and small projects. Due to limited funding for new projects, we do not typically break large projects into smaller projects because larger projects generally result in lower unit pricing on construction items. Instead, we require minimum participation goals on the larger projects.



Q13. “Does your department have provisions to reduce insurance requirements on certain type of size contracts?”



Q14. “If yes, under what circumstances have the insurance requirements been reduced?”

Our Risk Manager reviews each bid/proposal and determines the insurance requirements on a project-by-project basis.

Part of the procurement process for formal solicitations (over \$25,000) is that risk/insurance division reviews and signs off on the individual solicitation.

Procedures dictated by Procurement Division.

Project specific

We follow Florida DOT specifications, due to use of state and federal funds on many of our projects.

Yes, on a case-by-case basis, based on contract value and potential risk to the Authority.

Yes, the Risk Manager will look at the Liability aspect that JTA is subject to. If it makes sense to reduce the insurance coverages on the Prime and/or subcontractors portion, then it will be done.



Additional comments from those who reported ‘no’ to Q13:

I am not aware of any

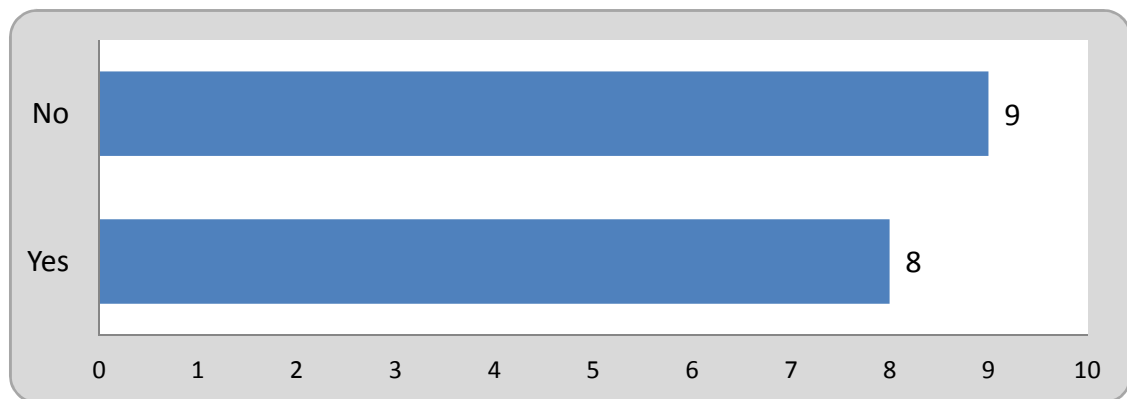
Insurance requirements are set by our corporate Risk Manager.

NOTE: Each contract is reviewed by Risk Management department. Levels of insurance are dependent upon the risk inherent in the type of the services or products being secured.

Procurement does not have a provision for reducing insurance requires, all insurance requirements are subject to contract language as established by Risk Management.

The JEA Risk Manager determines the level of insurance coverage based upon the project estimate and the nature of the work.

Q15. “Does your department have provisions to reduce bonding requirements on certain type of size contracts?”



Q16. “If yes, under what circumstances have the bonding requirements been reduced?”

According to Chapter 126 (Procurement Code) the department has the discretion to reduce the bonding requirements for capital improvements less than \$500,000.

Bonding is determined on a project-by-project basis.

Bonding requirements may be reduced or omitted on projects less than \$500k for the sake of JSEB participation at the discretion of the Chief of Procurement.



Bonds are not required in instances where work is made up of small repetitive jobs that can easily be picked up by other vendors.

Dictated by Procurement division.

No. Normally this will be done through the Project Manager or the Risk Manager. They make those decisions based on the amount of risk to the authority.

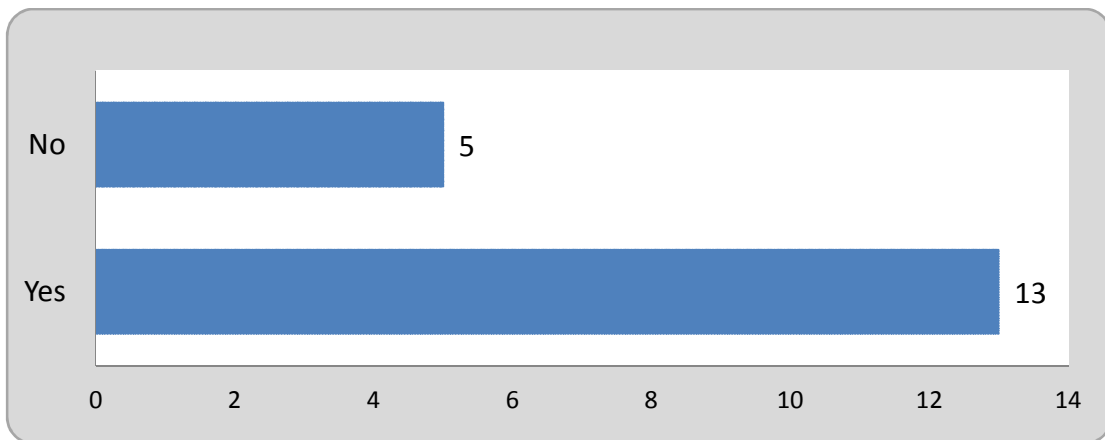
Project specific.

Yes, on a case-by-case basis, based on contract value and potential risk to the authority.

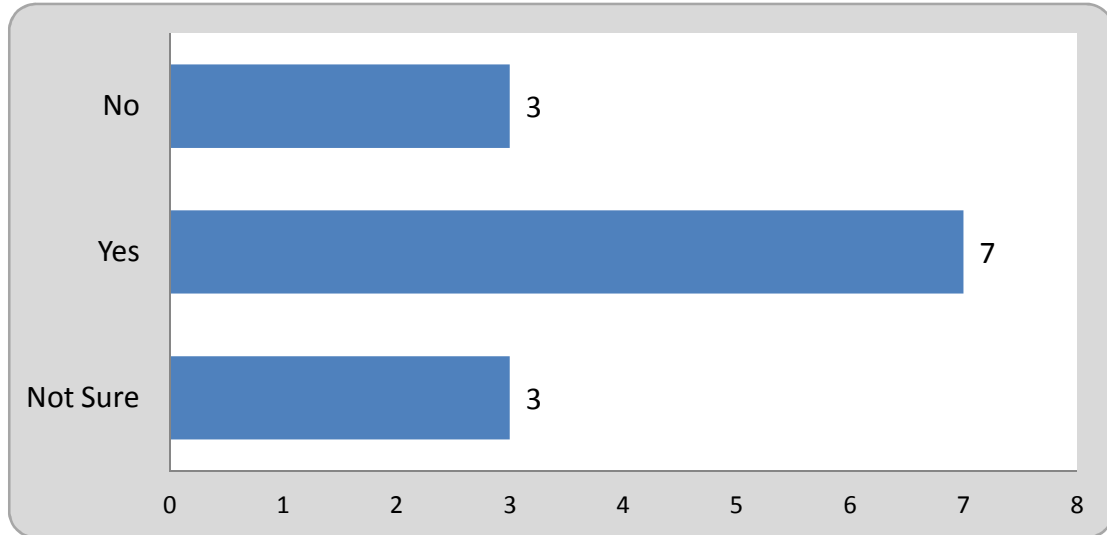
Additional comments from those who reported ‘no’ to Q15:

JTA Engineering dept may do this for construction projects contracts.

Q17. “Does your department withhold retainage as a percentage from each payment until the successful completion of the contract?”



Q18. *“Is the same percentage withheld for each contract?”*



Q19. *“What is the percentage?”*

Ten percent until 50 percent of the project is completed; 5 percent thereafter; maximum of 5 percent of the bid.

Ten percent up to 50 percent completion of the project; after 50 percent completion, retainage is reduced to 5 percent.

Ten percent up until 50 percent completion then it is lowered to five percent.

Ten percent, down to five percent after the contract is 50 percent complete five percent or ten percent.

Depends on the stipulations of each contract.

Typically ten percent.



Q20. “When is the prime’s retainage released?”

After Punch list items are completed.

At approval of final invoice.

At completion of the contract.

Can vary—close of actual work.

Completion of task, phase or full project.

Once all lien releases and closeout documents are received.

Upon completion of the project, acceptance and final payment.

Upon substantial completion of the contract.

Upon substantial completion of the contract as determined by the project manager.

Upon substantial completion of the contract.

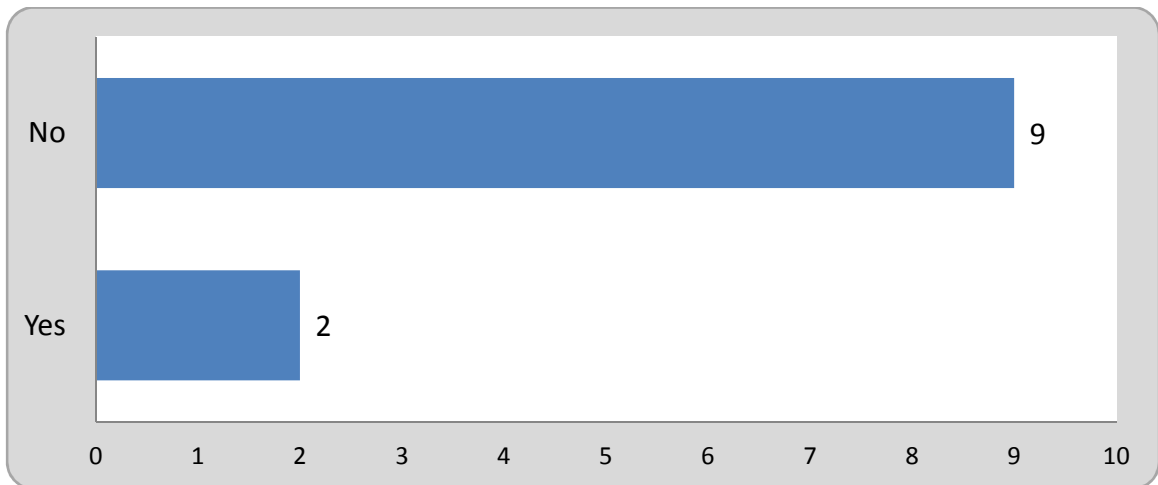
When the final payment is made.

When the project is closed out documents have been received and approved.

When the project is completed and final payment is issued.



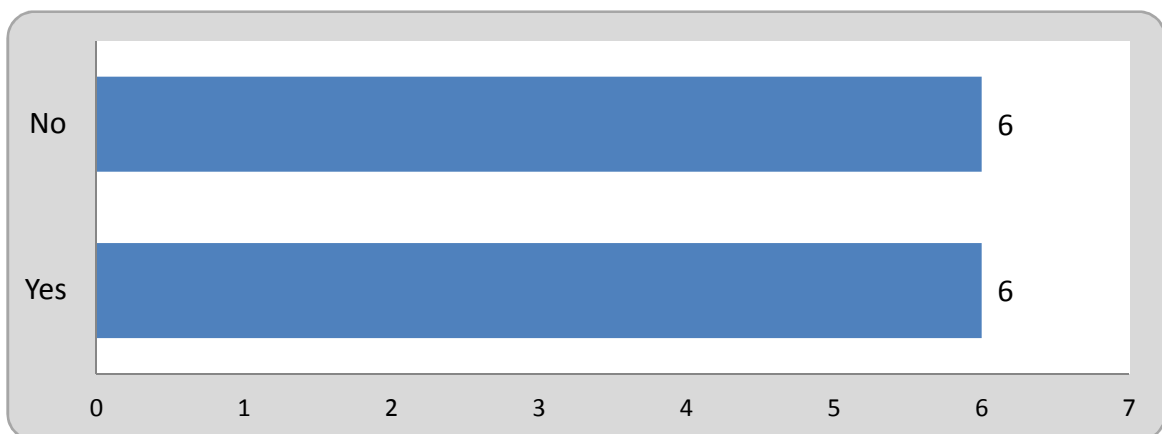
Q61. “Are there instances in which your department contracts for construction services, which might otherwise be included as an item of work in a general construction contract?”



Q62. “If yes, please describe the services.”

Painting, marine construction, demolition, glasswork, masonry construction, roofing, wood construction, plumbing construction, etc., would be some of the services that could be contracted outside of a GC contract—usually through the RBL listing.

Q63. “Does your department purchase construction supplies and material for the awarded contracts?”



Q64. “If yes, please describe the program standards.”

Construction materials and supplies can be purchased using JEA Material Standards, which vary by dept. within the organization. Commonly used items (stock) may be on hand in the warehouse inventory. If not, they can be purchased through competitive bid.

This applies to non-stock items, too.

Direct purchases are made when production lead times preclude waiting for an award to be made.

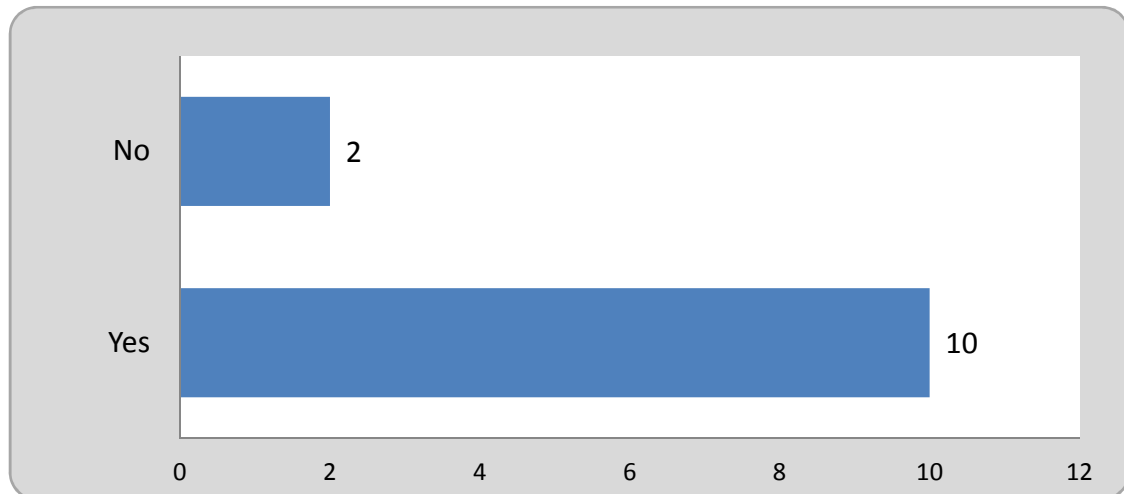
District Direct Purchase Program—Contractor provides bid information on specific materials or supplies; District will purchase in order to save sales tax charges.

Tax Savings Purchases—all materials, supplies or equipment purchases that individually or collectively cost \$10,000.00 or more and would normally be ordered from one supplier.

There are construction-related projects which qualify to utilize the material purchase agreement under the tax relief program.

This is rare, but is sometimes done to save time on long lead-time items.

Q65. “Does your department require that construction primes be prequalified?”



Q66. “Please describe the process for prequalification.”

FDOT or City of Jacksonville prequalified.

For large projects and those on state road system, we require prequalification with FDOT

For many of our Construction projects, it is required that they are prequalified by Florida Department of Transportation. Responsible Bidders List; details on the process and how to apply are on our website at jea.com.

Safety prequalification is required if work is safety sensitive. Certain jobs require that bidders/proposers be on Responsible Bidders List or Qualified Proposers Lists, respectively.

State Requirements for Prequalified Contractors—Florida Statute standards.

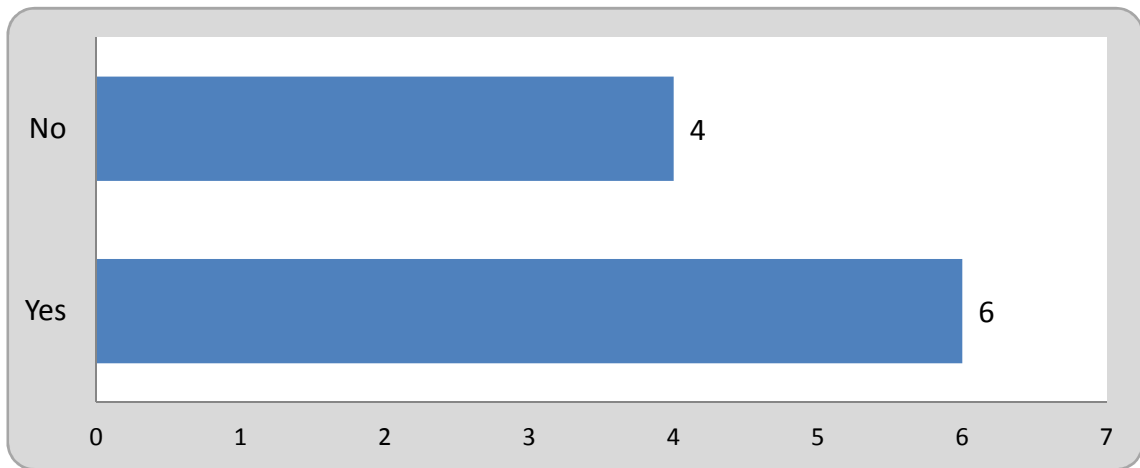
The JTA Engineering Division using FDOT Prequalification in many of their construction projects, as well as FHWA and FTA requirements.

Vendors bidding on construction projects in excess of \$500K must prequalify under various categories, i.e., vertical, marine, horizontal, environmentally sensitive park projects, and mechanical. Those applications are reviewed by Public Works for technical requirements and Finance Department for financial stability. Must show experience in areas requesting prequalification.

Vendors are required to prequalify for demolition projects.



Q67. “Are there circumstances in which your department utilizes non prequalified firms for construction services?”



Q68. “If yes, please describe the process.”

A typical bid would include a minimum qualifications requirement for all bidders that require three past projects that are similar in nature to the project being bid.

Capital Improvement projects less than \$500K does not require prequalification.

If project under 50K

Minimum qualifications are set in lieu of the prequalifications. These qualifications will relate to past work experiences.

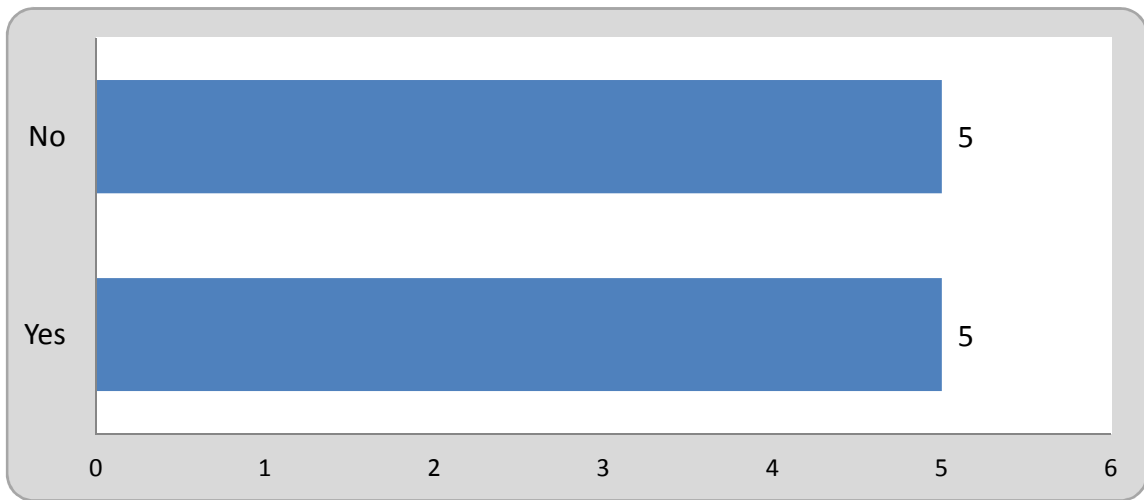
Same procurement process; have to elaborate on their experience and qualifications within the response for the bid.

Small or limited work scope

Yes, if the construction services does not have to have to be prequalified and JTA has no requirement.



Q69. “Does your department require that construction subcontractors be prequalified?”



Q70. “If yes, please describe the process if a prime lists a non prequalified sub on their bid.”

If the prime contractor is not prequalified in a required area of work for a project, then they are required to utilize an FDOT prequalified subcontractor to perform that work.

In some cases, depends on the project.

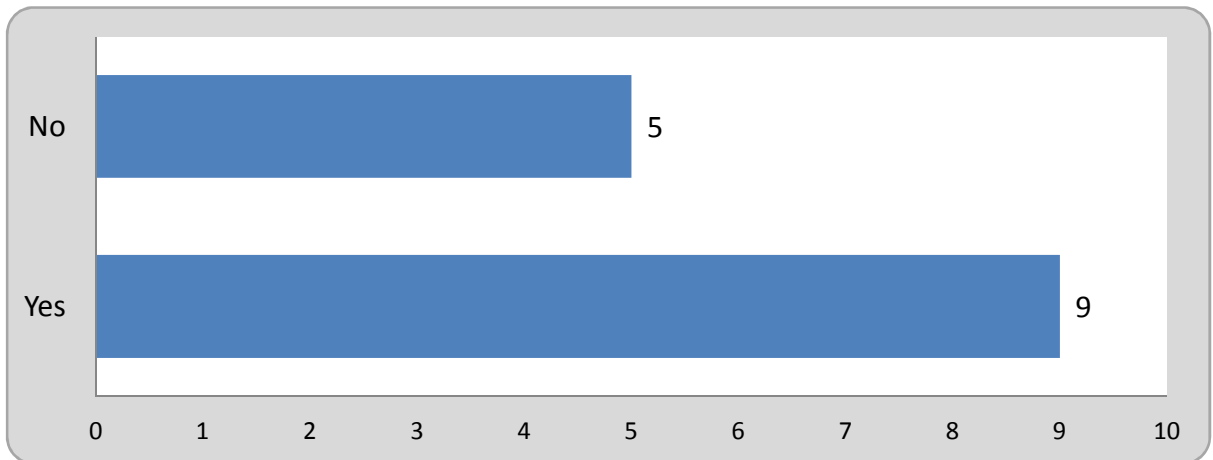
Safety prequalified.

The JTA Engineering Division using FDOT Prequalifications in many of their construction projects as well as FHWA and FTA requirements.

The prequalifications must be made before the sub physically comes on a JEA site. Subs do not have to be prequalified at the time of bid.



Q77. “Does your department use evaluation panels to make recommendations for award of construction services contracts?”



Q78. “If yes, please describe how the panels are constituted and the standards used to review the contractors' submissions.”

All of this is covered under the JTA Procurement Rule.

If the project is a Design Build project it is reviewed and evaluated by the CSPEC (Competitive Sealed Proposal Evaluation Committee) as outlined in Chapter 126.

Panel is Exec. Dir. Facilities, Director Maintenance, Minority Business Affairs Office Supervisor, other Technical Manager—Standards are outlined in specific RFQ document for selection.

Panels are named according to our procurement code, and standards are set by the purchasing manager or his designee.

Procurement Review Committee must review all contract awards after review and concurrence by the using dept., Purchasing and DBE Compliance Office.

Project Manager is responsible for selecting who serves on the panel.

The Project Manager selects a team of three or four individuals to perform the evaluation.

An evaluation matrix is developed with guidance from JEA purchasing as to the selection criteria and rules for scoring.



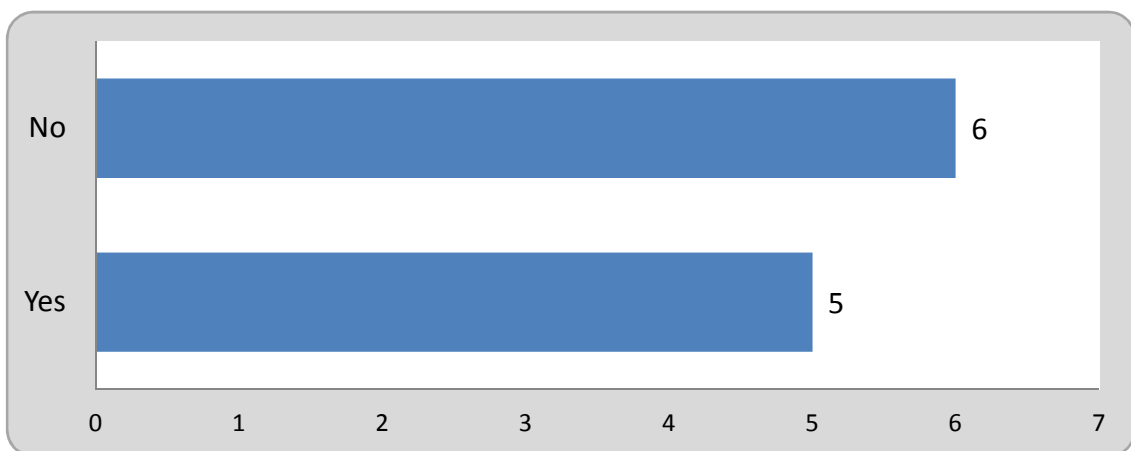
Additional comments from those who reported ‘no’ to Q77:

These are usually just awarded based on low price.

Additional comments from those who did not answer Q77:

We bid all such construction work; professional services are selected thru a RFP process which goes to a Procurement Review Committee.

Q79. “Does your department require that architecture and engineering consultants be prequalified?”



Q80. “Please describe the process for prequalification.”

The Project manager selects three qualified evaluators.

This is described in the Procurement Rule, and then each individual RFP has the evaluation criteria defined in the solicitation.

This evaluation committee then takes their recommendation to the Procurement Review Committee for concurrence, and forwarded for approval to Ex. Director or Board based on threshold.

This is handled by our procurement department.

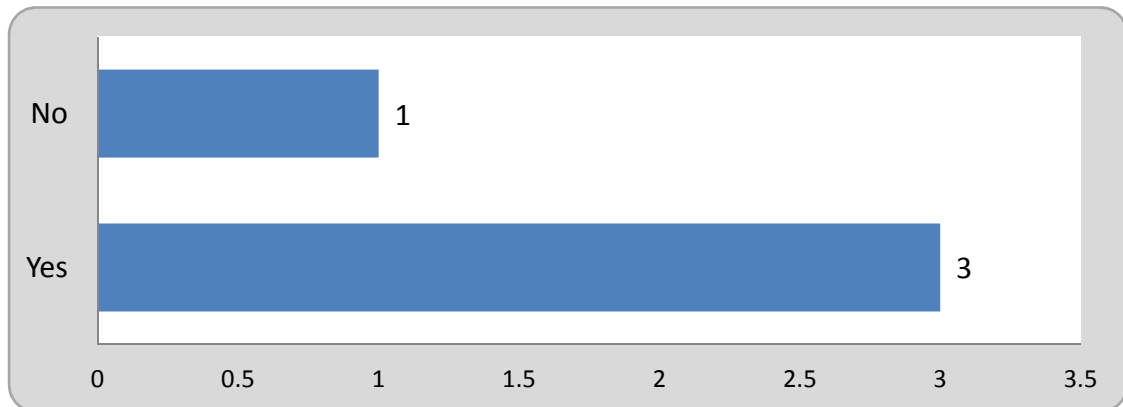
Three evaluators from the requesting area are appointed. They met with Procurement to predetermine the criterion and rating scales. This is done before the RFP’s are reviewed. Evaluators score the Proposals independently. A public meeting is held in which the Chief Purchasing Officer vets the ratings and asks evaluators for any clarifications/justification needed. Evaluators are giving an opportunity to change scoring if anything is heard that makes them



change their minds. A final ranking is derived at the conclusion of the meeting.

We require FDOT prequalification.

Q81. *“Are there circumstances in which the department utilizes non prequalified architecture and engineering consultants?”*



Q82. *“If yes, please describe the process.”*

If requirement is not needed or requested by the Engineering Division.

Minimum qualifications would be used in lieu of prequalification

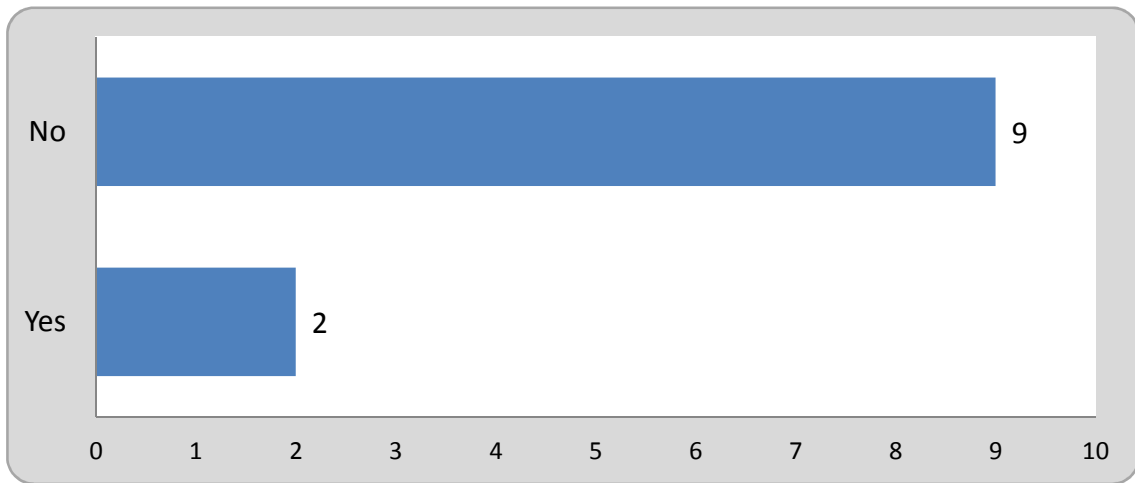
On rare occasion and for only very small projects, JTA may use non-prequalified consultants, only after checking their references and ensuring proper licensure.

Additional comments from those who did not respond to Q81:

This is handled by our procurement department.



Q83. “Does your department require that architecture and engineering subconsultants be prequalified?”



Q84. “If yes, please describe the process for evaluating a non-prequalified subconsultant and provide the list.”

Qualified Proposers List; procedures for applying are detailed on our website–jea.com

Utilize firms FDOT prequalified for the proposed work.

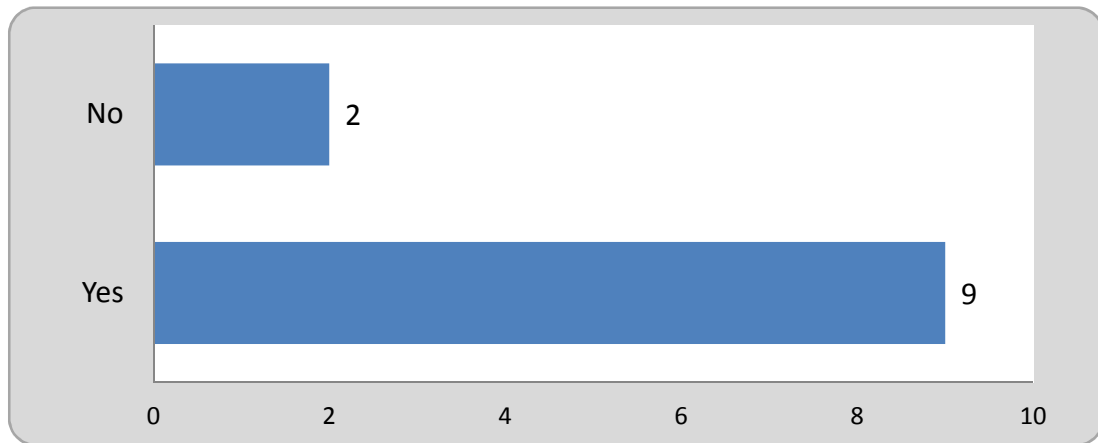
Additional comments from those that did not respond to Q83:

If required, would be FDOT or if unique might use a two-step selection process with qualifications being first step.

This is handled by our procurement department.



Q88. “Does your department prepare solicitations and/or make recommendations for award of contracts for professional services?”



Q89. “Please provide examples of professional services your department procures.”

A/E Consulting and Design Services.

Architectural and Engineering Services, Planning Services, Environmental Consulting.

Consultant engineering services.

Consulting engineering, land surveying, architectural, landscape architectural.

Health and Benefits, Consulting, Legal Services, etc.

Health Care Consultant Services; Investment Banking Services; Occupational/Physical.

Therapy Services.

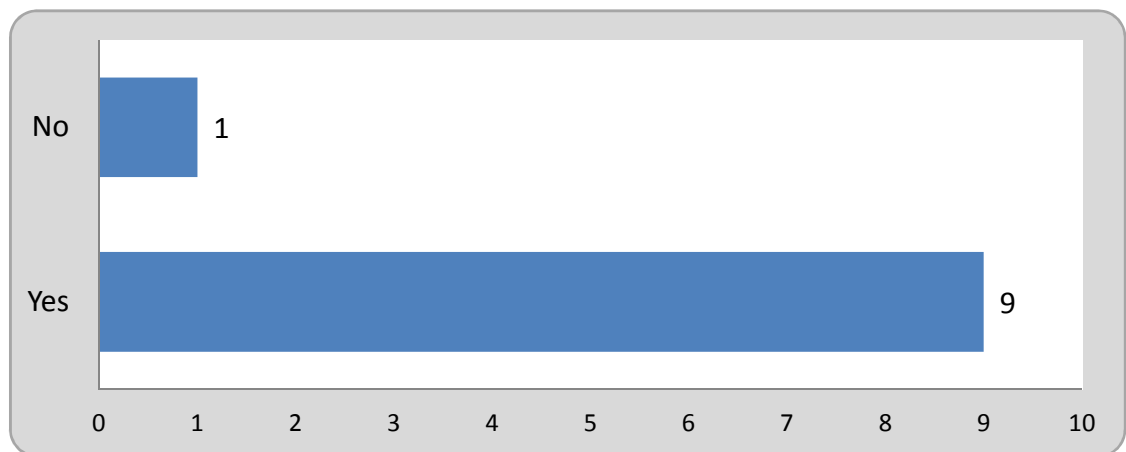
Nursing.

The entire professional service process goes through the JTA Purchasing Division.

Work Plan objective tracking system, Transit Signal Priority system.



Q90. “Does your department use evaluation panels to evaluate and/or award professional services contracts?”



Q91. “If yes, please describe how the panels are constituted and the standards used to review the consultants’ submissions?”

Depends on project, but would include staff from each impacted area and sometimes outside agencies.

Exec Dir Facilities, Director Maintenance Dept, Minority Business Affairs Office Supervisor, other Technical Manager—Standards are as outlined in specific RFQ.

Minimum of three members, including one from User dept.

Previously answered related to RFP and Evaluation committees and criteria listed in RFP.

The Director of Procurement & Contract Services with input from Sr. management appoints an Evaluation Committee. The committee is no less than three members or more than seven members. Evaluations are independently evaluated based on criteria established in the RFQ Request for Qualifications.

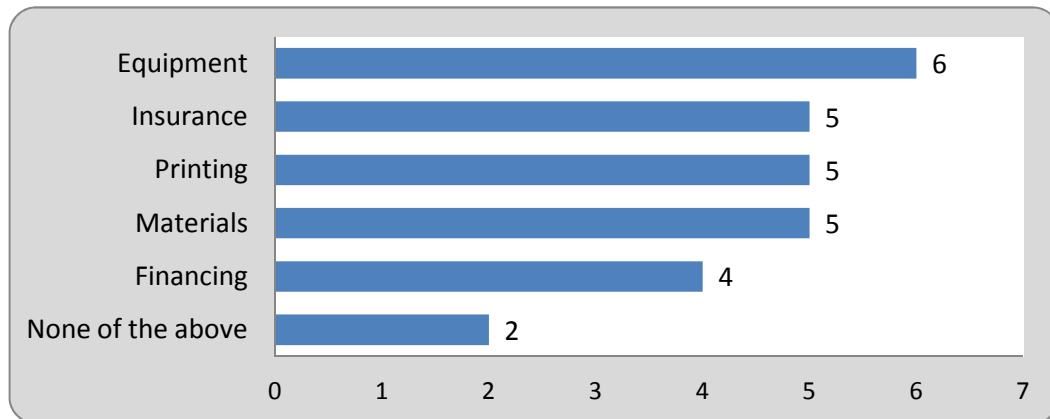
The Professional Services Evaluation Committee is established under Chapter 126 to review and make recommendations to the Mayor for approval of all Professional Service contracts as outlined in the Code.

The Project Manager (Requirements Generator) selects three qualified evaluators.

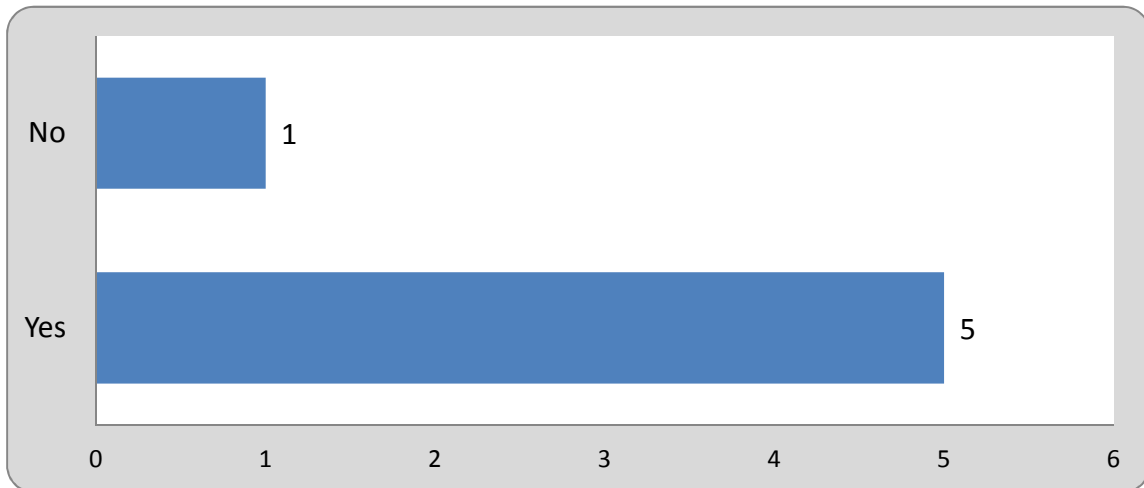


The Project Manager selects a team of three or four evaluators. An evaluation matrix is used for scoring based on the selection criteria established in the solicitation.

Q96. *“Which of the following categories of goods or services does your department prepare solicitations and/or make recommendations for the award of contracts?”*



Q97. *“Does your department have a process to evaluate and make recommendations for award of goods and other services contracts?”*



Q98. *“If yes, please describe the process and standards used to review the vendors' submission.”*

Awards are frequently made based upon lowest price, but occasionally bids are evaluated using criteria in addition to price.

Ensure that Procurement forms and documents which are part of the bid solicitation are submitted with the response. Review



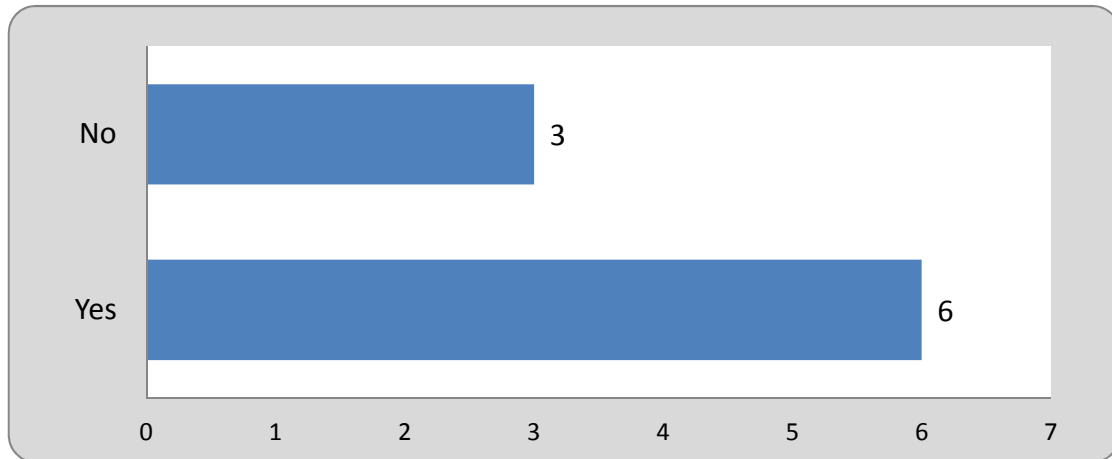
minimum requirements, if applicable to ensure vendors meet or exceed minimums.

For evaluated RFP's "Request for Proposals" the Evaluation Committee is appointed by the Director of Procurement & Contract Services. The Evaluation Committee independently evaluates the submitted proposed based on the criteria established in the RFP.

Included in the Procurement Rule and includes an evaluation committee or bid committee.

JTA procurement rules.

Q105. "Does your department use evaluation panels to evaluate and/or award goods and other services contracts?"



Q106. "If yes, please describe how the panels are constituted and the standards used to review the vendors' submissions?"

Evaluated Bids are evaluated based on the selection criteria within the solicitation documents.

Minimum of three members, including one from User department.

Standing PRC if required.

The Evaluation Committee is appointed by the Director of Procurement & Contract Services. The Evaluation Committee independently evaluates based on the criteria established in the RFP.

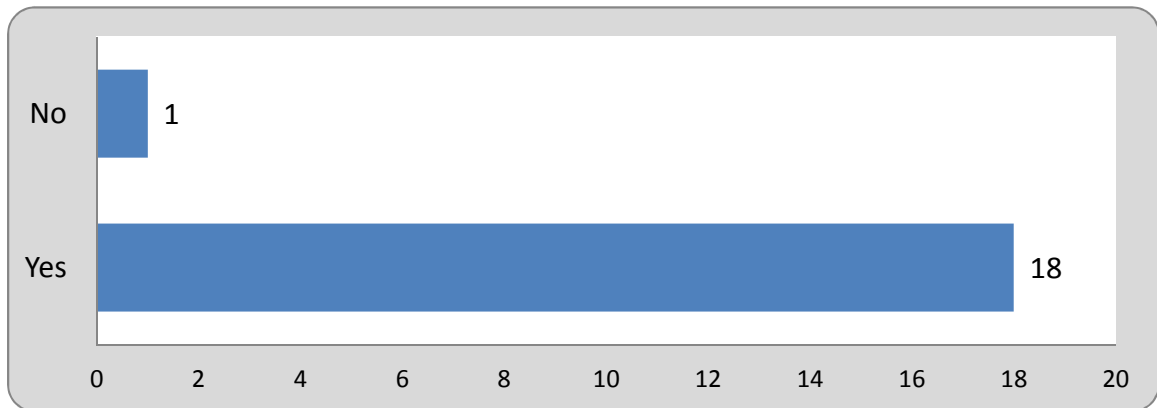


The Project Manager (Requirements Generator) selects 3 qualified evaluators.

This is described in the Procurement Rule, and then each individual RFP has the evaluation criteria defined in the solicitation. This evaluation committee then takes their recommendation to the Procurement Review Committee for concurrence and forwarded for approval to Ex. Director or Board based on threshold.

B. Outreach Efforts to Small Businesses

Q5. *“Do you have a process used to solicit consultants and contractors for informal solicitations which do not require advertising?”*



Q6. *“Please describe the standards and forward any pertinent information.”*

Three quotes are required for an informal purchase, which is considered anything under 25K.

All informal solicitations are submitted to our Procurement department who issues them to bidders on our responsive bidders list.

Any purchases exceeding the dollar amount specified in the Jacksonville Port Authority’s Procurement Code shall obtain adequate and reasonable competition “informal written quotes” from a specified number of vendors and a purchase order will be issued from the lowest responsive, responsible bidder,

At least three vendors are solicited for quotes on bids < \$50K.

If the total dollar amount is less than \$50,000.



In accordance with School Board Policy 7.70 II. E., procurement in an amount greater than \$5,000 but less than the amount established by the State Board of Education (or an amount approved by waiver by the Commissioner of Education) requires the solicitation of three (3) written quotations.

Internal business customers can solicit bids for informal requirements under \$50,000.00

JTA has five General Engineering Consultants (GECs) on retainer for selected support services. JTA Procurement is the source for the process description document.

Most informal solicitations for supplies, services and Professional services are handled through our web-based procurement application (JaxPro). Solicitations and advertised in the application and responses are may be returned electronically in the same manner.

Capital Improvement projects are solicited in the same manner as a formal solicitation with a ten-day advertisement on the COJ website.

Purchasing code allows for three (3) quotes, not advertised, from selected contractors if the bid price is not expected to exceed \$50K. For Consultants, the dollar limit is \$35K.

Request for quotes.

Review of available consultants and/or contractors capable of performing the work.

Review of prior workload assigned to the consultant/contractor. Competitive bids then obtained from contractors, with lowest bidder awarded contract. For consultants, one selection is made on qualifications, fees are then negotiated.

The division utilizes the city's central Procurement Division to perform this function.

The MBAO reviews all PR to determine if there are opportunities available for MBEs. If it is determined that MBEs can provide the goods or services being requested, the Buyer is notified in SAP, the District's Enterprise System, to include the list of MBs identified in the quoting process.



The vast majority is advertised. On those occasions when it is not, the Procurement Department will contact me for a listing of DBE firms, in that specialty area, that can be contacted.

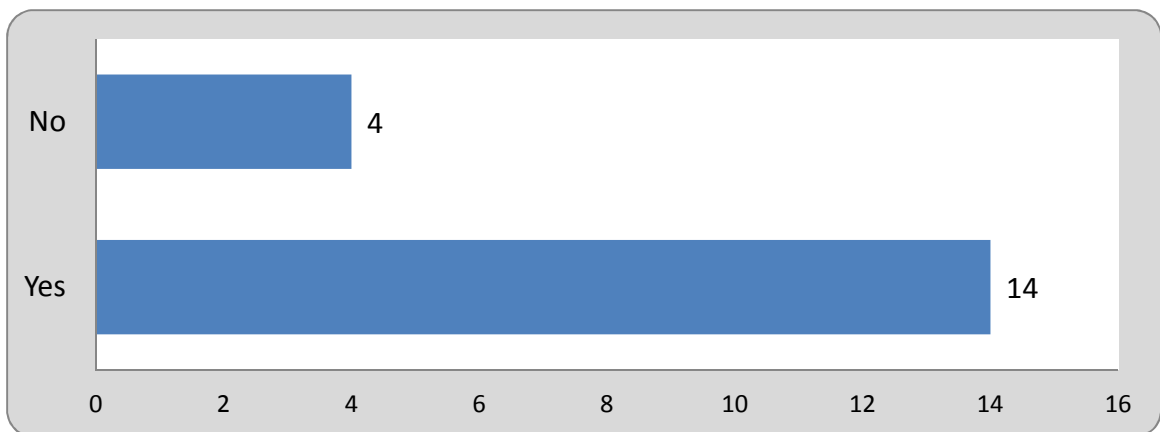
These are considered informal procurements and follow our requirement for purchases less than \$25,000.

Through our procurement group, the use of informal solicitations is acceptable for purchases less than \$200K.

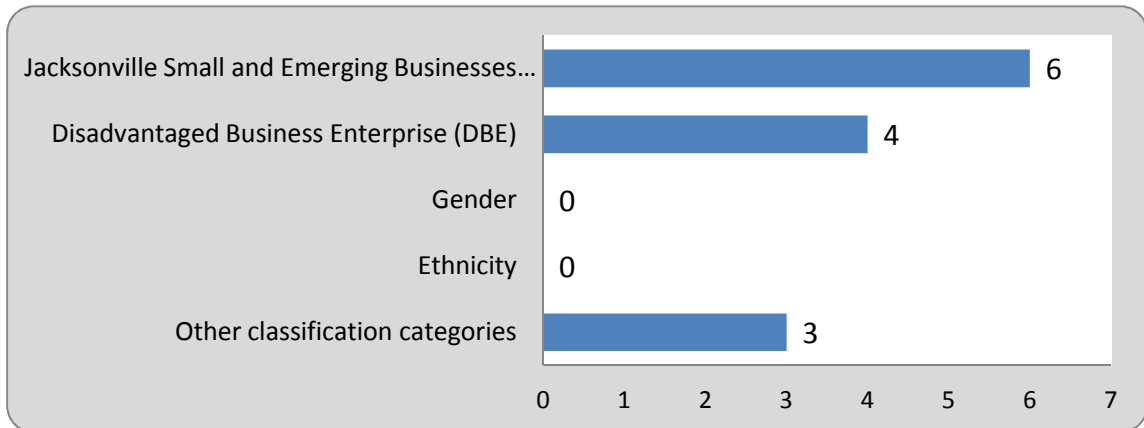
Under Chapter 126 there are provisions for exemptions of solicitations of purchases which include, but are not limited to: artistic services, medical services, mental and physical disabilities by not-for profit organizations which have obtained exemption under the provision of 50a(c)(3), contracts competitively procured through other governmental agencies, supplies or services under authorization of legislation and GSA, or State Contracts.

We request names of prospective providers from our Purchasing Dept. and add to names of providers who have performed similar work for us in the past.

Q27. “Are there centralized lists or databases that your department can access when seeking businesses for a solicitation?”



Q28. “Is the list maintained by the following demographic categories? (Select all that apply)”



Other classification categories given:

See Procurement Dept.

RBL - Responsible Bidders List.

Q29. “Please describe, and state for how long the list has been maintained.”

Ten plus years.

Approximately, 2006 to present.

For over 15 years.

I don't know.

Our Department utilizes the web-based bid notification and distribution services of Onvia by DemandStar.

Since 2005.

The current list under the JaxPro system has been in place since 2006.



The DBE Database is maintained by FDOT, and contains and up-to-date listing of those DBE certified firms that have received DBE certification in the State of Florida.

*The District has been using SAP for over ten years.
The list is the FDOT listing of prequalified contractors and certified DBEs. On occasion (very small projects), were referred to the City of Jacksonville's contractor listing.*

The RBL and JSEB have been in existence for at long time– maybe over 20 years.

This is handled by our procurement department.

We utilize demandstar.com.

Q30. “What departments use the list? (Please record all of which you are aware)”

All departments (4x).

All areas of JEA have access to and can use the RBL or JSEB.

All Departments have access, but most contact the Contract Compliance Office for a listing.

Engineering use them for sure, not sure about other departments.

Our entire Organization.

Procurement (2x).

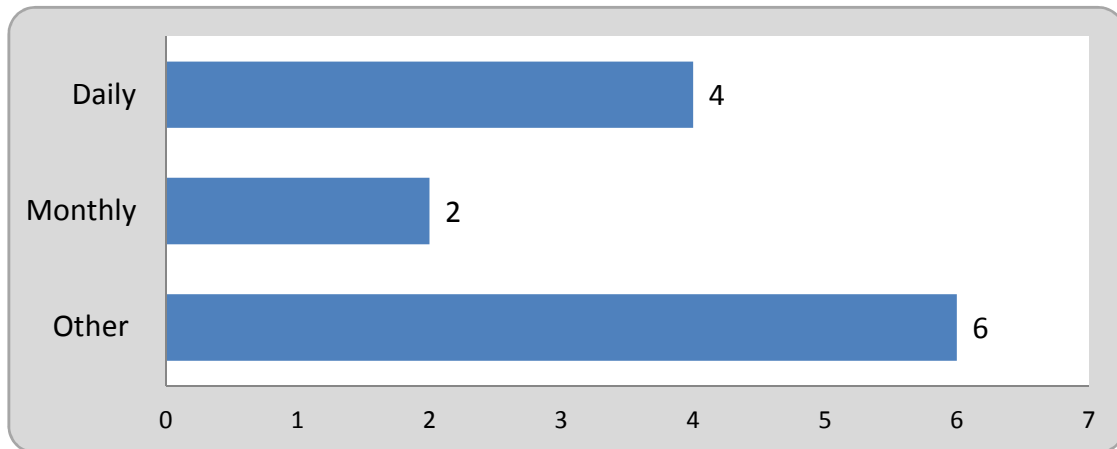
Procurement, Engineering & Construction.

Purchasing; Facilities.

This list is available to all City agencies.



Q31. “How often is the list updated?”



Other responses given:

As records change.

As required.

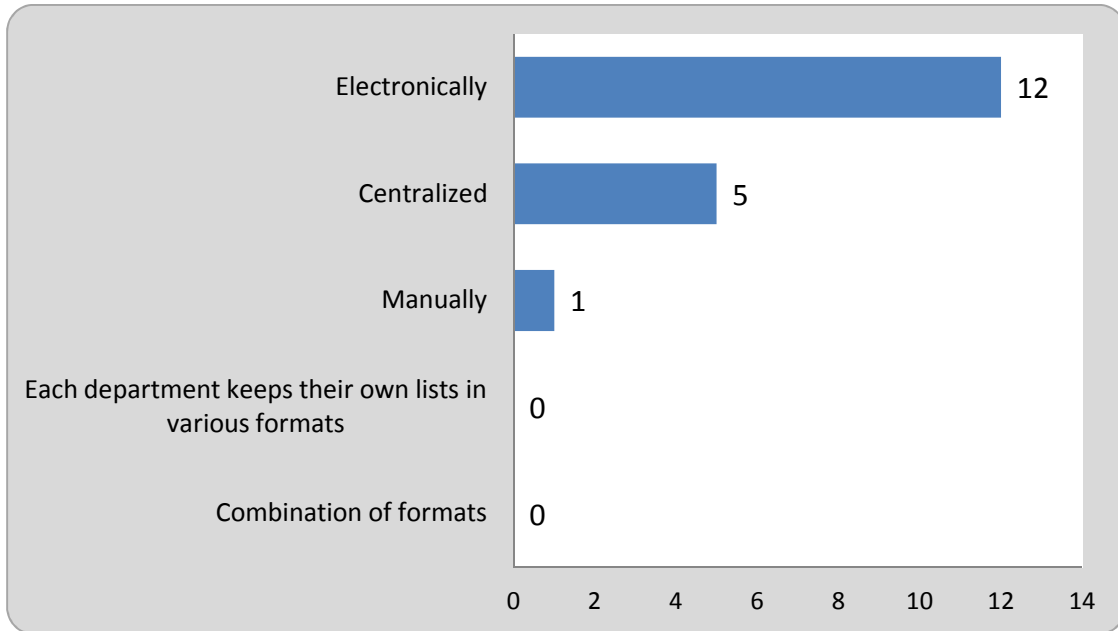
Don't know (2x).

This is handled by our procurement department.

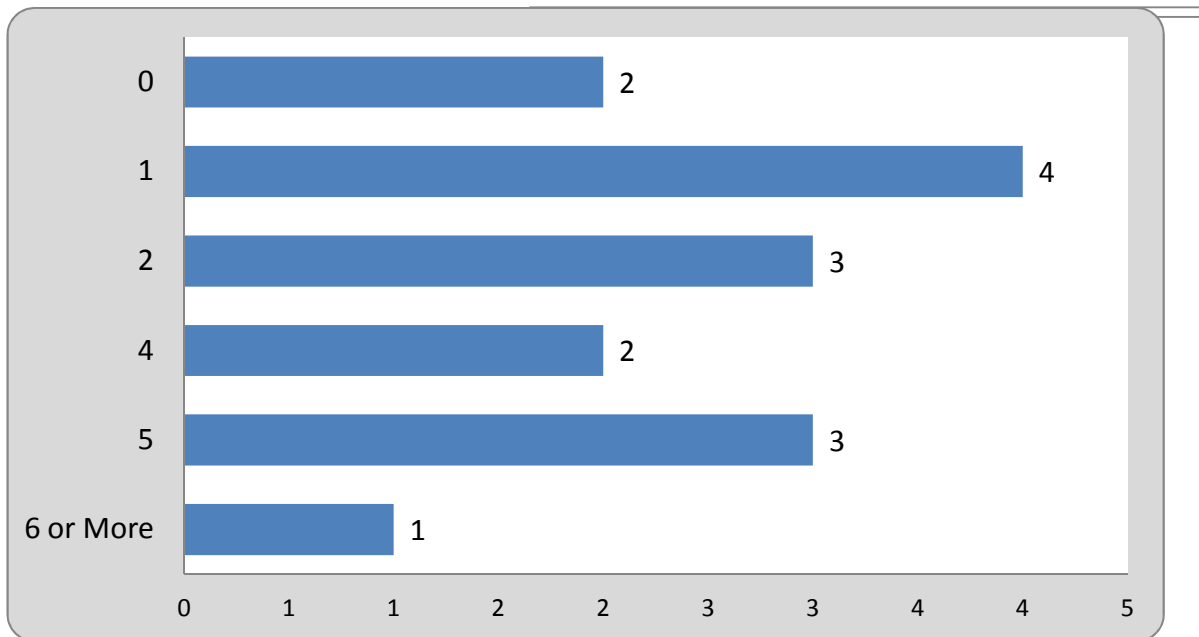
When new bidders request to be added.



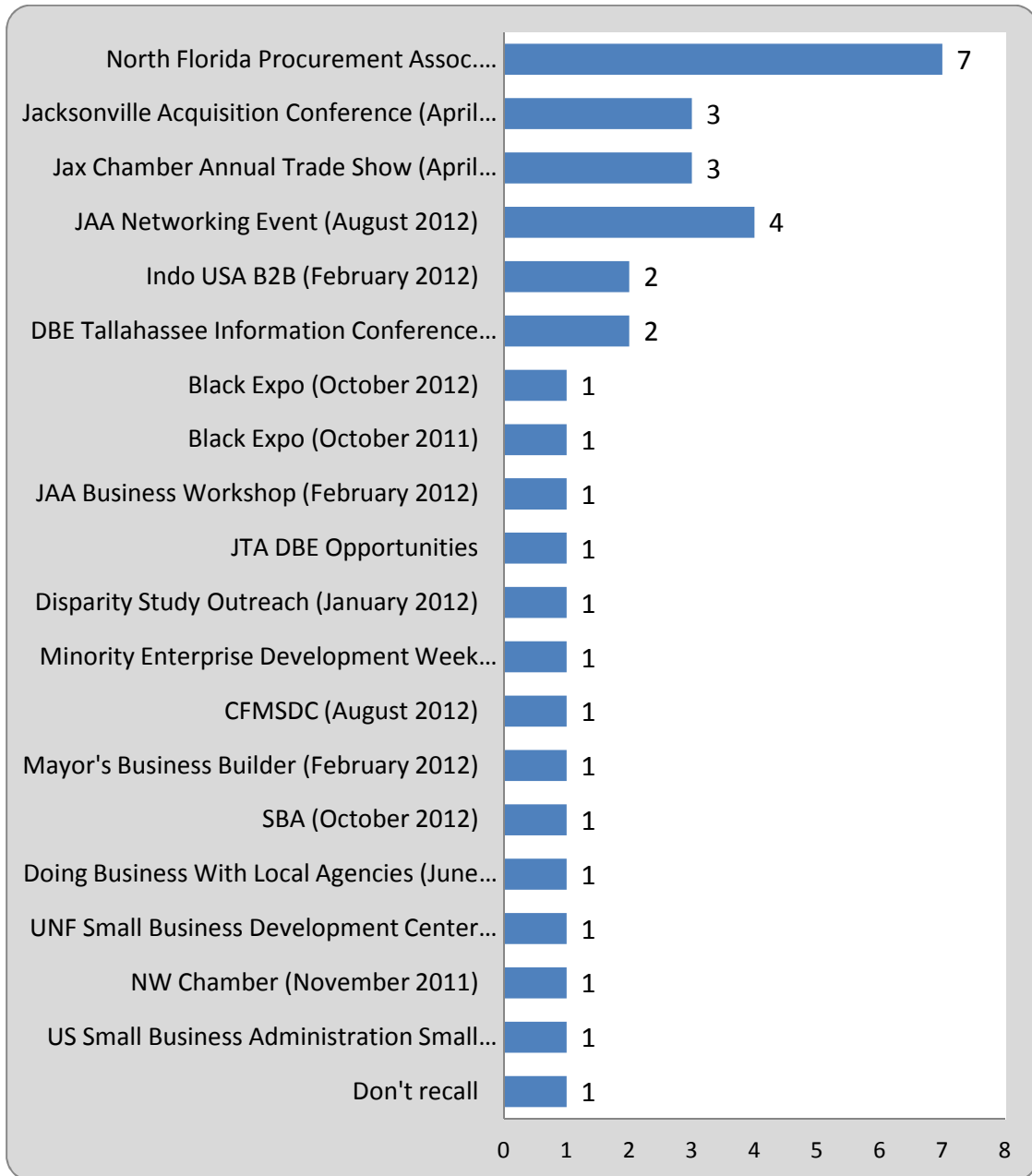
Q32. “How is this list maintained? (Please select all that apply)”



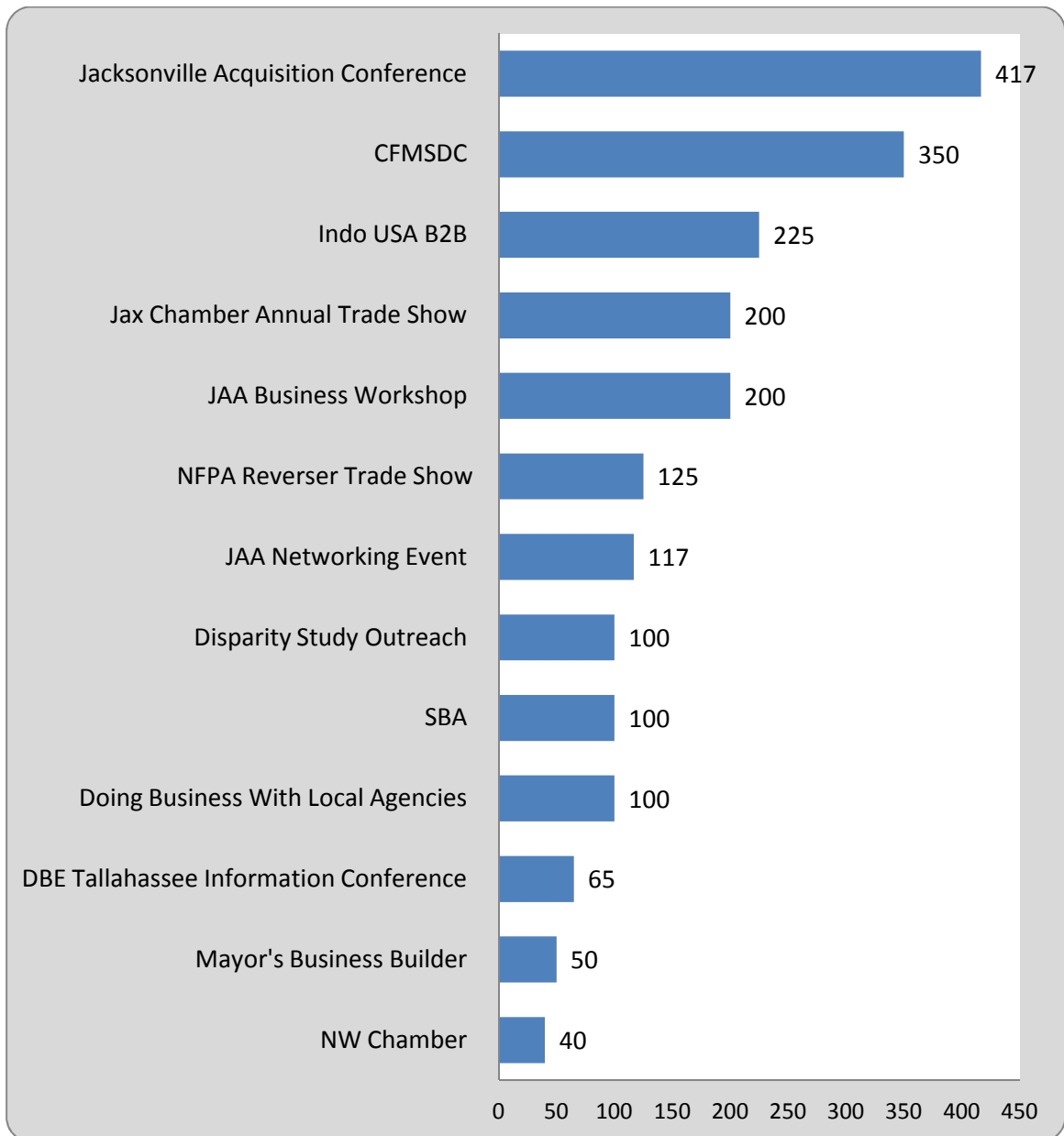
Q37. “Does your department participate in trade fairs? If yes, how many trade fairs have you attended in the last 12 months?”



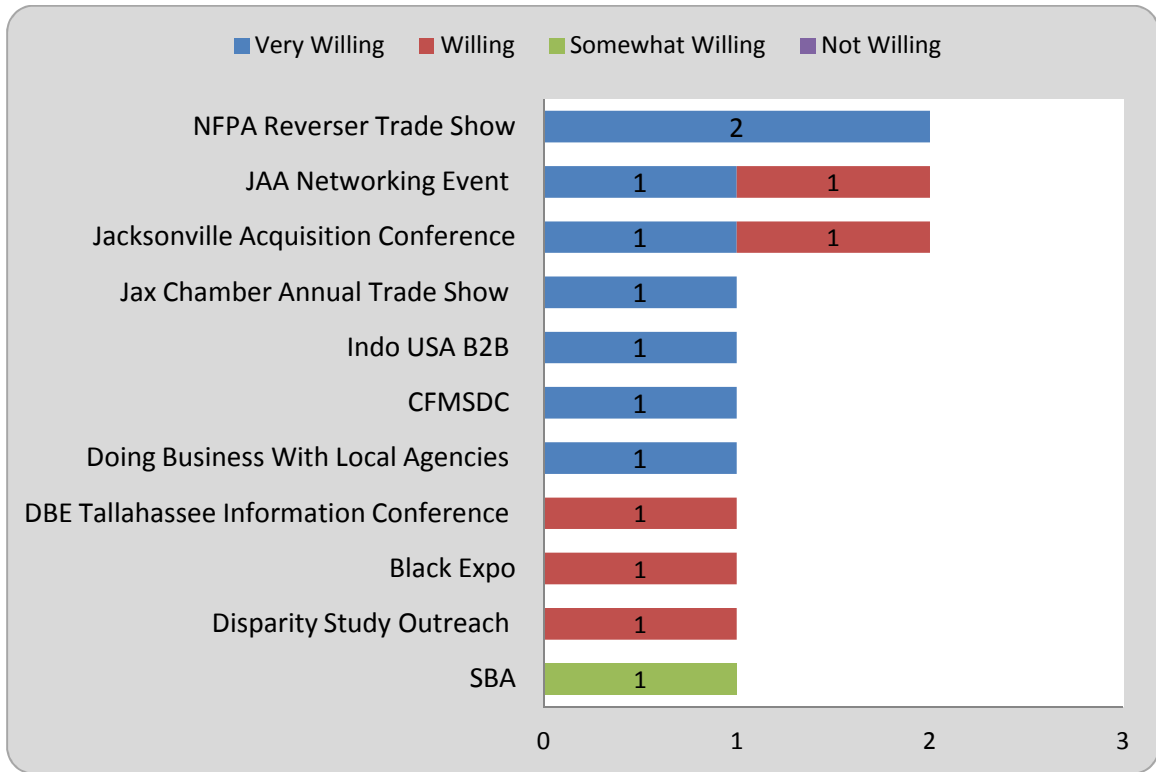
Q39. “Please provide the information below about the trade fairs you attended: Name of Trade Fair and Dates Fair was held.”



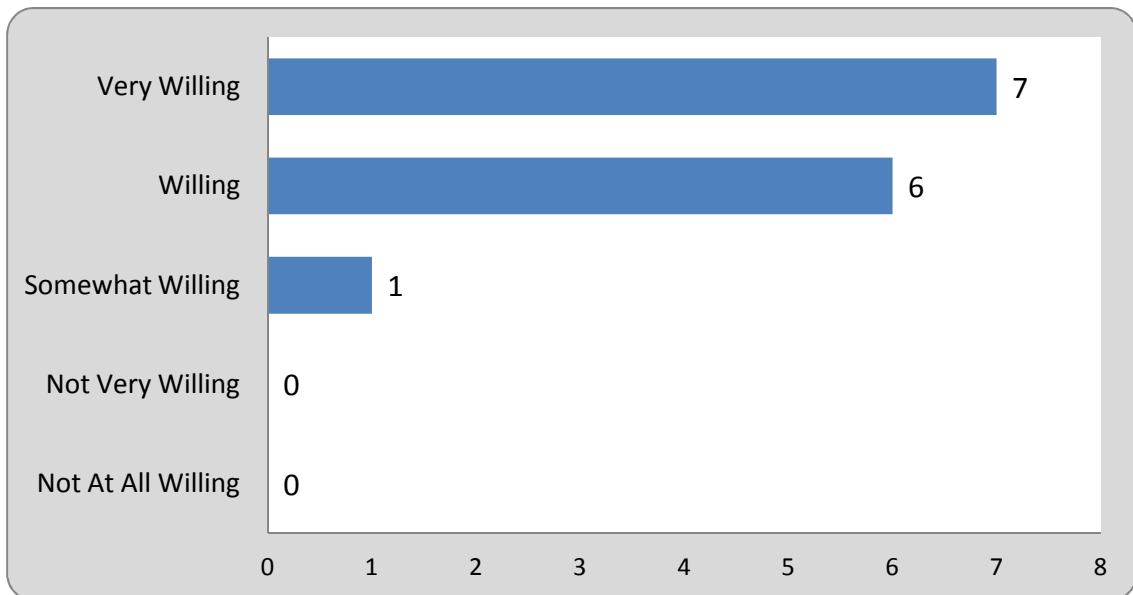
Q39b. “Please provide the information below about the trade fairs you attended: Estimated number of attendees”–For trade shows with more than one estimate given the average estimate is shown.



Q39c. “Please provide the information below about the trade fairs you attended: How willing would you be to attend again?”



Q40. “How willing would you be to attend trade fairs in the future?”

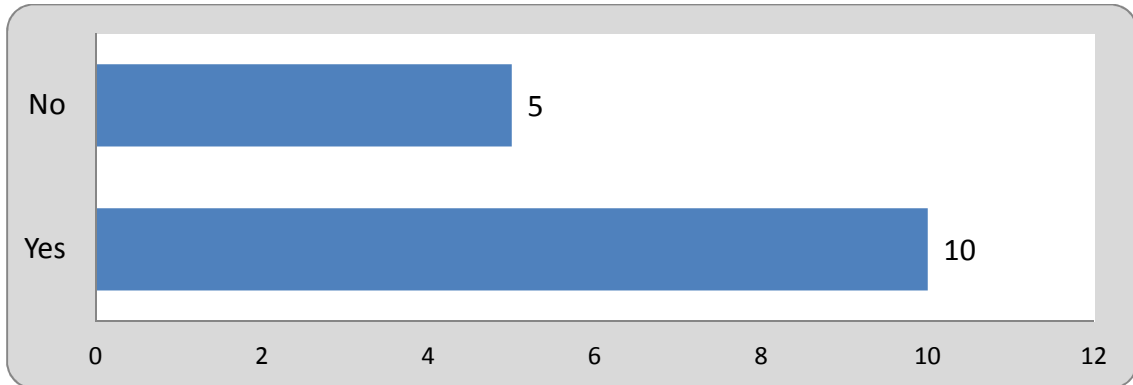


Q41. “Any further comments about the trade fairs you attended:”

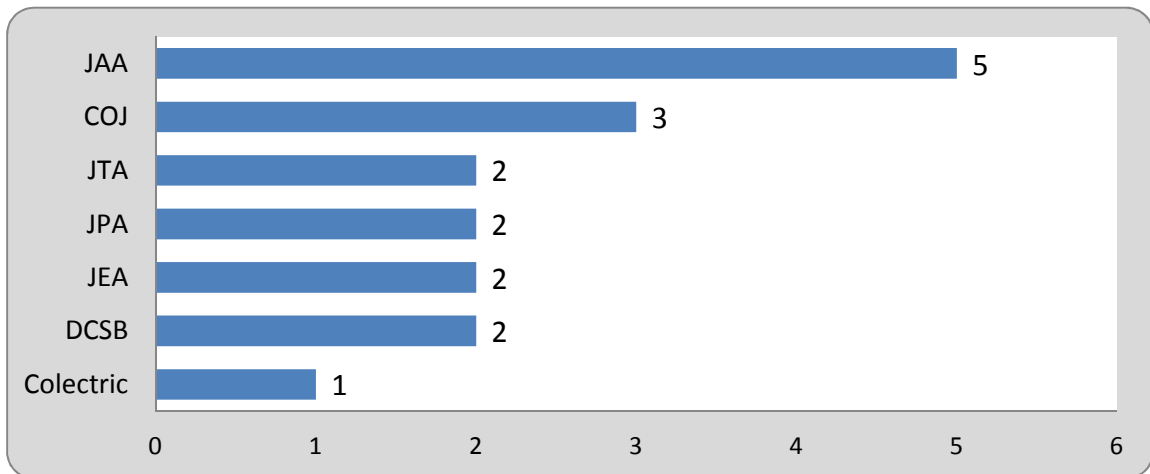
Seem to be well attended by DBE firms.

They have been very beneficial in attracting prospective DBE firms and educating the general public in the merits of the DBE program.

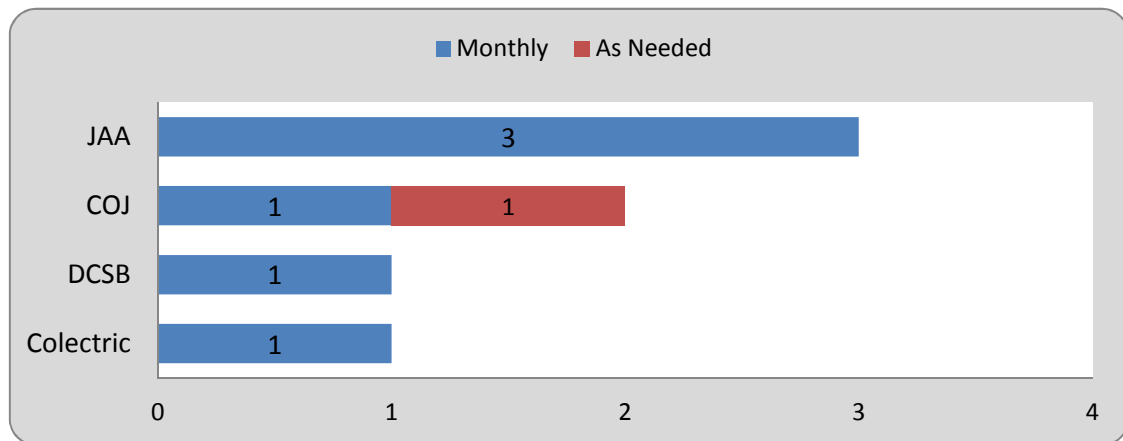
Q42. “Does your department disseminate information about its contracting opportunities through partnerships with other agencies and organizations?”



Q43. Part 1. “If yes, please provide the following information for any agencies or organizations that receive information from you: Name of Organization.”



Q43. Part 2. “If yes, please provide the following information for any agencies or organizations that receive information from you: Frequency of Meetings.”



Q44. “Further comments on the above agencies and organizations:”

Each one of the agency’s participating in the disparity study shares information with each other on various contracting opportunities. Normally, this is done via e-mail, mail, websites, etc.

On individual request from agencies we provide them any information they need.

Our bidding opportunities link is on the following agencies websites: COJ, JEA, JTA, JAA and Duval County School Board. The monthly meetings are with the Jacksonville Chamber of Commerce and include the above named agencies.

The City of Jacksonville posts the listing of all bidding opportunities for each of the above referenced agencies on the COJ/Procurement website.

We also provide copies of our major project bid notices to the FTBA, who emails them out to all of their members in Florida.

We have web links to other agencies– City of Jax.

We Work with several sister agencies, as well as those who offer technical assistance to contractors/subs. There are not regularly scheduled meetings set up, except for meetings held with sister agency procurement heads. Those are held on a quarterly basis.



Q45. “How does your department identify vendors for contracts that do not require advertising. For construction, how and from where are contractors identified?”

Buyers use recommendations from requesting departments. JSEB departments also provide listings to buyers.

DCPS Prequalified contractors list maintained by the School District.

From the Engineering and Construction Department and/or Requesting Department Staff and from the Database using CSI Code.

Informal solicitations on as needed based on history and we try and get a list one DBE vendor if there is one for pricing less than \$25,000.

Responsible Bidders List (RBL)

Sole Source and Proprietary awards are posted on the COJ/Procurement Website.

Use the bidders list. We try to include a minimum of one DBE in the solicitation process if more than one is required.

Varies—but most large contracts projects are required to be certified with FDOT.

Q46. “How does your department identify vendors for contracts that do not require advertising. For architecture and engineering services, how and from where are consultants identified?”

Buyers use recommendations from requesting departments. JSEB departments also provide listings to buyers.

From the Engineering and Construction Department and/or Requesting Department Staff and from the Database using CSI Code.

Informal solicitations on as needed based on history and we try and get a list one DBE vendor if there is one for pricing less than \$25,000.

JTA's General Engineering Consulting contracts for small projects and by release of Requests for Proposals (RFPs) for larger projects.



Past experience, recommendations, or local vendors.

Personal knowledge of current A/E in the area

Qualified Proposers List (QPL).

Sole Source and Proprietary awards are posted on the COJ/Procurement Website.

Use the bidders list. We try to include a minimum of one DBE in the solicitation process if more than one is required.

Varies—but most large contracts projects are required to be certified with FDOT.

Q47. *“How does your department identify vendors for contracts that do not require advertising. For professional services, how and from where are consultants identified?”*

Buyers use recommendations from requesting departments. JSEB departments also provide listings to buyers.

From the Engineering and Construction Department and/or Requesting Department Staff and from the Database using CSI Code and/or COJ Commodity Code.

Informal solicitations on as needed based on history, and we try and get a list one DBE vendor if there is one for pricing less than \$25,000.

JTA's General Engineering Consulting contracts for small projects and by release of requests for Proposals (RFPs) for larger projects.

Past experience, recommendations, or local vendors.

Past experience; the requirement generators.

Personal knowledge of current A/E in the area.

Sole Source and Proprietary awards are posted on the COJ/Procurement Website.

Use the bidders list. We try to include a minimum of one DBE in the solicitation process if more than one is required.



Varies due to scope

Q48. *“How does your department identify vendors for contracts that do not require advertising. For goods and other services, how and from where are vendors identified?”*

Buyers use recommendations from requesting departments. JSEB departments also provide listings to buyers.

From the Requesting Department Staff and from the Database using COJ Commodity Code.

Informal solicitations on as needed based on history and we try and get a list one DBE vendor if there is one for pricing less than \$25,000.

Onvia by DemandStar.

Past experience, recommendations, or local vendors.

Past experience; the requirement generators.

Purchasing Dept.

Purchasing notifies these vendors.

Request for Quotes

Schools and department look for vendors in our SAP system.

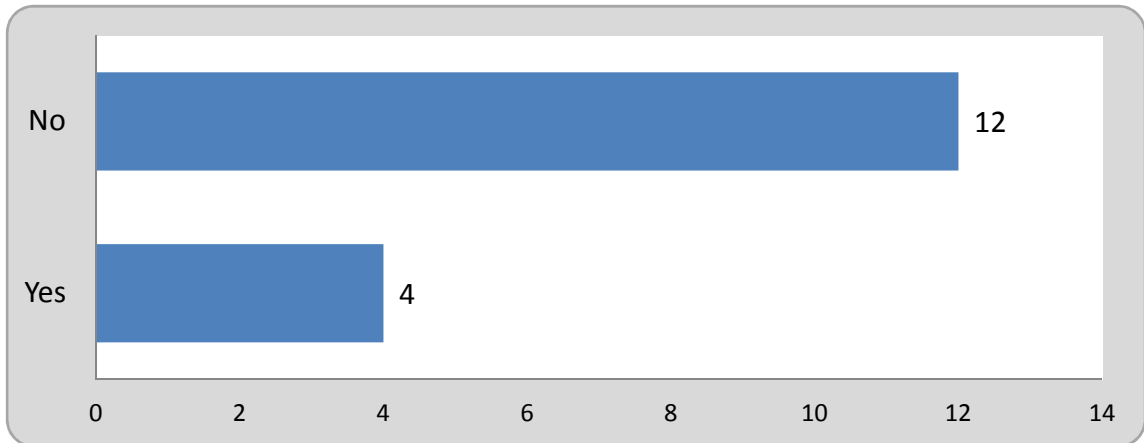
Sole Source and Proprietary awards are posted on the COJ/Procurement Website.

Use the bidders list. We try to include a minimum of one DBE in the solicitation process if more than one is required. The DBE office is constantly trying to certify vendors in areas of need.

Utilizing information sent to us by vendors, previous knowledge of vendors, internet search.



Q49. *“Does your department prepare forecasts for upcoming contracting opportunities?”*



Q50. *“If yes, describe to whom and how the forecasts are disseminated.”*

Annual School District Five-Year Work Plan published on DCPS Website. Individual project listings are maintained by the Facilities Department.

Each Division within the Department forecasts potential contracting opportunities contingent on available funding.

Internal Staff and attendees at trade shows.

Promulgated at Quarterly Engineering Meetings.

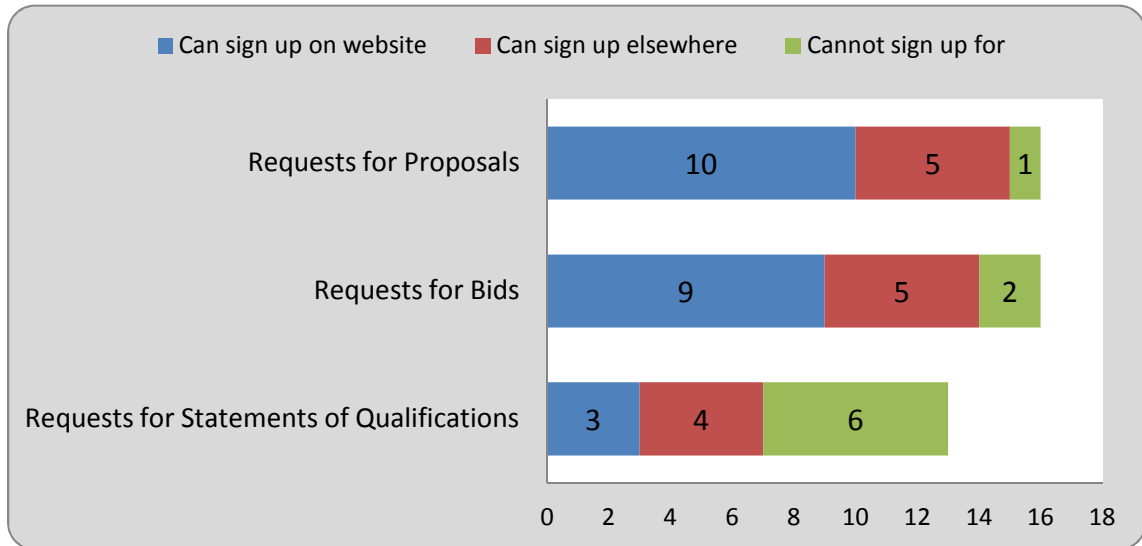
Additional comments from those who said ‘no’ to Q49:

N/A - purchasing does not do forecasting.

Ours are not routine



Q51. “Which of the following can businesses register to receive on your department’s website? (Select all that apply)” And, Q53. “Is there another registration process to receive these items? Please forward any pertinent information.”



Q52. “What is the registration process for these items? Please forward any pertinent information.” –Asked of those that reported ‘yes’ to Q51

1. Requests for Bids

Complete a Responsible Bidders Application.

Contact Purchasing to get on the bidder list.

Enter request on COJ website.

Go to the website and register request and submit to purchasing.

JAXPORT’s Bidders List and JAXPORT’s bidding opportunity website.

Jea.com website.

Procurement office.

This is handled by our procurement department.



2. Requests for Proposals

Complete a Qualified Proposer Application.

Contact Purchasing to get on the bidder list.

Enter request and download.

Go to the website and register request and submit to purchasing.

JAXPORT's Bidders List and JAXPORT's bidding opportunity website.

Jea.com website.

Procurement office.

This is handled by our procurement department.

3. Requests for Statements of Qualifications

Enter request on COJ website.

JAXPORT's Bidders List and JAXPORT's bidding opportunity website.

Jea.com website.

Q53b. "If yes, what is the process?"-Asked of those that reported 'yes' to Q53 part 1

4. Requests for Bids

Currently manual process; vendors will call for bid or proposal request.

Demand Star.

Onvia by DemandStar.

Our bids are posted to demandstar.com.

Register with JTA Purchasing.



5. Requests for Proposals

Currently manual process; vendors will call for bid or proposal request.

Demand Star.

Onvia by DemandStar.

Our RFP are posed to demandstar.com.

Register with JTA Purchasing.

6. Requests for Statements of Qualifications

Currently manual process; vendors will call for bid or proposal request.

Obtain information from the Facilities and Design Department's website.

On-line website posts RFQs.

Onvia by DemandStar.

Q54. “Please describe the outreach effort for these items:”

1. Requests for Bids

JAXPORT’s Bidders List and JAXPORT’s bidding opportunity website

Jea.com website or email to RBL vendors.

On website and depending on project journal ads and state notices.

Posting on website, Unsolicited Vendor Contact process includes making inquirers aware of this process.

Procurement participates in the JSEB vendor orientation to inform vendors where to go to look for bidding opportunities and how to request of download bid documents, if applicable.

This is handled by our procurement department.



We advertise on our website and in the Financial Daily Record and sometimes with Passenger Transport.

2. Requests for Proposals

JAXPORT's Bidders List and JAXPORT's bidding opportunity website.

Jea.com website or email to RBL vendors.

On web site and depending on project journal ads and state notices Posting on web-site, Unsolicited Vendor Contact process includes making inquirers aware of this process.

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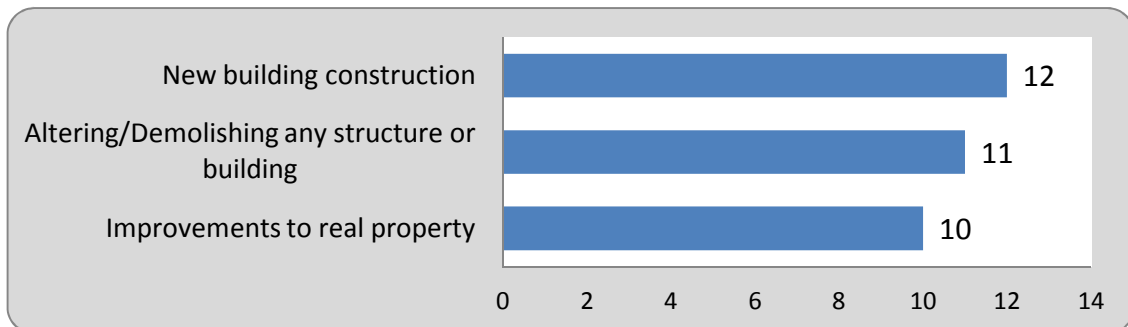
3. Requests for Statements of Qualifications

JAXPORT's Bidders List and JAXPORT's bidding opportunity website.

Jea.com website or email to known vendors.

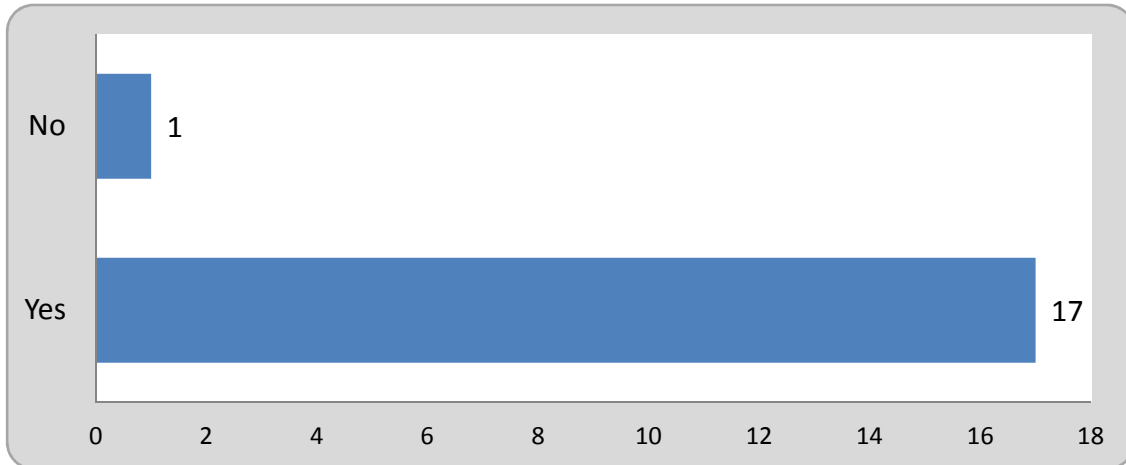
Vendor orientation to inform vendors where to go to look for bidding opportunities and how to request of download bid documents, if applicable.

Q60. “Which of the following construction categories does your department prepare solicitations and/or make recommendations for award of contracts? (Select all that apply)”



C. Requirements for How Prime Contractors Deal with Subcontractors

Q7. “Are primes required to list their subconsultant/subcontractors on their bids or proposals?”



Q8. “If yes, please describe the standard format or forms.”

A standard bid form, entitled “List of Subcontractors and Shop Fabricators,” is used.

All contractors are required to submit a listing of their proposed subcontractors with this bid packages on a specified bid form. In addition, they are required to submit a listing of their subcontractors a second time prior to the project kick-off meeting.

Bidders’ are required to submit a form listing JSEB Firms to be used and/or a form for subcontractors/shop fabricators.

Bidders list consist of everyone that is contacted about the bid by the prime contractor. Intent to perform list is filled and signed by only DBE subs scheduled to work on the bid. List of Subconsultants/Subcontractors is filled out and turned in with the bid.

Contractors are required to list subcontractors along with the work they will be performing and the price they will be paid for such work. On a proposal, the subconsultant and work category must be listed. In some cases the dollars may not be listed due to the fact that some RFP’s must be negotiated. However, if dollars are not listed, the consultant must make a statement that he/she will meet the DBE goal.



Forms are provided in the solicitation for the primes to use in their submittal or proposal if applicable under the solicitation documents there are standard forms included in the bid documents for the listing of licensed and non-licensed subconsultants/subcontractors.

MBE Form 1 is submitted with the bid. It states the name of the MBE, the scope of service and the amount the MBE will be paid.

Standard form requires them to list their proposed subcontractors, proposed work, proposed price and indicate if the subcontractor is a certified DBE or not.

Subs must be approved by DCPS.

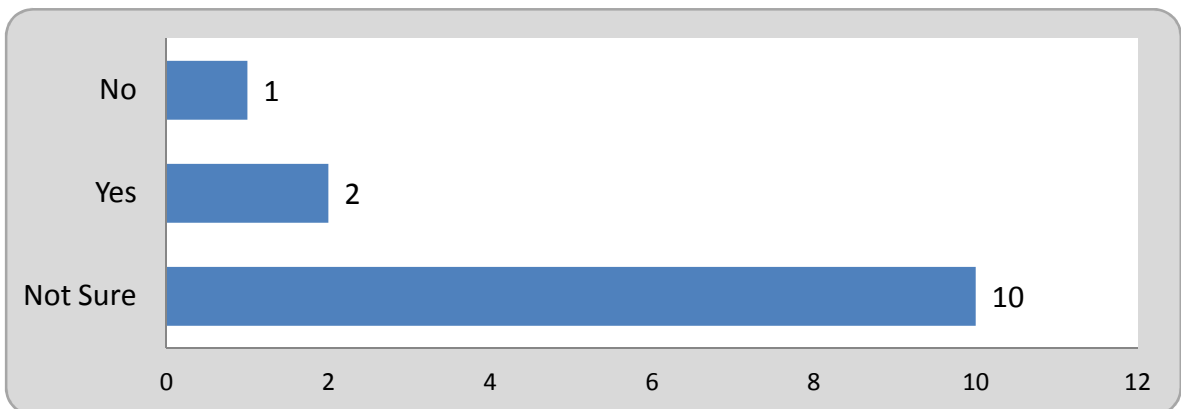
The forms are a part of the solicitation documents of each project. Licensed subs are required to be submitted at time responses are due. Information required to be listed on form includes: Scope of work, name of subcontractor, license number and phone number.

This is part of the purchasing requirement and the DBE requirement and is part of the solicitation package.

We provide a form for listing subs including DBE status.

Yes, only if there has been a mandatory Small Business participation goal established.

Q21. “Does the prime withhold the same percentage from the subcontractor's payment?”

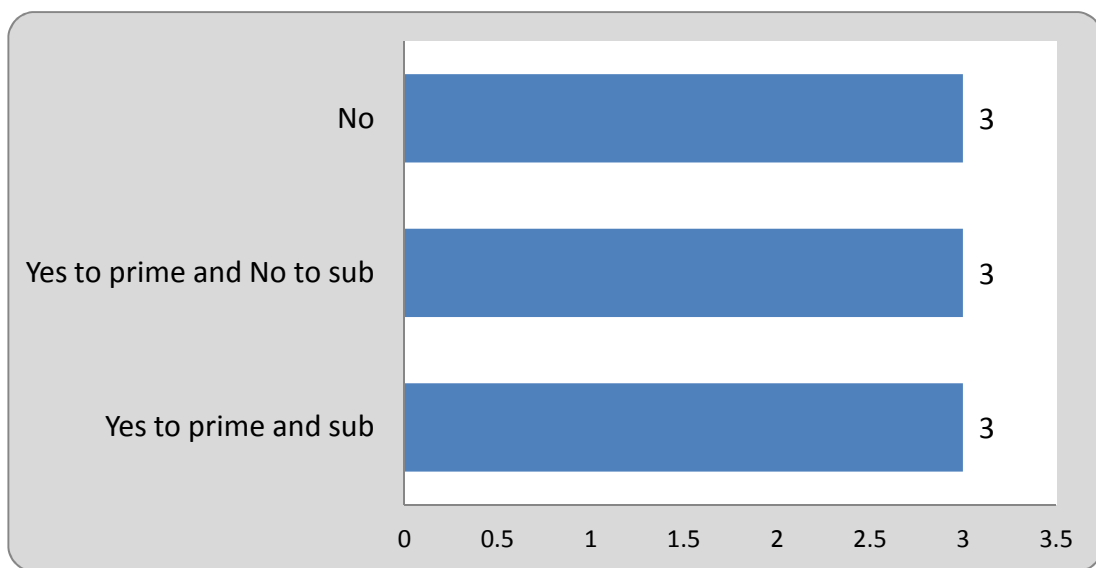


Q22. “If yes, when is the subcontractor's retainage released?”

When all Punch list items have been completed, Release of Liens, warranties, manuals and closeout documents have been received.

Thirty days after satisfactory completion of the subcontractors work, as stipulated in the DBE regulations.

Q71. “Does the department release payment for mobilization cost?” And, Q72. “If a mobilization payment is made, is the prime required to pay mobilization to its sub-consultant/subcontractor when they initiate their work on the project?”



Q73. “If yes, please describe the standard(s).”

Contract.

Contractor must pay subcontractor within 10 days of receipt of DCPS payment.

Mobilization costs are only released after mobilization.

Comments from those who reported ‘yes’ to Q71 and ‘no’ to Q72:

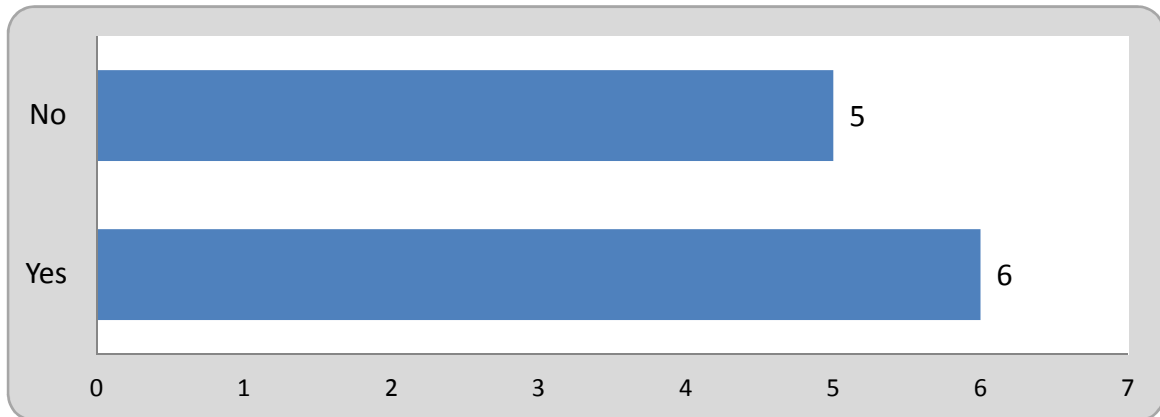
There are payments made to primes for mobilization costs. But I am not aware of any standards.



Comments from those who did not answer Q71 or Q72:

Payments are monitored through Procurement. This question falls within the Public Works department.

Q74. “Does the department have subcontractor substitution standards?”



Q75. “If yes, please describe the standards and forward a copy of standards.”

All DBE substitutes must be approved by the DBE Manager.

Approval of substitutions is outlined in the contract documents.

By contract, substitution of JSEB vendors must be approved in writing by the JSEB office and City Ombudsman.

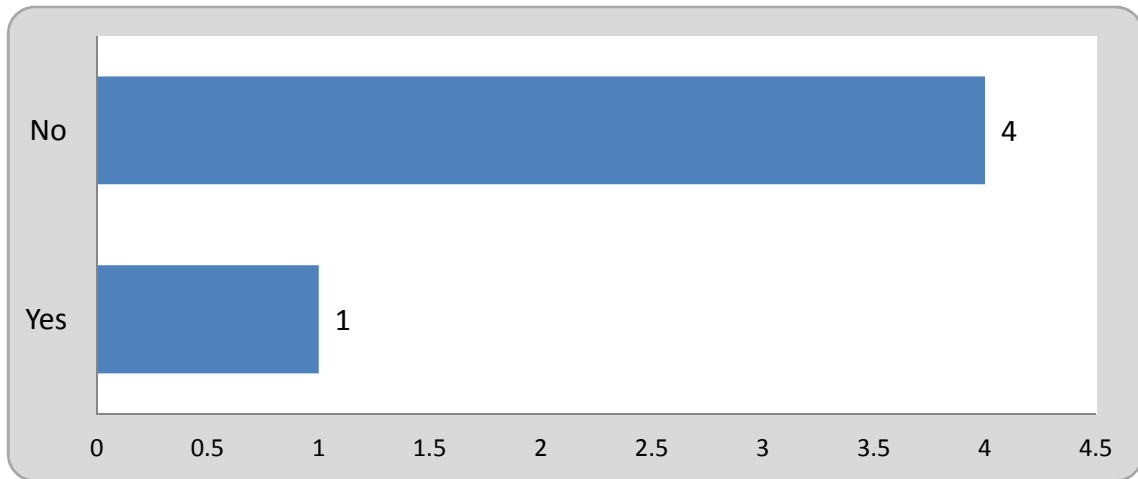
Only as it applies to DBE subcontractors. No DBE sub is replaced without approval from the Contract Compliance Office.

Substituted subcontractor must be prequalified in the work to be assigned. DBE Contract Compliance Officer must approve any DBE substitution.

Tech requirements would remain the same– see contracts.



Q99. “Are vendors required to list in their bid the vendors used to provide products?”



Q100. “If yes, please describe the standard for each goods and other services.”

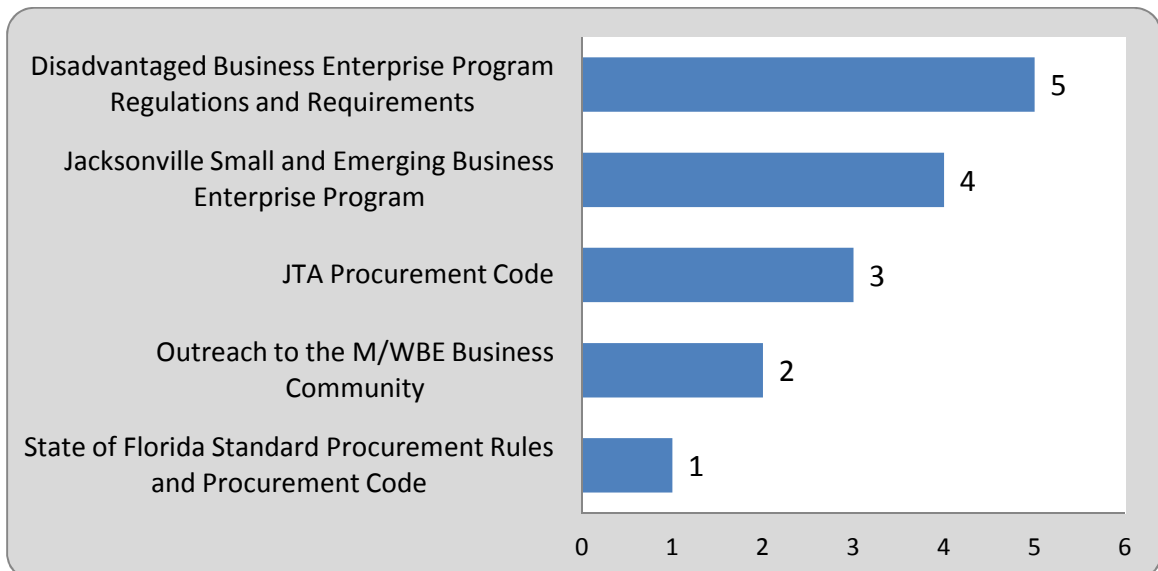
If required in the bid documents.

Additional comments from those who reported ‘no’ to Q99:

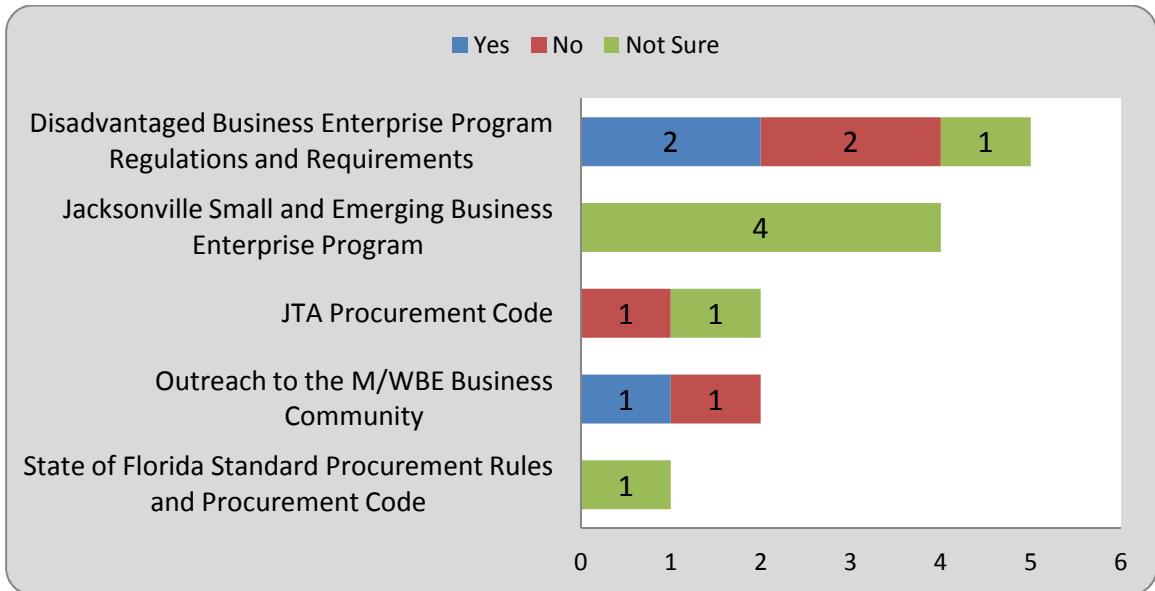
Not always.

D. Training Efforts for Dealing with Small Business Certifications

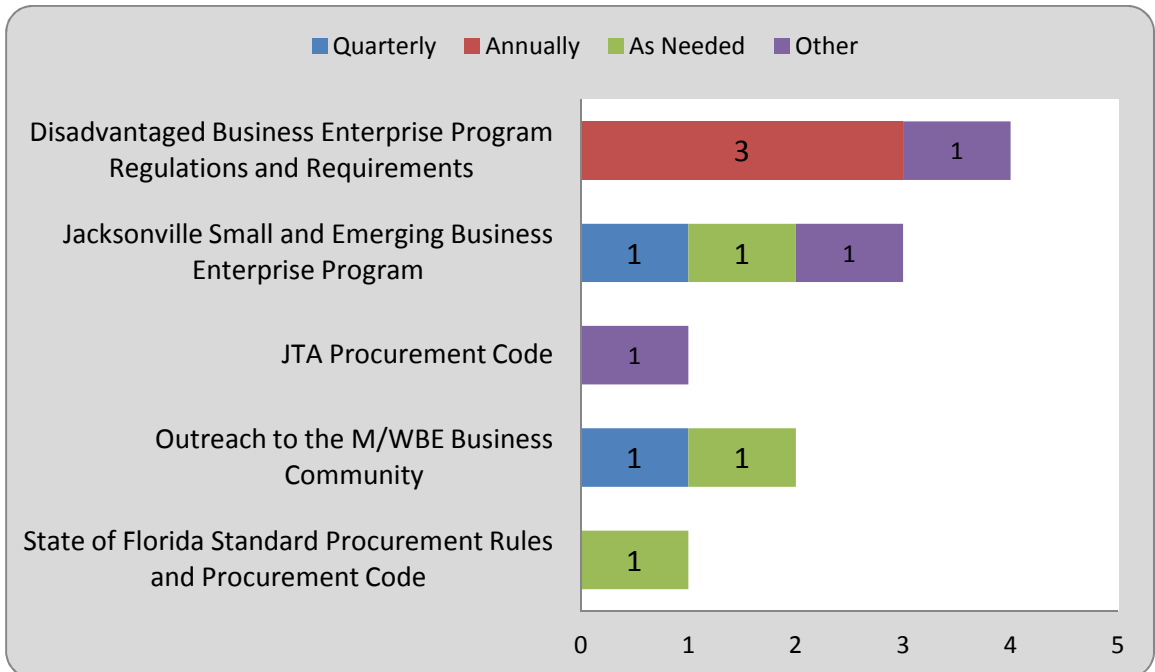
Q55. “Which of the internal staff training sessions does your department provide? (Select all that apply)”



Q56a. “Please answer the following questions regarding the internal staff training: Is there a budget allocated for this training?”



Q56b. “Please answer the following questions regarding the internal staff training: How often are training sessions held?”



Q56c. “Please answer the following questions regarding the internal staff training: When was the last training session held?”

1. Disadvantaged Business Enterprise Program Regulations and Requirements

2010.

March, 2012.

2. Jacksonville Small and Emerging Business Enterprise Program

New Employee September, 2012.

3. JTA Procurement Code

Couple of years ago but we have all this information on our internal SharePoint site that internal customers can access at anytime.

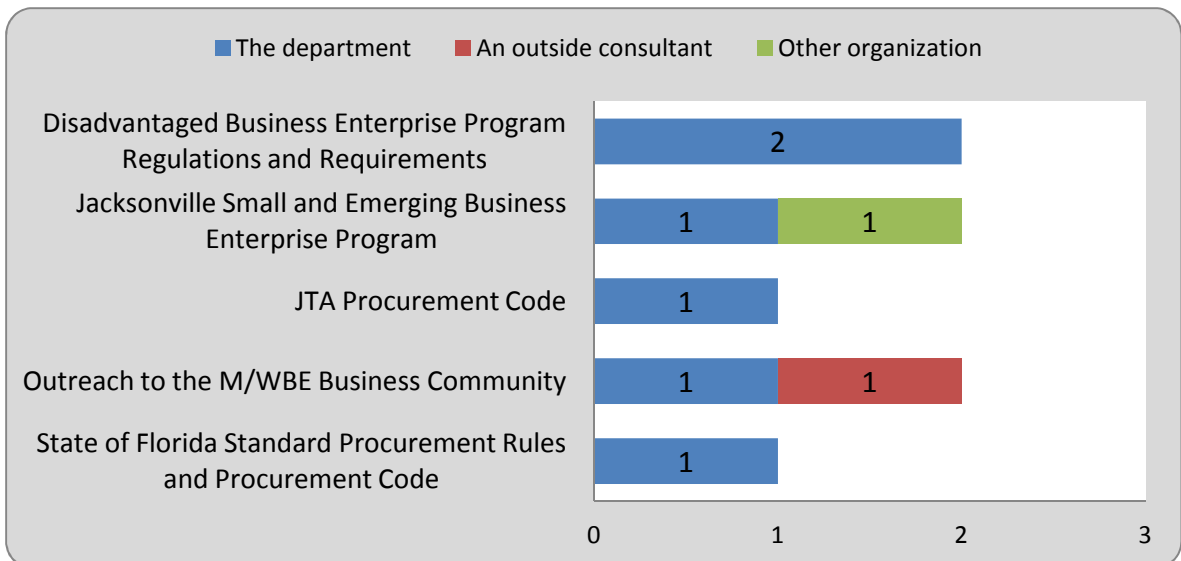
4. Outreach to the M/WBE Business Community

October, 2012 (2x).

5. State of Florida Standard Procurement Rules and Procurement Code

New Employee September, 2012

Q56. “Please answer the following questions regarding the internal staff training: Who conducted it?”



Q56. *“Please answer the following questions regarding the internal staff training: Please describe the qualifications of the presenter.”*

1. Disadvantaged Business Enterprise Program Regulations and Requirements

JTA's Contract Compliance Officer.

Manager of the department.

Oversees the DBE Program.

2. Jacksonville Small and Emerging Business Enterprise Program

Subject matter experts in various areas of the training sessions.

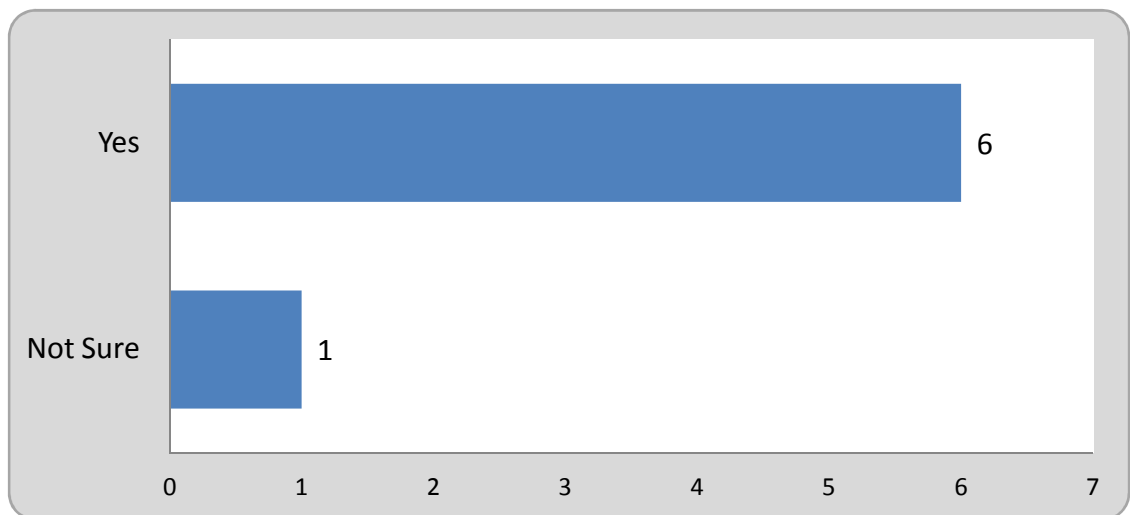
3. JTA Procurement Code

Purchasing Manager and Purchasing Staff.

4. Outreach to the M/WBE Business Community

Manager of the department.

Q57. *“Does your department staff attend external staff training programs related to the four areas described above?”*



Q58. *“If yes, is there a budget allocated for external training?”* And, **Q59.** *“If yes, what external training sessions have staff attended within the last 12 months?”*

One or two.

All JTA staff members are members of the North Florida Procurement Association which offers different procurement training during the last year.

COMTO/Unified Certification Training/ FTA DBE Training.

Florida Association of Minority Business Enterprise Officials.

Specific to project management and skills.

Training related to Florida Unified Certification DBE Program.

Additional comments from those who reported ‘no’ to Q57:

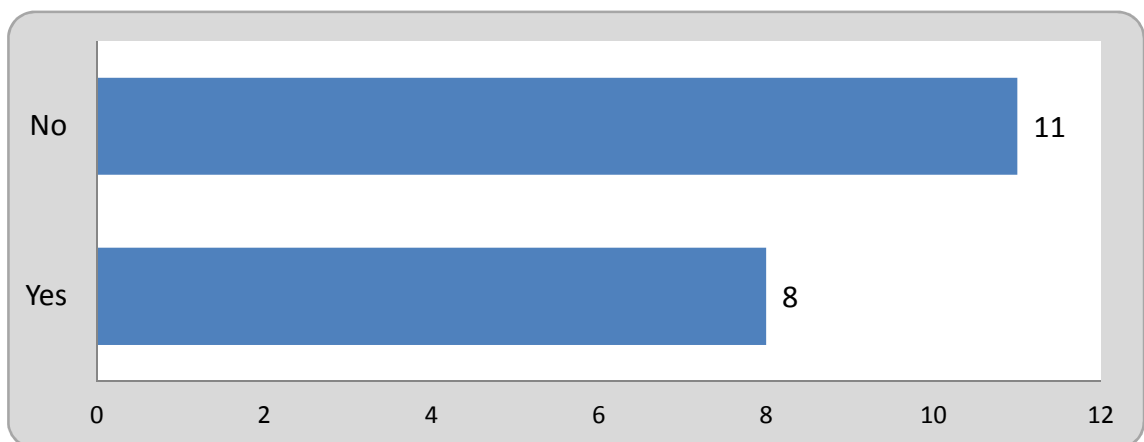
This is handled by our procurement department.

Additional comments from those who did not respond to Q57:

I attend Florida Association of Minority Business Enterprise Officials (FAMBEO) training session.

E. Other Communications with Small Businesses

Q9. *“Does your department have a debriefing process for businesses that submit an unsuccessful bid or proposal?”*



Q10. “If yes, please describe the process and forward any pertinent information.”

The results of all RFP evaluation scorings are reviewed in a public meeting. Evaluators provide feedback on the rationale for their scores. Bidders who are deemed non-responsive are provided written justification for their bids being rejected.

Companies are told to contract the MBAO to discuss ways to improve MBE participation, identify MBEs and identify scopes of services that MBEs can provide.

Handled through Procurement Division.

If an unsuccessful bidder desires to meet to discuss their bid, they are afforded the opportunity to meet with the Project Manager, Purchasing and/or Contract Compliance to discuss the rationale as to why their bid was unsuccessful.

If any such business requests a debriefing, we accommodate them.

If requested, the contractor or consultant may arrange a meeting to discuss bids and/or proposals to discuss strengths and weaknesses. They may also receive information on successful bidder's information.

Reviewed in Procurement Review Committee.

They must schedule a meeting with the Purchasing Manager, and are able to see the bids/proposals submitted, as well as ask any questions they wish.

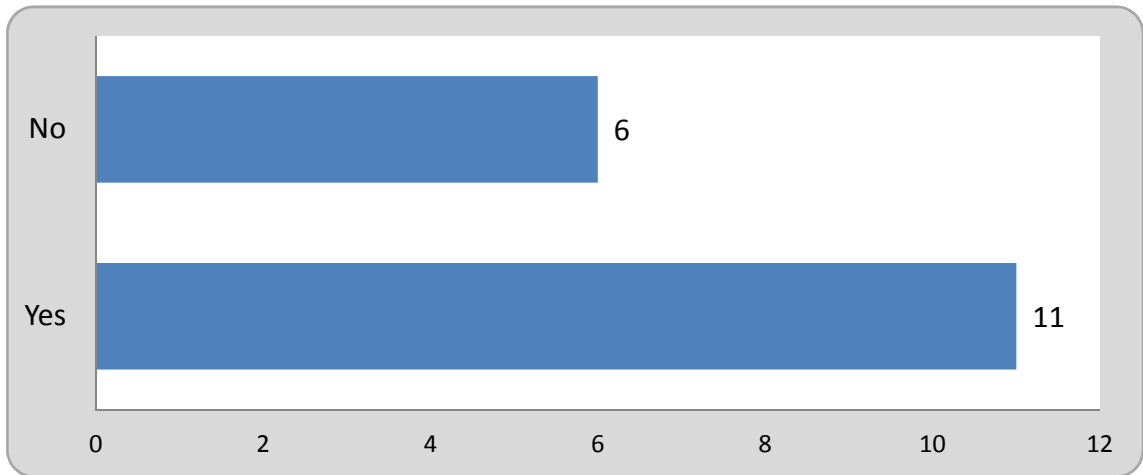
Additional comments from those who reported ‘no’ to Q9:

This would be a purchasing function—not sure if this exists.

We do not have a formal process, but we are glad to conduct debriefs when requested.



Q33. “Does your department have procedures to document and monitor prime contractor awards, payments, and modifications?”



Q34. “If yes, please provide a copy of the standards; include how long the system has been in place.”

Administration Department can provide.

B2GNow Compliance Software, systems been in place for two years.

Changes are maintained in the ORACLE system. ORACLE was installed in the 90's.

Each project is tracked using an excel spreadsheet.

Excel Spreadsheet and Award Submission Files, since 2001.

Oracle purchasing system has been used for the past 12 years or so.

The division maintains payments and other contractor information in individual files.

This is handled by our procurement department.

This is kept in an electronic system called BG2 Now.



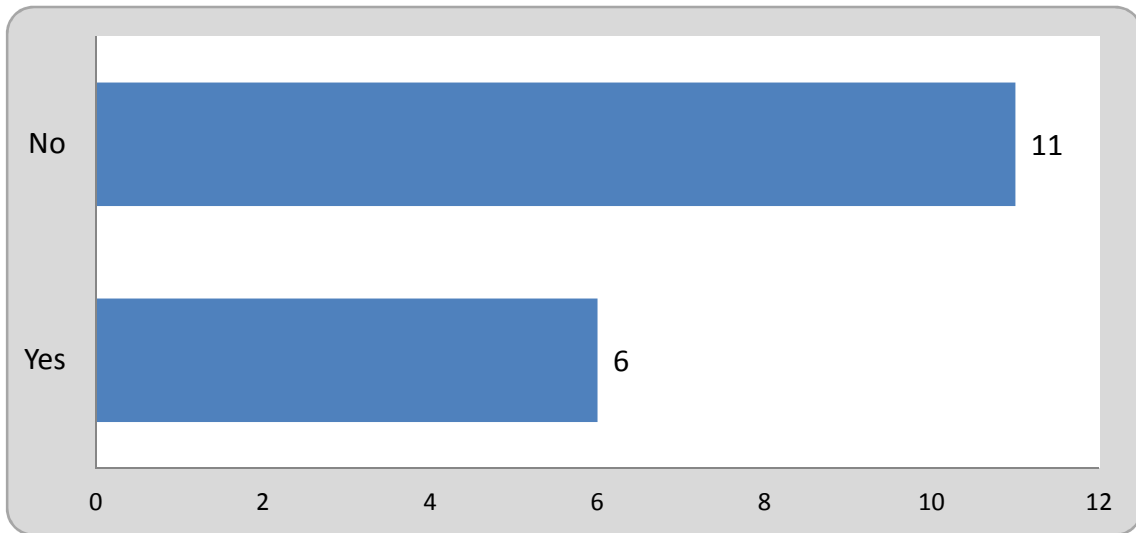
Additional comments from those who reported ‘no’ to Q33:

Awards are processed by purchasing. Payments are through accounting and the DBE division as well as the project manager.

Procurement does not monitor payments against a contract; that is done through the requesting agency.

That information is maintained by JTA’s Finance Dept. in its financial system.

Q35. “Does your department have procedures to document and monitor subcontractor and supplier awards, payments, and modifications?”



Q36. “If yes, please provide a copy of the standards; include how long the system has been in place.”

B2GNow Compliance Software; system’s been in place for 2 years. Only JSEB subcontractor payments are tracked. This is done manually through compiling monthly reports received from prime contractors and accessing the ORACLE databases.

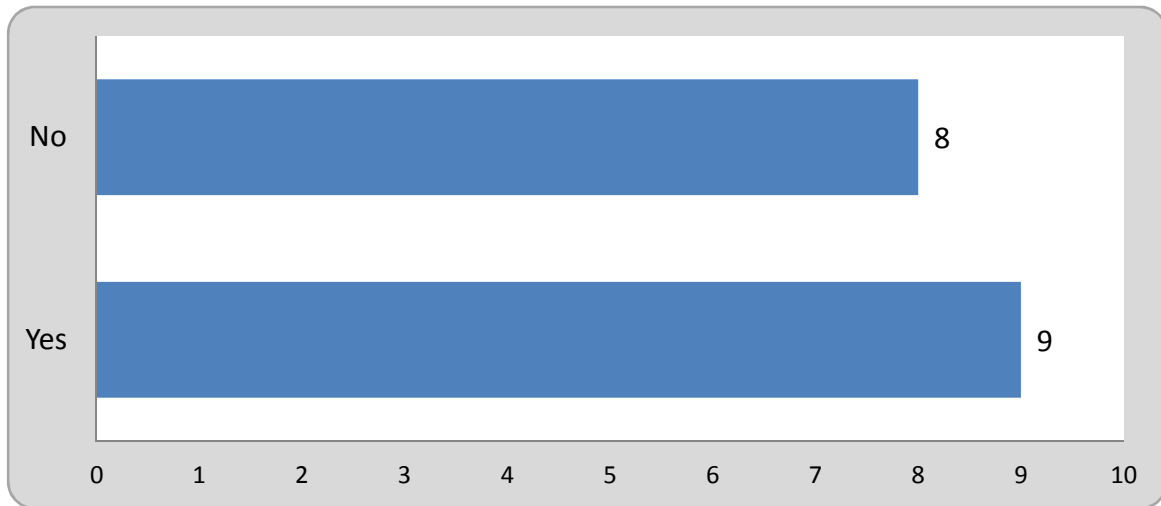
Project Excel spreadsheet.

Same as above: (This is kept in an electronic system called BG2 Now).



F. Payment Policies and Invoice Requirements

Q23. “Does your department utilize an expedited payment program?”



Q24. “If yes, within how many days is payment made to the prime? Please describe any exceptions to the rules and how they may apply under different situations.”

City of Jacksonville has a Prompt payment process in place for payment to JSEB vendors.

If a company is certified as a DBE payment is received within seven days.

If the DBE is a subcontractor to a prime, the prime is required to pay the DBE within seven days of receiving a check from this organization.

JSEB program pays within an expedited time frame.

Prime firms who are JSEBs are paid within seven business days (nine calendar days). In addition, expedited payments are made to non- JSEB Primes if they give JEA discounts.

The Authority pays net 30 on all contracts with the exception to contracts with Small Emerging Business vendors; the Authority pays within seven business days.

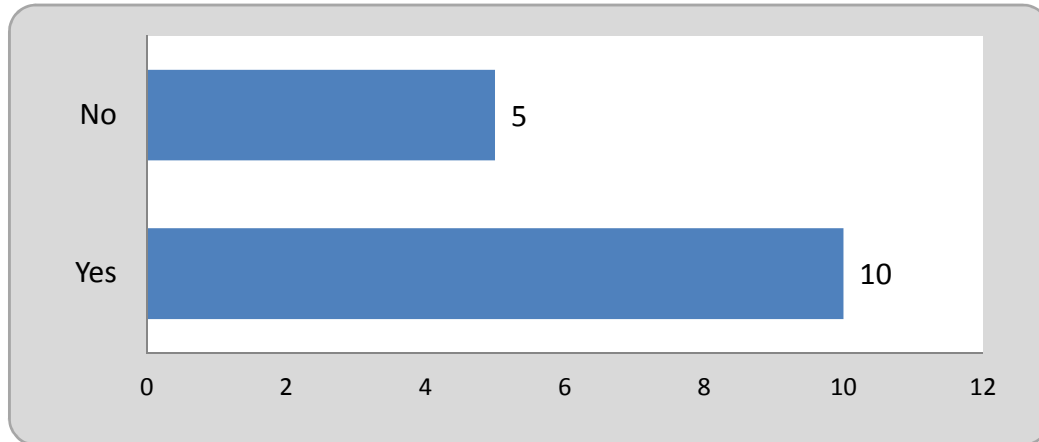
The deadline for payments is within three days.

Try for seven.



Within 30 days. All bidders are treated the same. To do otherwise would be discriminatory.

Q25. *“When there are disputed fees in a prime's invoice, are there provisions to allow payment for the undisputed fees?”*



Q26. *“If yes, please describe the standard(s).”*

A partial payment is allowed.

Determined by the project manager based on completed work.

*JEA will short pay the invoice, withholding the disputed amount.
Payment may be made for the undisputed amounts.*

Provisions are that the Prime has the opportunity to speak with the Project Manager and dispute his/her findings. After that, it will be brought to the Chief Administrative Officer, who will render her decision on the matter,

Spelled out within the contract specifications.

The division remits the invoice for payment and adjusts the next invoice accordingly, if needed.

This is handled by our procurement department.

Yes and No, the prime contractor can wait until the disputed fees are resolved or they can re-submit a corrected invoice removing the disputed items.



Yes, as established in the contract documents.

Q76. “What method is used to authorize payments to construction primes?”

A check off process is required.

A/E review and certification of payment request, then review/certification by District Project Manager

An approved invoice from the Contractor.

Payment is made once each month in the amount of 90 percent of the value of completed work, based on contract prices of labor and materials incorporated in the work and materials suitably stored at the site thereof for incorporation in the work, as estimated or approved by the Project Manager less the aggregate of previous payments.

Project Managers authorize payment.

Project Managers review application for payments and must enter a receipt in the ORACLE system before Accounts Payable make payment.

Review of payment request and field verification of performance of work in a satisfactory manner.

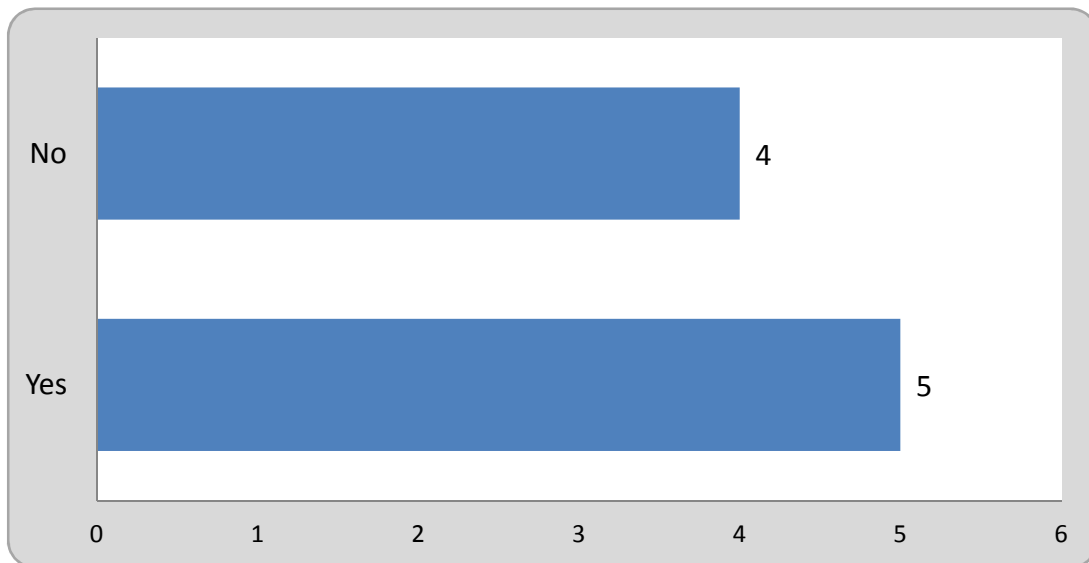
Routing slip signed by various offices to include the Contract Compliance Office.

Standard invoice review– see contract.

This is not a JTA purchasing function, [but] would fall under the Engineering Division and Possibly DBE Division.



Q85. *“Is there a standard format that architecture and engineering consultants must use when submitting invoices?”*



Q86. *“If yes, please describe the standard for architecture and engineering and forward any pertinent information.”*

AIA form.

Invoice format must provide details of work performed for each major task identified in the contract scope and fee, must provide total authorized amount, work performed to date, amount previously paid and amount requested for this billing period. [It] must also provide a Value Earned chart and listing of activities performed during this billing period. [They] must provide copies of invoices for all materials reimbursement.

Payments for services provided shall be submitted on a time and material basis, direct reimbursable expense w/receipts and sub-consultants' fees with a five percent markup for administrative charge.

Additional comments from those who reported did not answer Q85:

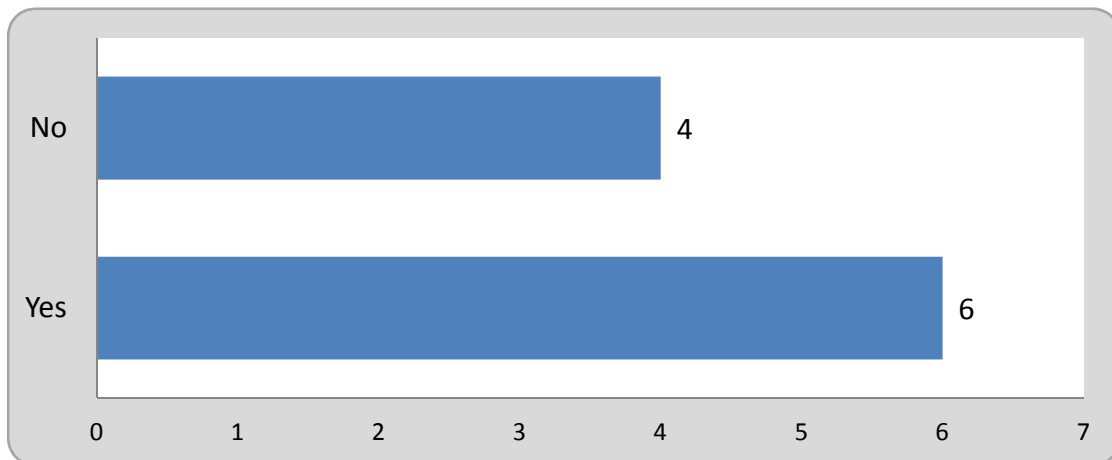
Must utilize the Contractors/Consultants Request for Payment form to include all invoices and other supporting documentation.

Procurement is not involved in the payment process.

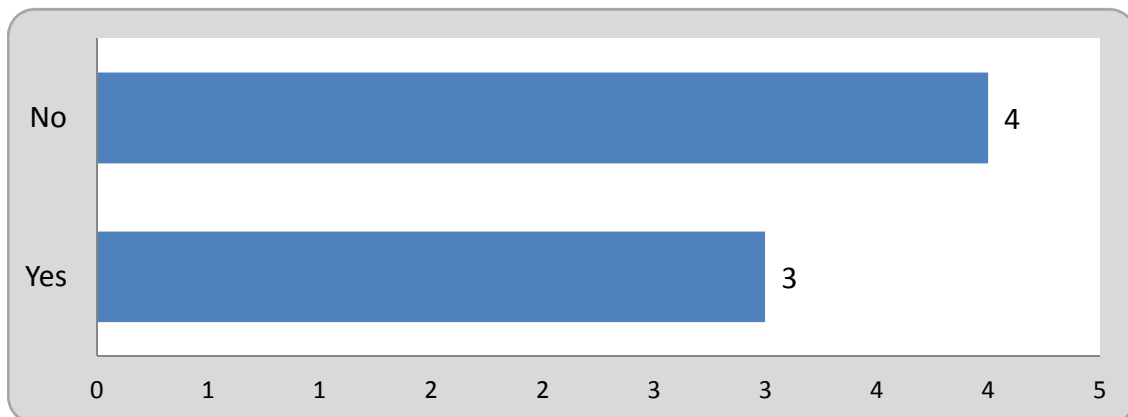
This is handled by our procurement department.



Q87. *“Are architecture and engineering consultants required to list their subconsultants' fees in their invoice?”*



Q92. *“Is there a standard format that professional services primes must use when submitting their invoices?”*



Q93. *“If yes, please describe the standard(s) and forward any pertinent information.”*

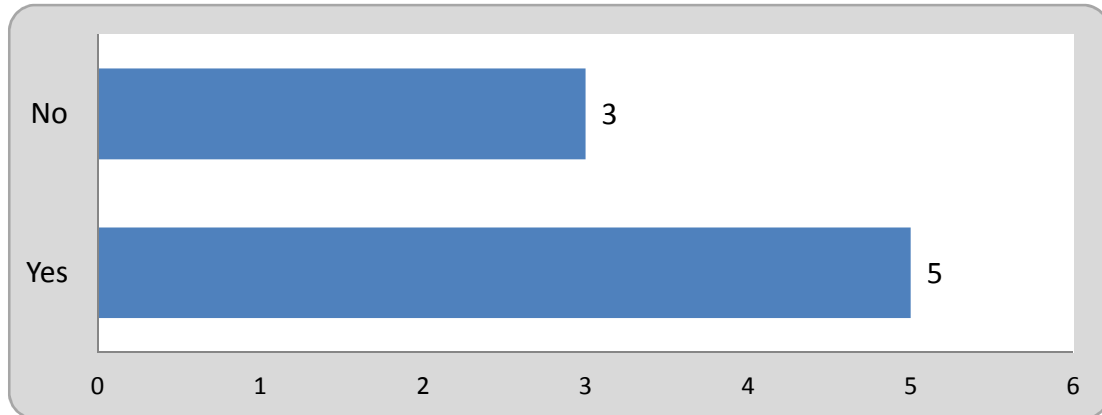
Invoice format must provide details of work performed for each major task identified in the contract scope and fee, must provide total authorized amount, work performed to date, amount previously paid and amount requested for this billing period. (It) must also provide a Value Earned chart and listing of activities performed during this billing period. [They] must provide copies of invoices for all materials reimbursement.



Additional comments from those who did not answer Q92:

Procurement does not handle payments.

Q94. “Are professional services primes required to list their subconsultant fees in their invoice?”



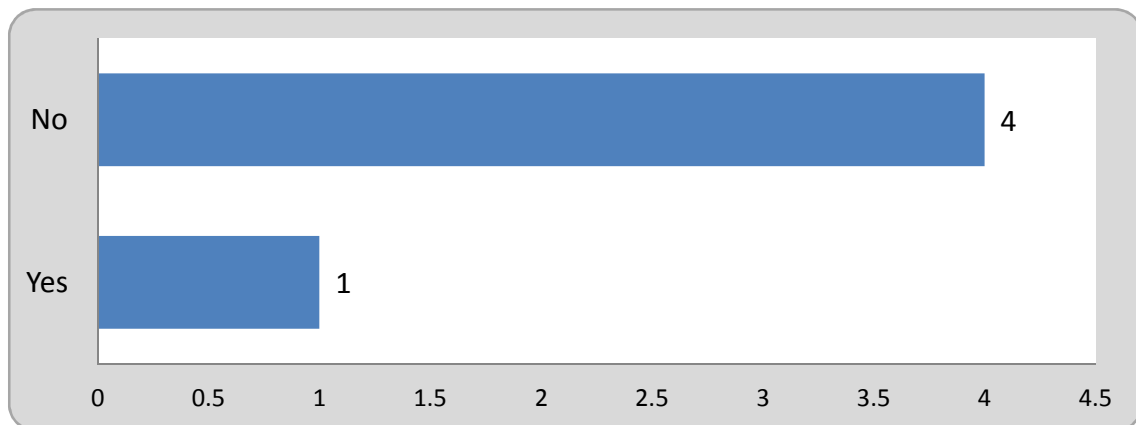
Q95. “If yes, please describe the standard(s) and forward any pertinent information.”

If there are established “Participation Goals” set under the JSEB program for the specific project.

No specific form, but must be detailed enough to validate work completed.

The prime contractor is required to include a copy of the sub-consultants invoice.

Q101. “Are vendors required to list in their invoices the vendors used to provide their products?”



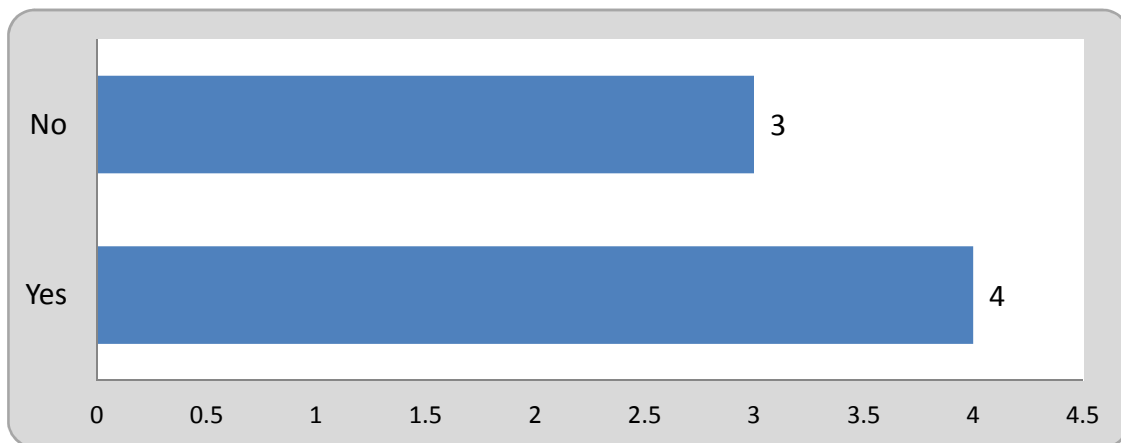
Q102. “If yes, please describe the standard for each of the goods and other services contracts.”

If JSEB Participation goals are established.

Additional comments from those who reported ‘no’ to Q101:

Not always.

Q103. “Is there a standard format that vendors must use when submitting their invoices?”



Q104. “If yes, please describe the standard for each of the goods and other services contracts.”

All invoices will reference the contract number, the contractor’s employee name and hourly rate if applicable, date and time of service and a minimum description of goods/services provided.

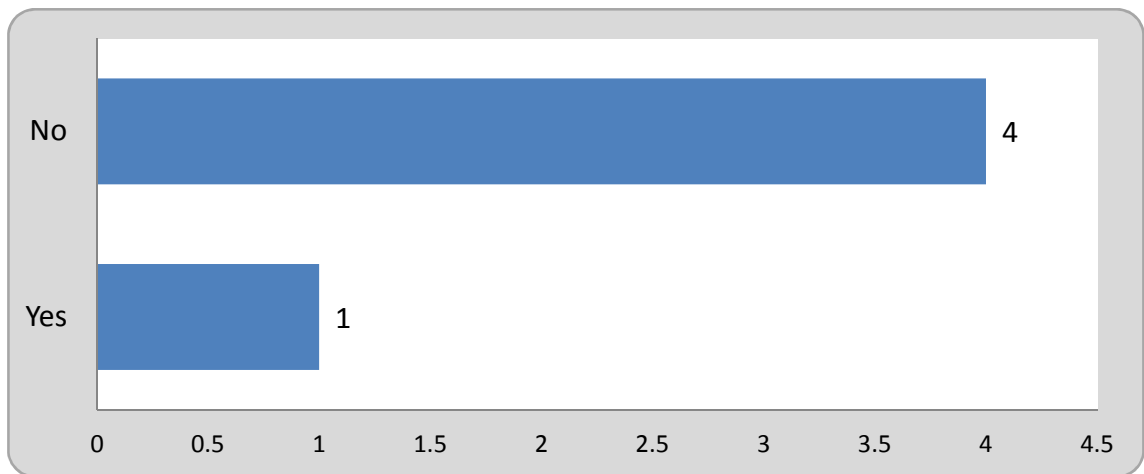
As established in the bid documents.

Details can be found in a typical JEA contract

On the bid form provided in the bid package



Q107. “Are goods and other services vendors required to list their subcontractor fees in their invoice?”



Q108. “If yes, please describe the standard(s).”

Only on JSEB projects.



CHAPTER 3: SMALL BUSINESS CERTIFICATION AND PUBLIC AGENCY REPORT

I. INTRODUCTION

The goal of the small business survey was to understand the barriers small businesses face when doing business with the City of Jacksonville (City), Duval County Public Schools (DCPS), Jacksonville Port Authority (JAXPORT), Jacksonville Electric Authority (JEA), and Jacksonville Transportation Authority (JTA), collectively referred to as the “Participating Agencies.” These responses are used in formulating recommendations as part of the disparity study.

The businesses surveyed for this report were utilized during the study period by the Participating Agencies. Invitations were sent to 1,963 businesses which had previously sent bids or proposals to the participating agencies; 234 completed the survey and another 25 provided partial responses. The survey highlighted the hurdles that small businesses face when attempting to contract with the Participating Agencies. These hurdles include large contracts that are not unbundled, prequalification requirements, and retainage policies.

II. METHODOLOGY

The survey was hosted using Qualtrics, an Internet based survey service.¹ Surveys were sent to 1,963 businesses who had previously submitted bids or proposals to the participating agencies by email on October 18, 2012. Those who had not completed the survey were sent additional reminders by email on October 23, October 29, and November 1, 2012. A total of 314 respondents started the survey between October 18, 2012 and December 27, 2012. Of the 314 respondents, 234 respondents completed the survey and 25 more completed enough items to be included in the analysis. The 95 percent confidence interval for a sample of 259 is ± 6.1 percent.

The data were tabulated in SPSS, a computer program for statistical analysis, and the charts were created in excel. Tests of statistical significance were calculated using the

¹ <http://www.qualtrics.com/>



chi-squared statistic at the $\alpha=.05$ level of significance. It should be noted that tables and charts may not appear to add up to 100 percent because of rounding error, and that tables and charts will not add up to 100 percent for questions where multiple responses were accepted.

III. SUMMARY OF FINDINGS

Approximately 27 percent of the sample takes advantage of multiple certifications in an effort to attract the targeted public contracts. Approximately 15 percent have more than a quarter of their income come from these contracts. Jacksonville Small/Emerging Businesses (JSEBs) and Disadvantaged Business Enterprises (DBEs) are particularly dependent upon these contracts with each collecting about one-sixth of its total 2010 income on average from contracts targeted to their certification. Minority or Woman-owned Business Enterprises (M/WBEs) only received five percent of their income on average from targeted contracts.

Assistance with bond/insurance is the factor that would most often help these businesses to attract more Florida Department of Transportation (FDOT) contracts (54 percent of the applicable firms say it would help frequently or redundant). A majority of applicable small businesses did not think other factor often or frequently affected their ability to attract FDOT contracts. This suggests that multiple factors would need to be addressed in order to have a large effect.

Additionally, contracts set aside or with goals are having more than just a direct benefit to the businesses that get them. Sixty percent of those which have been used as a subcontractor because of their certification report receiving additional business from the prime contractor not related to their certification.

The other services and programs offered to businesses with special certifications are being underutilized. Approximately 83 percent of the DBEs had not participated in any of the programs targeted toward them, and 96 percent of the small businesses had not utilized any of the programs or services designed to help small businesses at large. Despite this, there is substantial interest in the proposed informational meetings on public procurement, bid/proposal preparation assistance, and DBE certification assistance. The survey did not query the respondents for their awareness or understanding of the currently offered services and programs. However, these two items suggest that the content or promotion of the current services and programs should be evaluated.

Approximately 46 percent of the businesses comprising the sample had five employees or fewer in 2010 and 44 percent in 2011. Businesses with African American owners were even more likely to fit into this category, with 73 percent of African American businesses having fewer than five employees in 2010 and 67 percent in 2011. Businesses were nearly twice as likely to add employees between 2010 and 2011 as they were to let



employees go. However, the large majority, 77 percent, kept about the same number of employees.

It was harder to draw conclusions based on income because there were few gradations in income on the survey. About one third of the sample, or 34 percent in 2010 and 36 percent in 2011, fit in the lowest given category of gross revenue, under \$250,000. Because they were more likely to be owners of the smallest firms, African Americans were again more likely to fit into this lowest category, 67 percent in 2010 and 73 percent in 2011. The majority of firms, approximately 54 percent in 2010 and 53 percent in 2011, earned an excess of \$500,000 in those years.

Out of the sponsoring agencies, respondents were most likely to have had previous experience with COJ, with 66 percent having submitted a bid or proposal in the past. The JTA was the only entity to have solicited more proposals than bids. This difference, however, was not statistically significant. The majority of those surveyed had only written bids and proposals for each of the entities as prime contractors. There were no major differences based on entity.

Approximately 58 percent of those surveyed had submitted bids and proposals to Florida public agencies other than the Participating Agencies. The most common entities were the FDOT, public colleges or universities, the entities of St. Johns County, and aviation-related agencies throughout the state. These were almost evenly divided between bids and proposals, 32 and 37 percent respectively, with 37 percent submitting both. Similar to the situation with the Participating Agencies, 63 percent of the businesses submitted their bids/proposals as the prime contractor.

Those working for the FDOT worked in all nine districts with only the local district (2) attracting a majority of said firms. Aside from Duval County, only St. Johns, Clay, and Nassau Counties had been the location of work for more than 45 percent of the businesses. The percentage which had worked in Orange County was surprisingly low considering Orange County's size and proximity.

Approximately 40 percent of the businesses were engaged in the field of construction, making it the industry segment with the largest representation in the sample. The other segments used for comparative purposes were professional services, and provision of equipment, supplies, and materials.

Considering that 70 percent of the local population is Caucasian, it was as expected that Caucasian men and women were the most represented in the ownership of these small businesses. It is encouraging that 20 percent of the businesses had at least partial African American ownership, considering African Americans make up 22 percent of the local population. There were very few firms with mixed ownership (multiple owners from different ethnic groups), and most of those were found to be Caucasian men and women.

Most of the small businesses, 59 percent, represented in the survey had been in business at least ten years, with 21 percent having been founded within the last five. By far the



most common form of ownership was the S Corporation with 59 percent. The next most common was the C Corporation with 17 percent. Quick Books is the dominant accounting software among all firms represented, with 54 percent of the market. One tenth use an outside bookkeeper or accountant and all other accounting software had a penetration of less than 10 percent.

A. Current Small Business Support and Initiatives

Of all the certifications available to small businesses, the most prevalent was the M/WBE certification. Just over a third, or 35 percent of the businesses represented in the survey held that designation. Another 28 percent self-identified as a Jacksonville Small/Emerging Business (JSEB), and 19 percent had been certified as Disadvantaged Business Enterprises (DBE). We also found significant overlap between certifications. Out of 255 businesses who answered question two, 70 or 27 percent held multiple certifications.

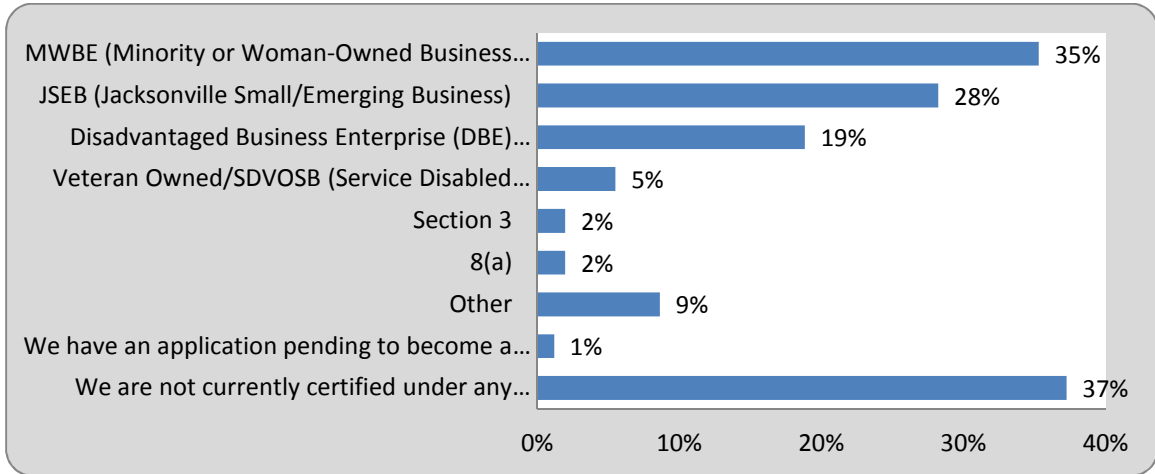
In comparing the certifications to the industry of the business, there was a clear difference. Small businesses in some form of the construction field and those offering professional services were much more likely to have a certification than those providing equipment and supplies or those in other fields. There were also the differences one might expect based on business size and ethnicity, with minorities and smaller businesses more likely to hold certifications.

Despite it not being an automatic option, five percent chose “other” and identified themselves as veterans owning a business or holding the Service Disabled Veteran Owned Small Business (SDVOSB) certification. This number would likely be higher if it was included as one of the preset choices. It is recommended that this preset option be included in any future research.

It is important to note that in this section and the following sections some of the charts and figures will not add up to 100 percent because responses with relatively few respondents may not be reported.

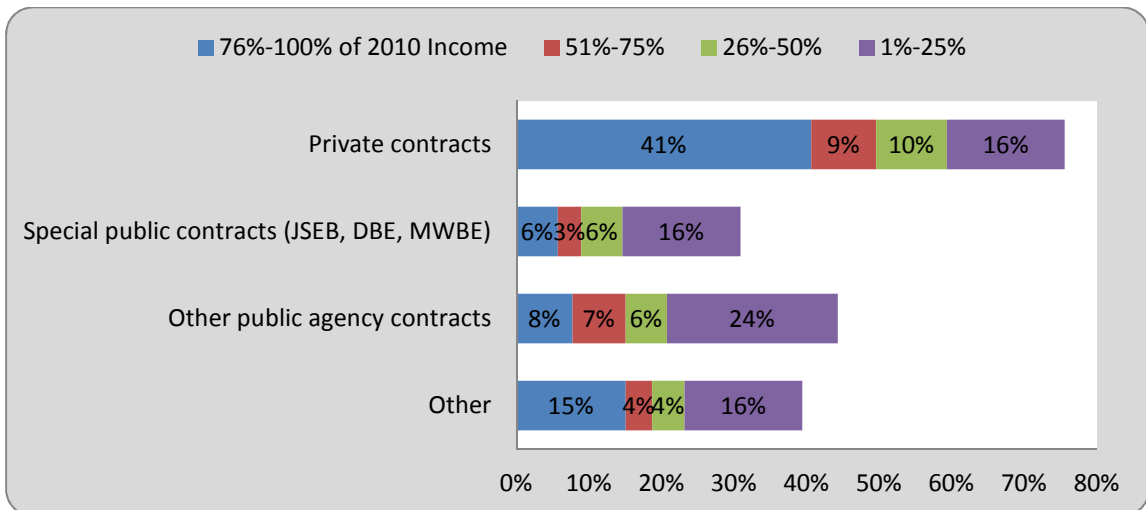


Q2. “Which of the following certifications does your company currently hold? Select all that apply.” (N=255)



While public agency contracts overall contributed a large portion of many businesses’ overall revenue, few of the businesses queried (15 percent) received more than 25 percent of their 2010 income from targeted public contracts (JSEB, DBE, or M/WBE contracts). For those particular small businesses, however, the targeted contract income is likely critical. This also does not include contracts targeting other groups, such as veterans, which made up 5 percent of the sample.

Q18. “What was the approximate percentage of your firm’s 2010 gross revenues that was derived from the following sources? Total should equal 100 percent.” (N=246)

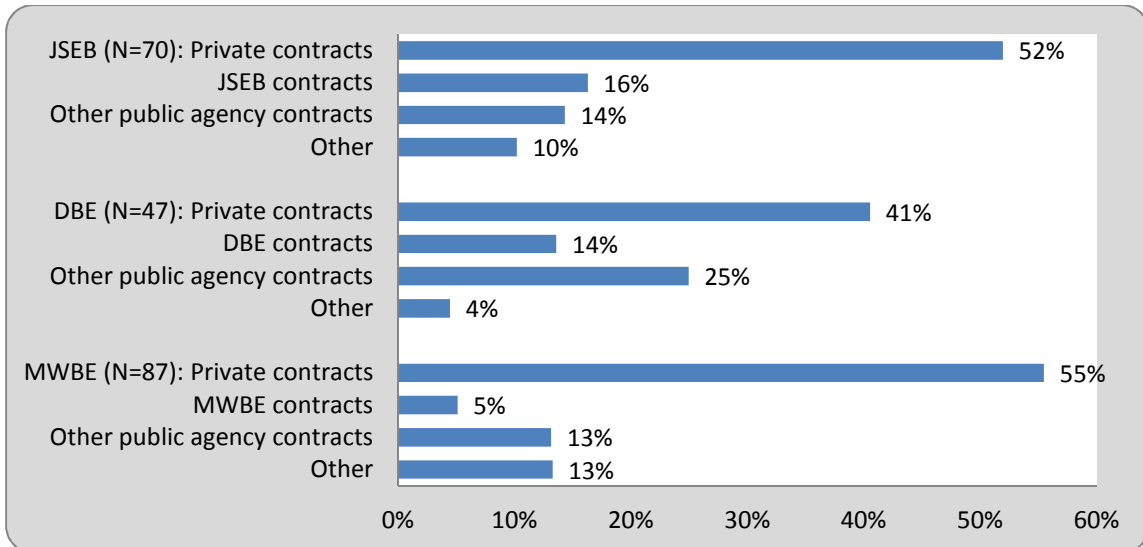


Further, when each small business certification was isolated, it was discovered that JSEB actually got more business from JSEB contracts, about 16 percent on average, than from all other public agency contracts. This shows that JSEB firms are particularly dependent on these targeted contracts. DBE designated firms were the only group to not get the

majority of their collective income from private contracts, and were almost as dependent on their targeted contracts, with 14 percent of their gross revenue coming from targeted contracts, as JSEB firms. M/WBE-qualified firms received about five percent of their revenues on average through contracts targeting them. As they are the largest specialty group found within the survey, it is apparent that either there are fewer M/WBE contracts available, or that the competition for them is so high that they cannot be depended on to sustain a large portion of the business.

It would be ideal to track these data through several years to see whether businesses are becoming more or less dependent on these contracts.

Q18. “What was the approximate percentage of your firm’s 2010 gross revenues that was derived from the following sources? Total should equal 100 percent.” – Mean percentage of income



When looking at what would help these firms get more business from the FDOT, it should be noted that the items on the chart for Q23 (see next page) did not apply to all respondents. This is reflected in the changing sample size (N) for each item. The only item that would frequently or often make a difference for a majority of the businesses it did apply to was assistance with bond/insurance, with 54 percent responding that assistance with bonding and insurance would assist in getting more business from FDOT and the Tollway. There were five items that would frequently or often be a factor for applicable businesses slightly less than half the time: 48 percent of the respondents selected access to credit, 48 percent selected a DBE rotation program for construction contracts, 48 percent selected the removal of brand name requirements, 45 percent selected publishing payments to prime contractors, and 42 percent selected timely payment from the Florida Tollway.

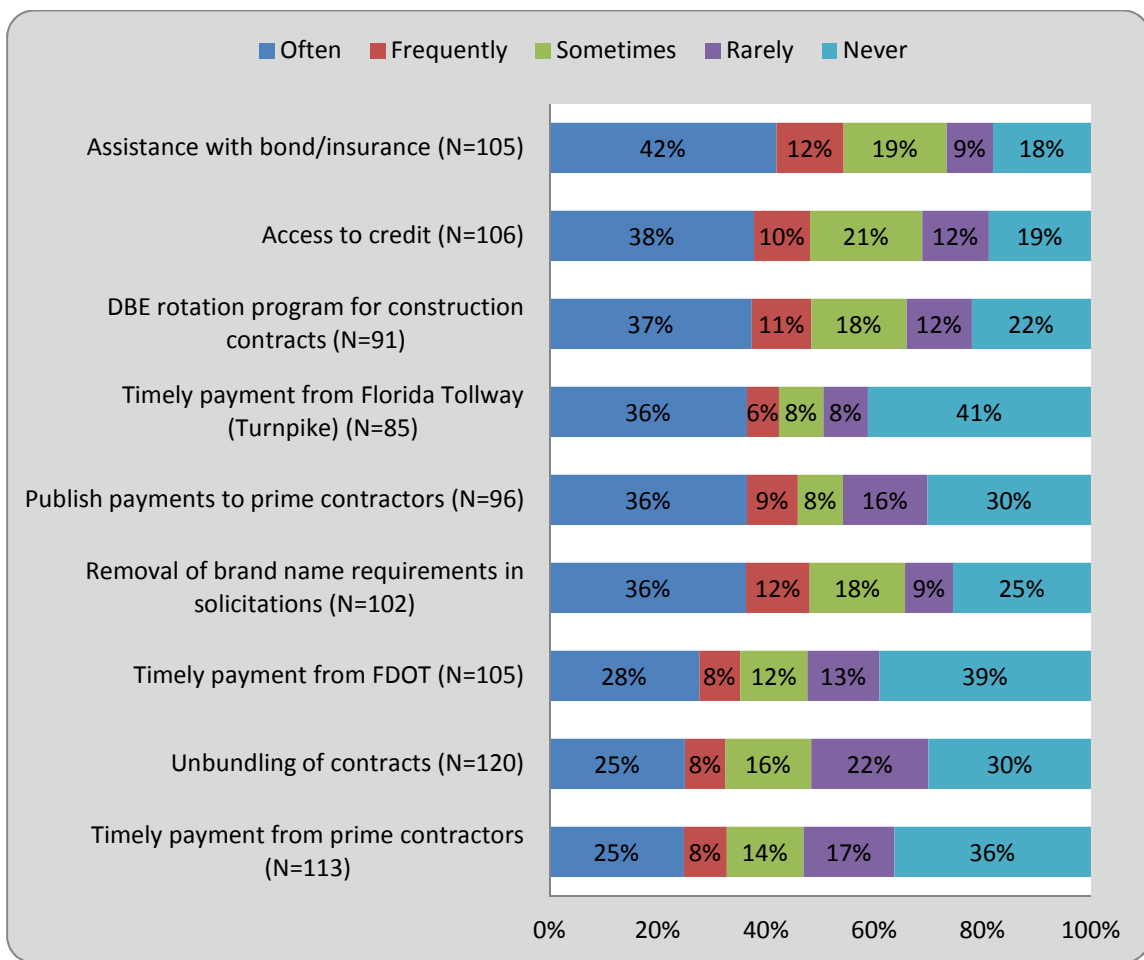
The remaining three items were believed to frequently or often help applicable businesses about one third of the time: with 36 percent of the respondents selecting timely payment



from FDOT, 33 percent selecting the unbundling of contracts, and 33 percent selecting timely payment from prime contractors.

This is somewhat surprising, as unbundling of contracts was cited multiple times in the responses to Q26, asking what FDOT could do to help meet DBE goals. Overall, none of these ideas alone will have a large effect on the majority of businesses, but each of these ideas will impact a significant fraction of businesses. These small businesses have indicated that multiple factors would need to be changed or improved to achieve the effect FDOT wants.

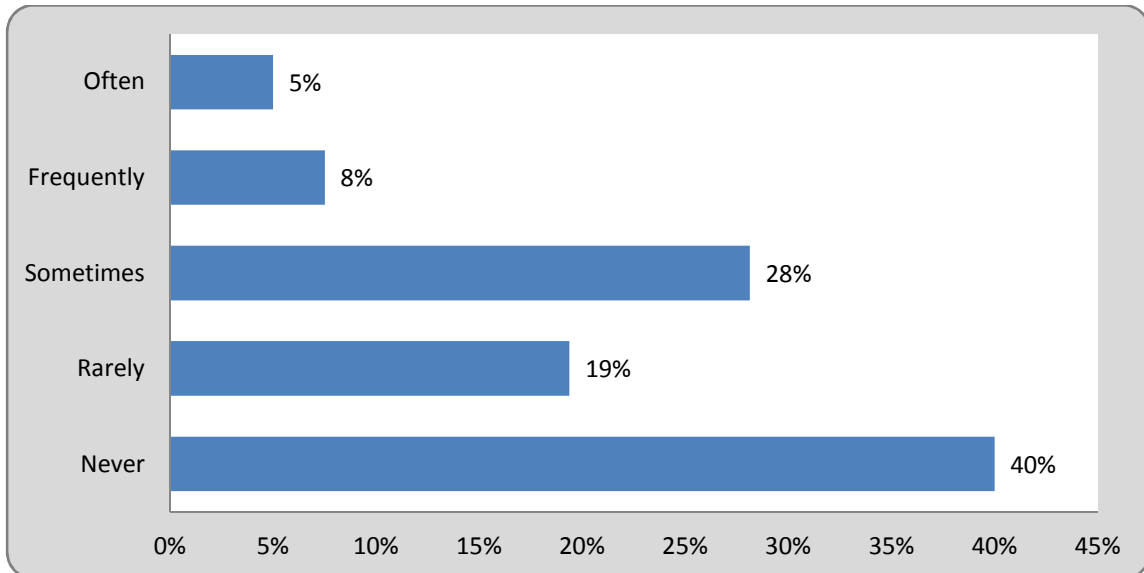
Q23. “How often would the following factors help your business obtain work with FDOT or the Florida Tollway?”



One particularly encouraging item is that contacts forged through the certification-targeted contracts often carry over to other areas. Because of their certification, 60 percent of the firms used as subcontractors have done other business with the prime contractors unrelated to their certification. Thirteen percent even said they get such business frequently or often.



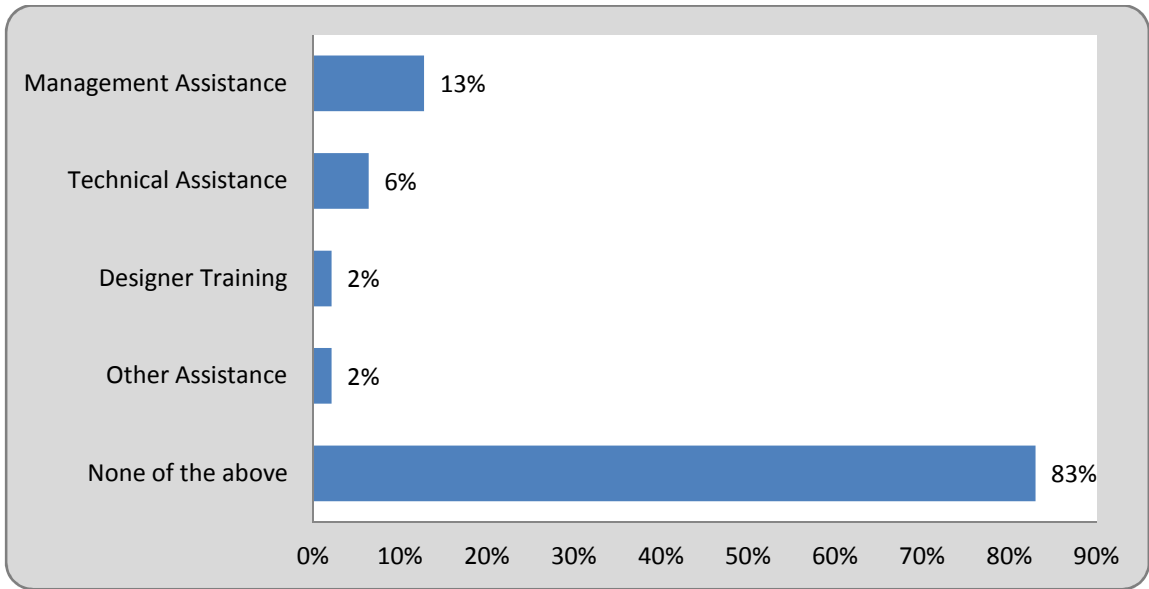
Q25. “How often do prime contractors who use your firm as a subcontractor on public-sector projects with requirements for minority, woman, and/or disadvantaged business also use your firm on public-sector or private-sector projects without such goals or requirements?” (N=160)



There was a very low participation rate in the supportive services targeting DBEs. Only 17 percent of the DBEs in the survey had taken advantage of any of the FDOT’s DBE Supportive Service Assistance Programs. The most popular was management assistance, in which six of the 47 DBEs had taken part. Three had used the technical assistance offered, one took part in designer training, and one selected other assistance without specifying.

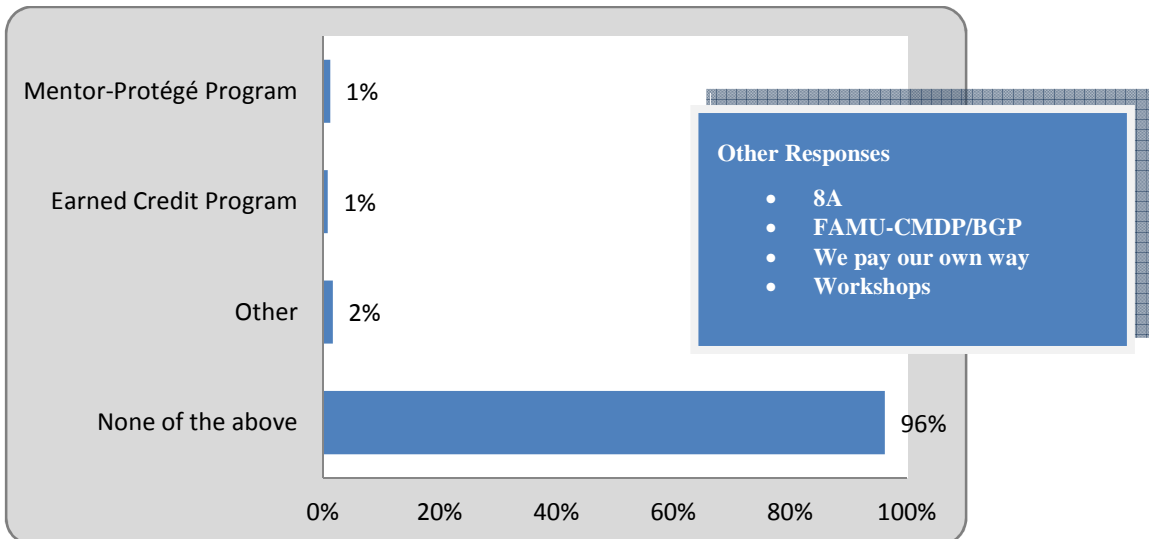


Q21. “In the past five years, has your firm utilized any of the following DBE Supportive Service Assistance programs offered through the FDOT’s DBE Program? (Select all that apply)” (N=47)



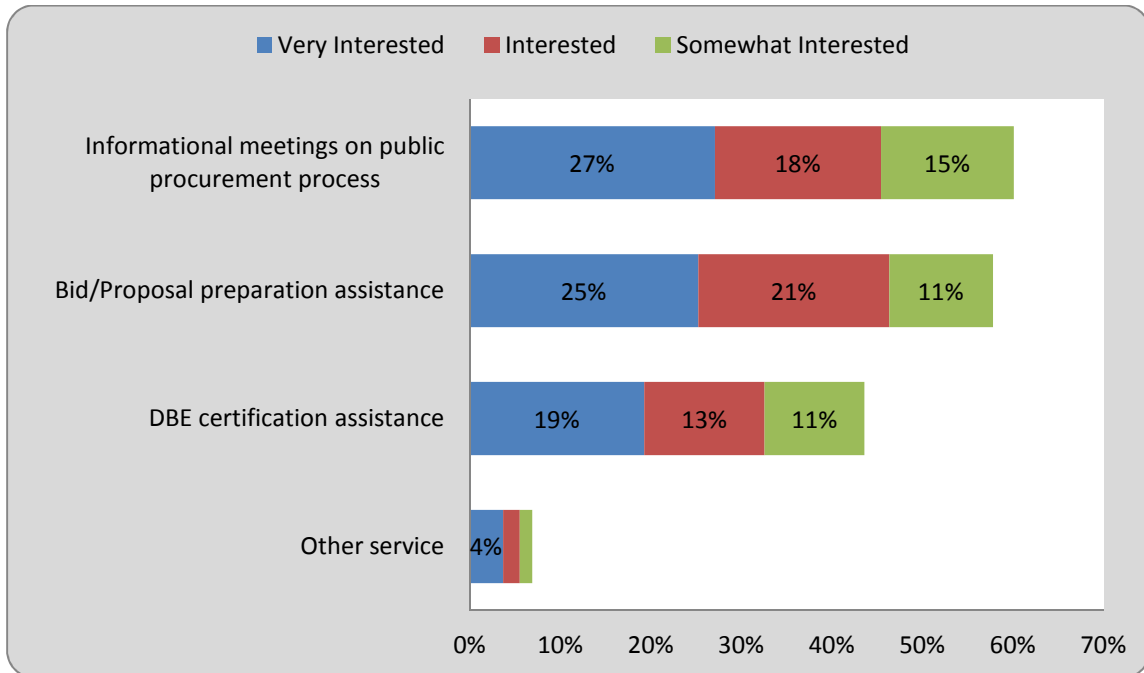
The participation was even lower for the Florida Tollway’s programs targeting the small business community at large. Only four percent had participated in any of the programs offered. Both of sets of programs show a great potential for growth.

Q22. “In the past five years, has your firm participated in any of the following programs offered by the Florida Tollway?” (N=239)



Contrasting with the low participation in currently offered programs is the reported interest in proposed services from the Florida Tollway. At least 19 percent of the firms reported themselves to be “very interested” in each of the proposed services. The above participation rates, however, indicate that development of new services should be done in concert with the targeted firms.

Q24. “How interested would you be in the following services from the Florida Tollway?” (N=218)

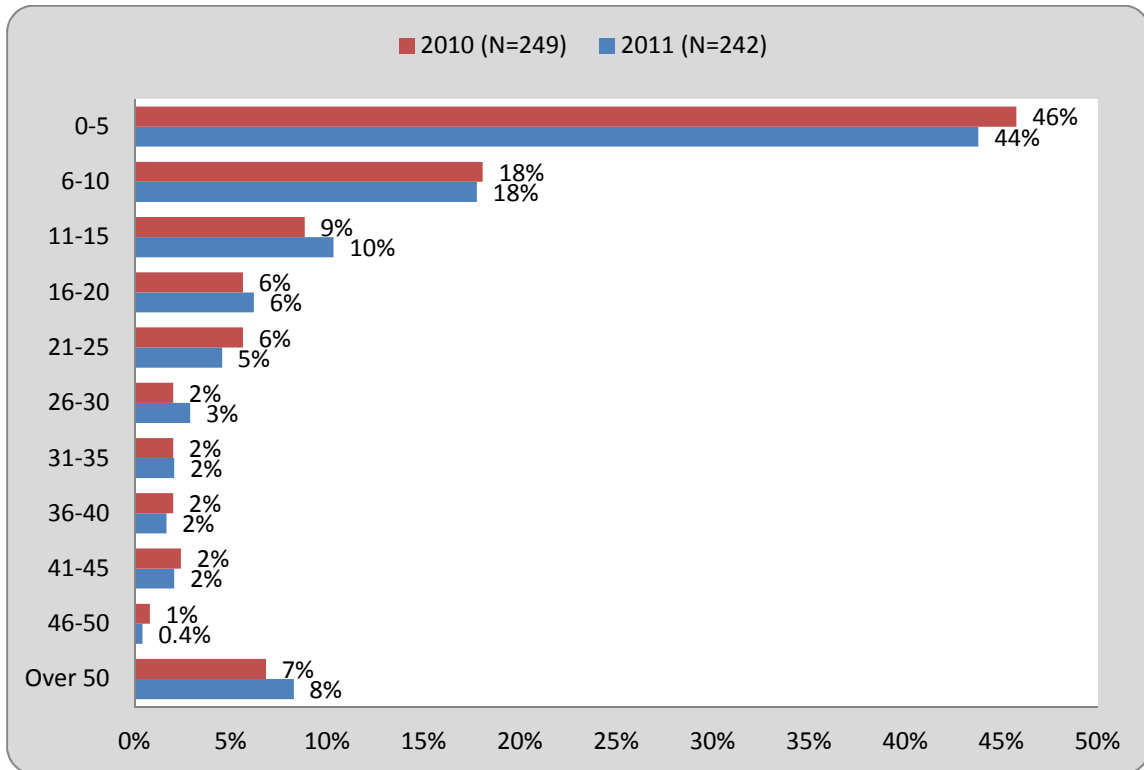


B. Small Business Health

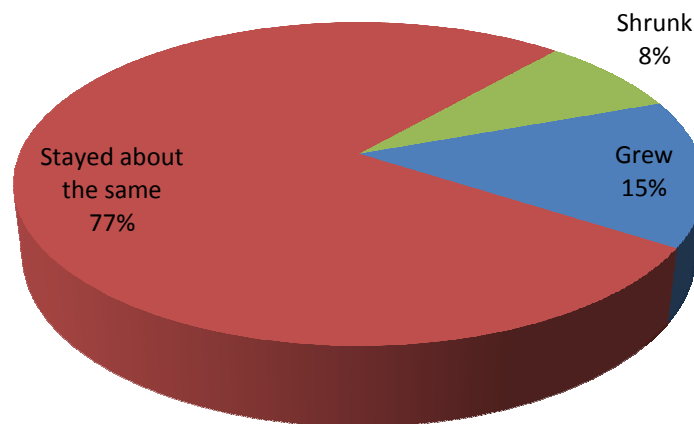
The majority of companies had ten employees or fewer in both 2010 and 2011. When other questions were compared across company sizes, we used the number of reported employees in 2011. Interestingly, we found that firms with at least one African American owner were more likely to have five employees or fewer, 67 percent of companies with an African American owner had five or fewer employees in 2011 and 73 percent in 2010, and no firm with an African American owner had more than 35 employees either year. These differences were statistically significant. This indicates that the problems small firms face (not being able to bid on bundled contracts, not having the resources to fill out lengthy application forms, etc.) are disproportionately affecting African American-owned businesses.



Q13. “How many employees has your firm had on its payroll, including all full-time and part-time employees, for the following years?”

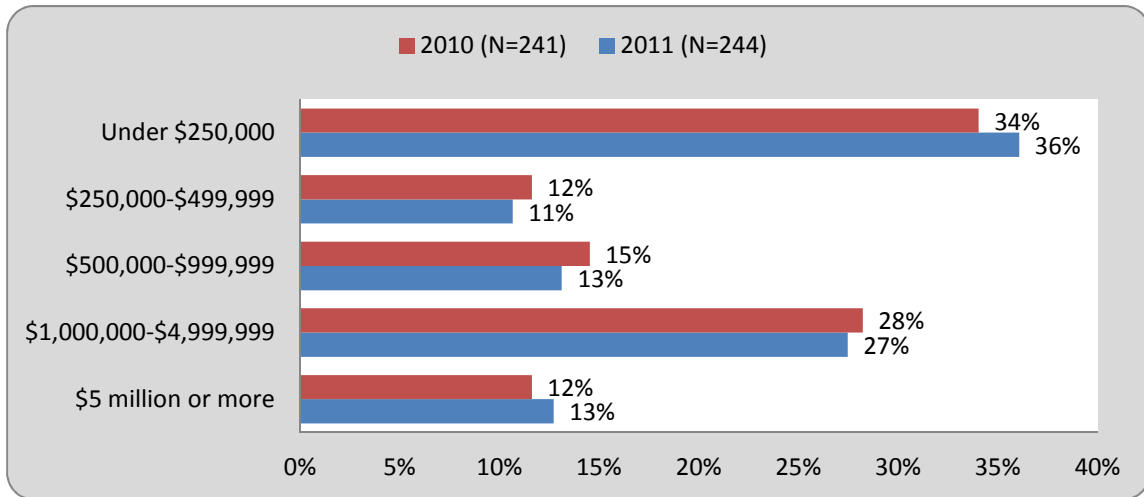


It is probably unsurprising that just over one year, not many businesses showed growth. However, it is encouraging that those companies that added employees outnumbered those who lost employees almost two to one. Those with certifications were more likely to have grown than those without, but the difference was far too small to be statistically significant; therefore, this finding could be the result of random chance.



The other measure of small business health collected on the survey was gross annual income. We found that about one-third of the firms, or 34 percent in 2010 and 36 percent in 2011, earned less than \$250,000 in gross revenue. With such a large portion in the lowest selectable category, it is clear that any additional research should segment that category further to gain a clearer picture of the large number of small firms. This is particularly urgent, as businesses with certifications were much more likely than those without to fit into this category of earning under \$250,000 in gross revenue. The majority of firms in both years had in excess of \$500,000 gross revenue in each year.

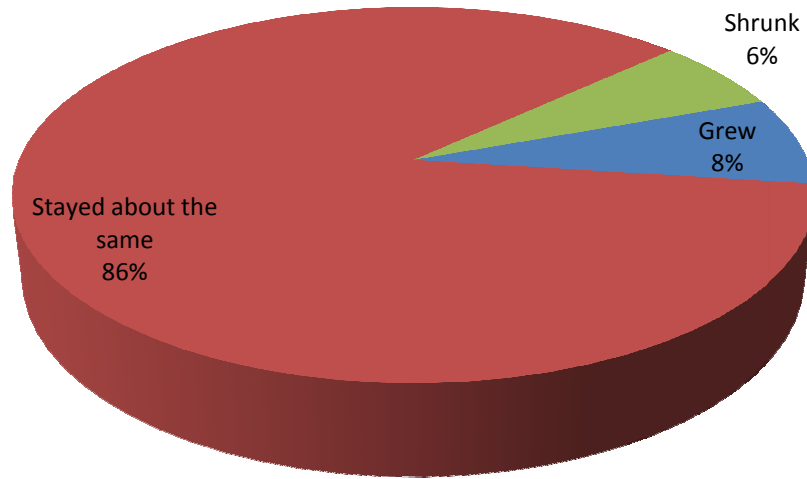
Q17. “What were your firm’s gross revenues for the following years?”



Due to the broad income gradations used in the survey, few instances of growth or decline were detected using this metric. Adding categories to the bottom income level would likely yield more definitive results in this regard. Small businesses with five or fewer employees were much less likely to have detectable differences; it is likely that any growth or decline in revenue kept it under the \$250,000 threshold.



Q17. “What were your firm’s gross revenues for the following years?”–Based on the difference reported between 2010 and 2011? (N=238)

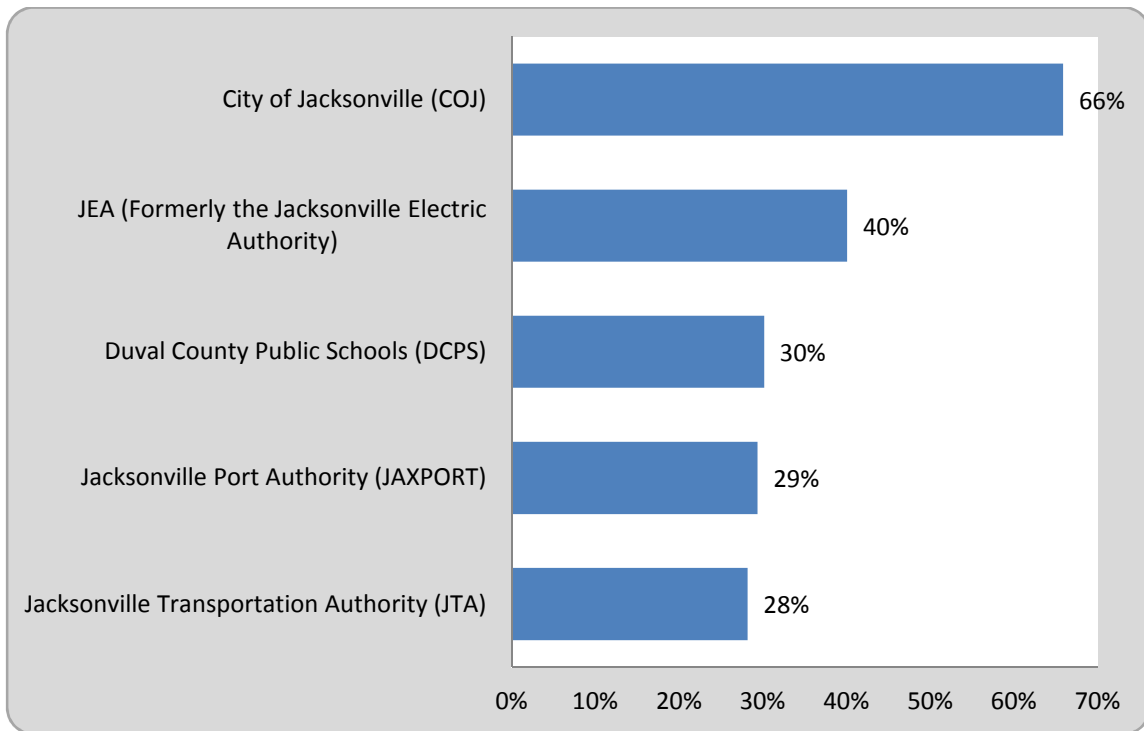


C. History of Bids and Proposals Submitted to Florida Public Agencies

Approximately 66 percent of the respondents submitted bids or proposals to COJ, making it the most likely Participating Agency for companies to have submitted bids or proposals. JEA was the second most likely at 40 percent, and each of the others (DCPS, JAXPORT, and JTA) had around 30 percent of the businesses submit previous bids or proposals.

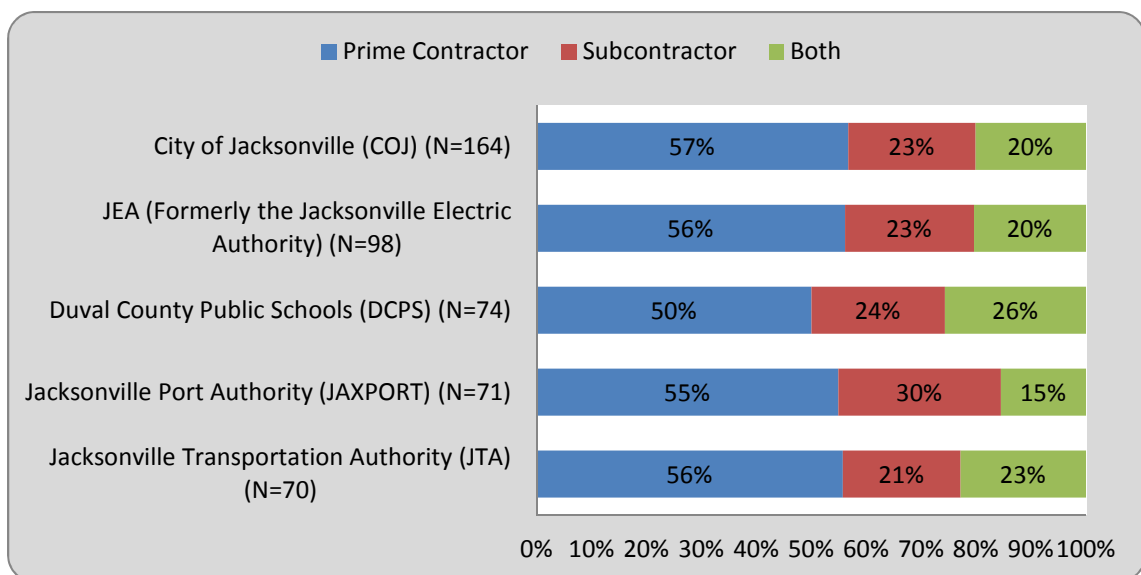


Q4. “Indicate which of the following agencies to which your business has submitted a bid or proposal (as the prime contractor or as a subcontractor) in the past five years.” (N=252)



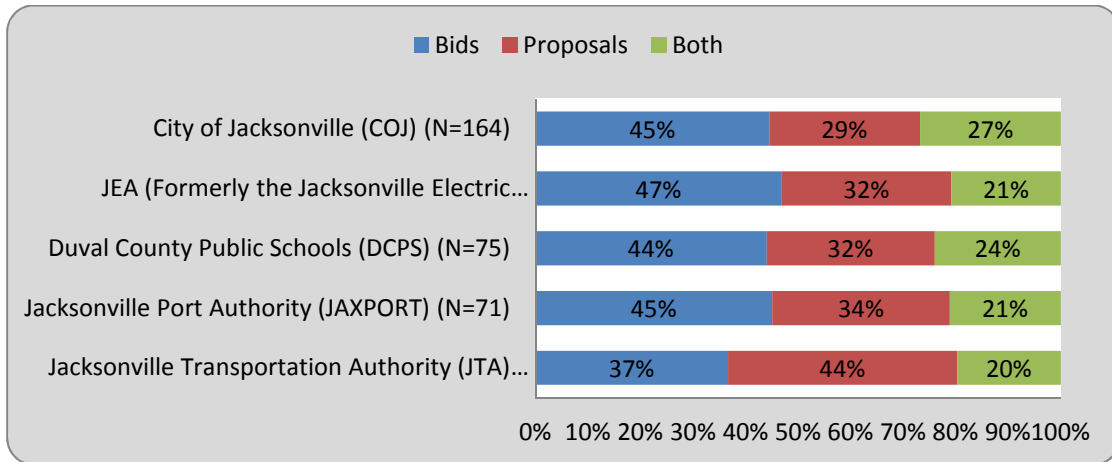
For each of the entities, the majority of the time these businesses were submitting bids or proposals as the prime contractor.

Q6. “For these agencies, did you submit these bids/proposals as the prime contractor, as a subcontractor or both?”



JTA was more likely than the other sponsors to have received proposals rather than bids from the small businesses. 44 percent of the businesses they had dealt with submitted just proposals compared to 37 percent that submitted just bids. All of the other entities had more bids than proposals. All five had received both bids and proposals from 20-27 percent of the businesses associated with them.

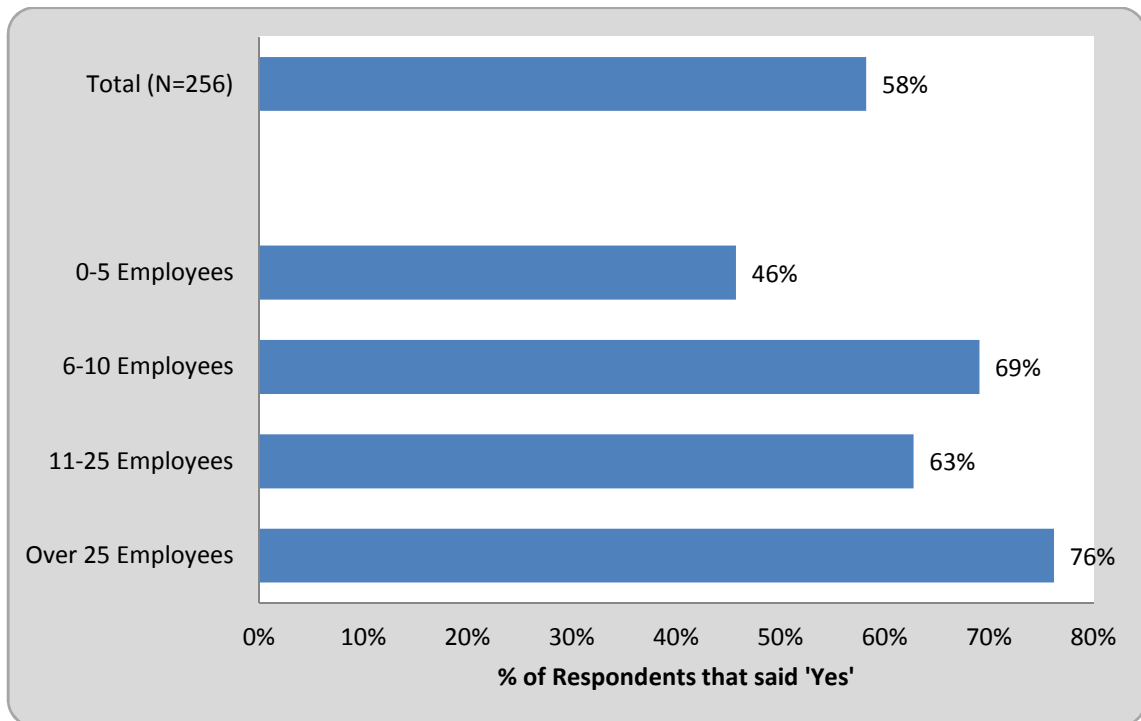
Q5. “For these agencies, were you submitting bids, proposals or both?”



Approximately 58 percent of the respondents had submitted bids or proposals to other public agencies within the state of Florida. The likelihood of a business having submitted proposals to other Florida public agencies was greatly affected by their size. Small businesses with five employees or fewer were much less likely to have submitted bids or proposals. No other factor had a statistically significant impact on whether a business had submitted proposals to other public agencies in Florida.



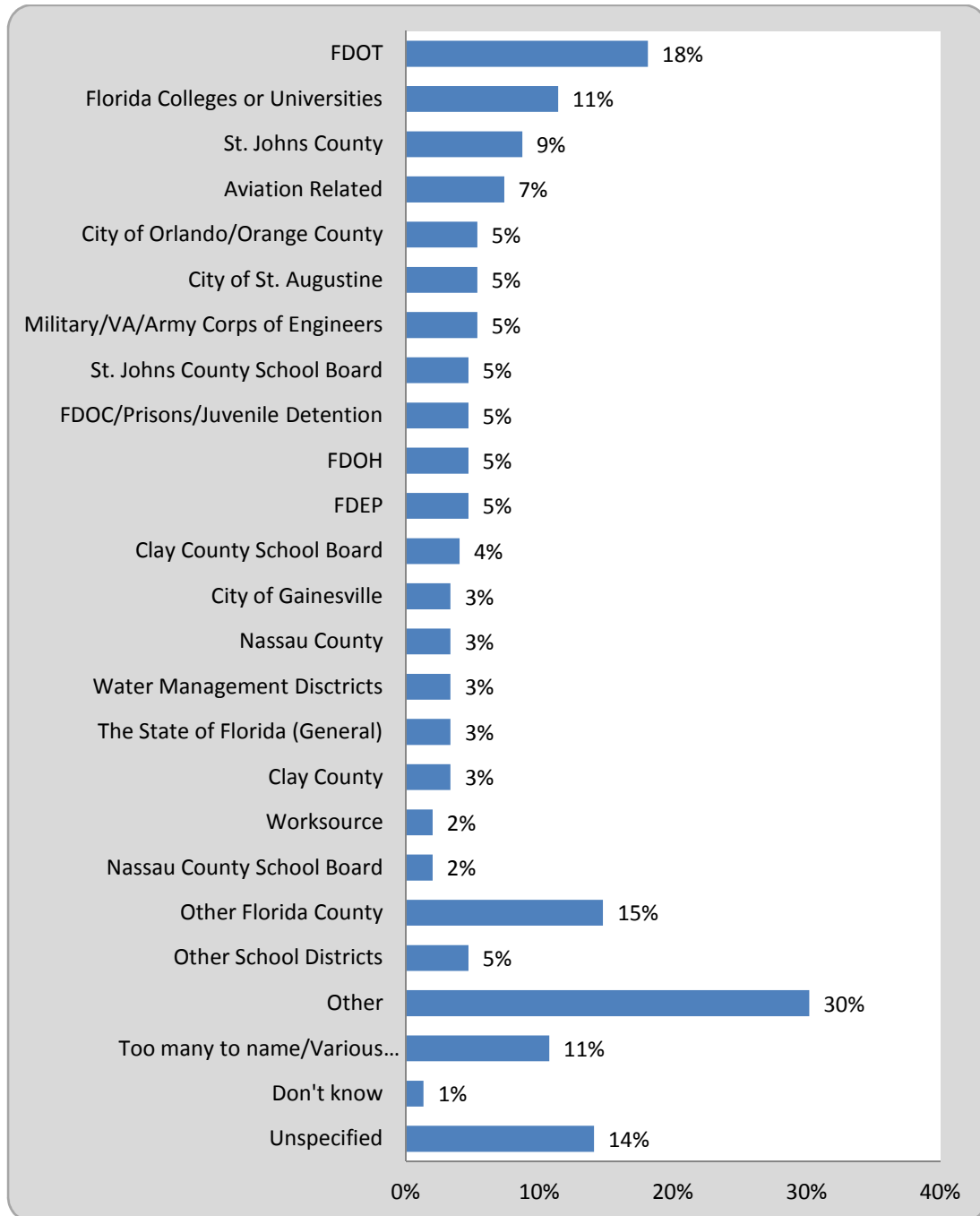
Q7. “Has your business submitted a bid or proposal to any other public agency in Florida in the past five years?” (N=256)



Respondents reported submitting bids and proposals to a huge variety of public agencies within Florida. Eleven percent of those who had submitted at least one such bid stated they had submitted “too many to name” or just said various municipalities, counties, etc. The most common recipients of these bids and proposals were the Florida Department of Transportation (FDOT), public colleges and universities, and agencies connected to St. Johns County.

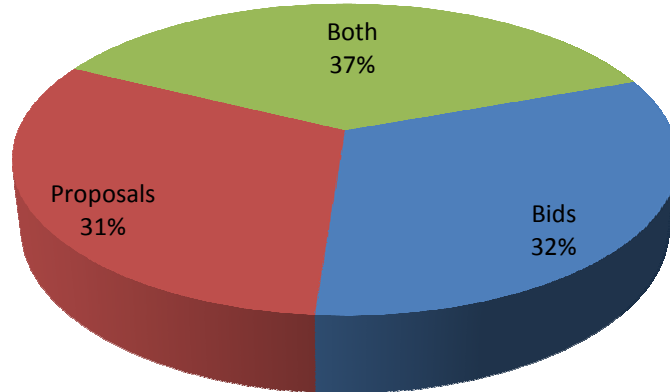


Q8. “Which public agency or agencies in Florida have you submitted bids/proposals to in the past five years?” (N=149) Only asked of those who reported ‘yes’ to Q7



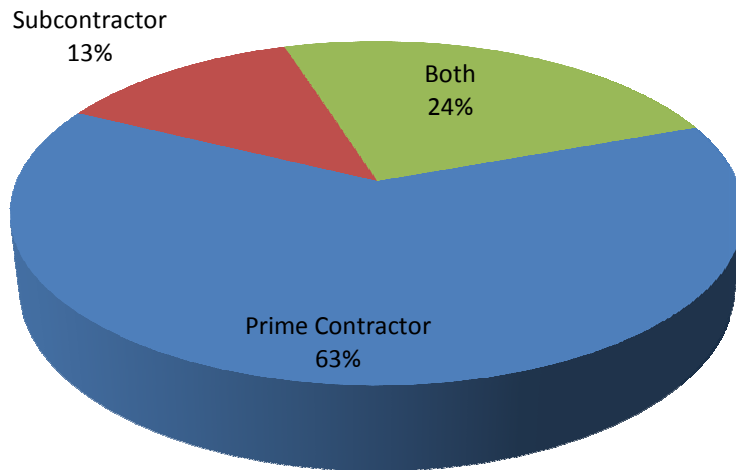
The companies were evenly split between those who had submitted bids, those who had submitted proposals, and those who had submitted both.

Q9. “Which did you submit to the public agency or agencies above?” (N=148) Only asked of those who reported ‘yes’ to Q7



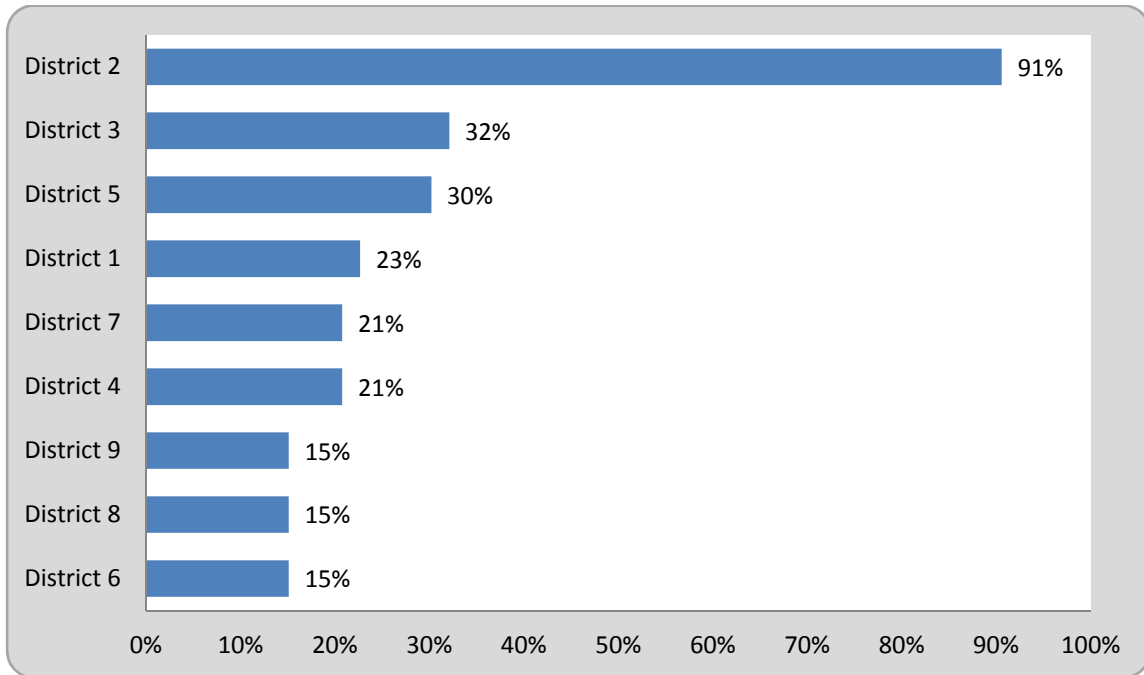
The majority of companies submitted bids and proposals only as the prime contractor.

Q10. “Did you submit these bids/proposals as the prime contractor, as a subcontractor, or as both?” (N=148) Only asked of those who reported ‘yes’ to Q7



As expected, nearly all of those who had worked with FDOT had worked in the local district. Overall, these firms had worked all over the state, with at least 15 percent having worked in each district.

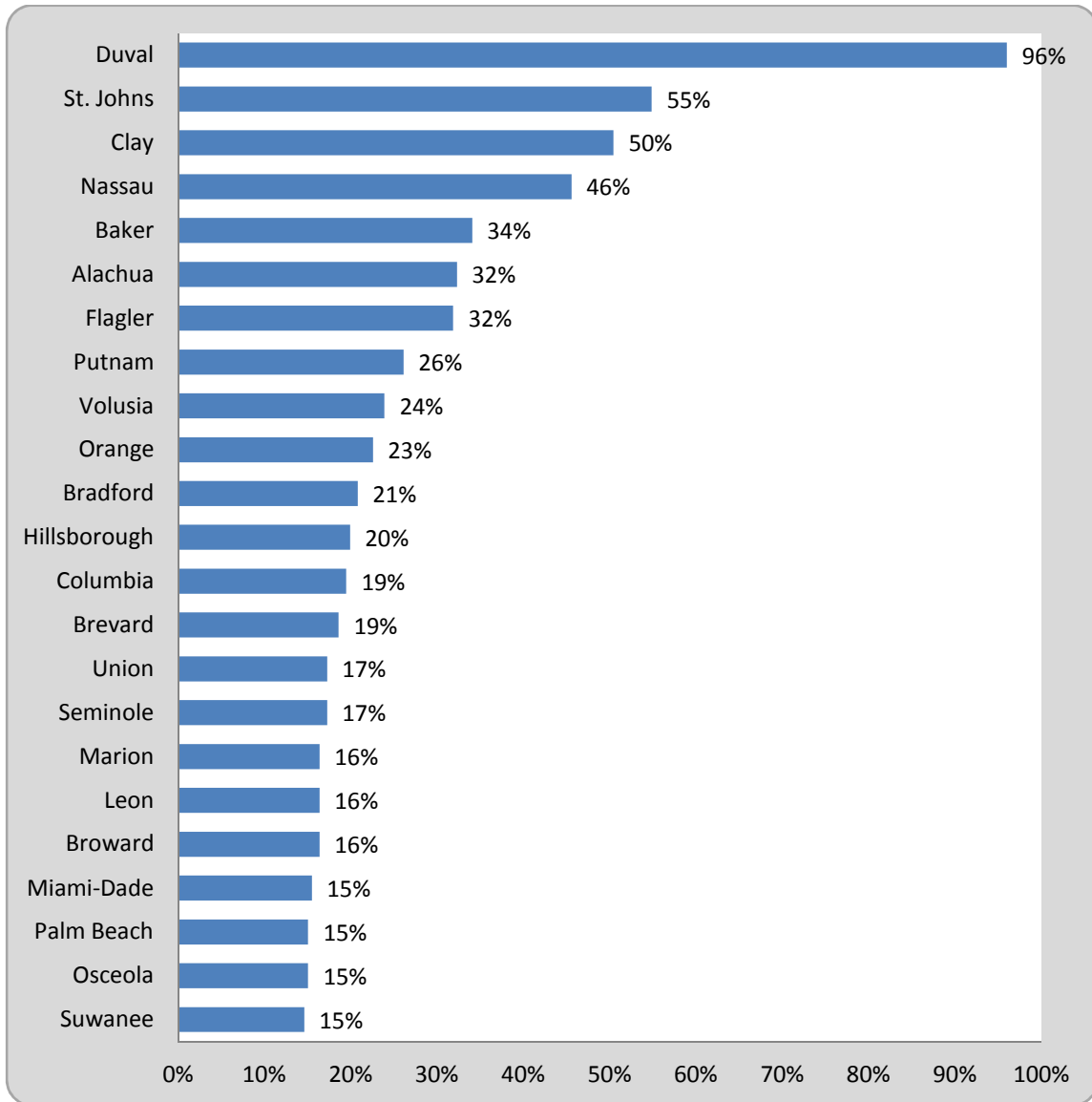
Q19. “In which FCOT highway district does your firm work? (Please select all that apply)” (N=53)



The majority of small businesses worked in Duval, St. Johns, and Clay Counties. It is surprising, considering their relative sizes and how many specifically mention Orlando and Orange County in Q8, that fewer firms reported working in Orange County than in Volusia, Putnam, Flagler, Alachua, and Baker Counties.



Q20. “In which Florida Tollway counties does your firm work? (Please select all that apply)” (N=226)

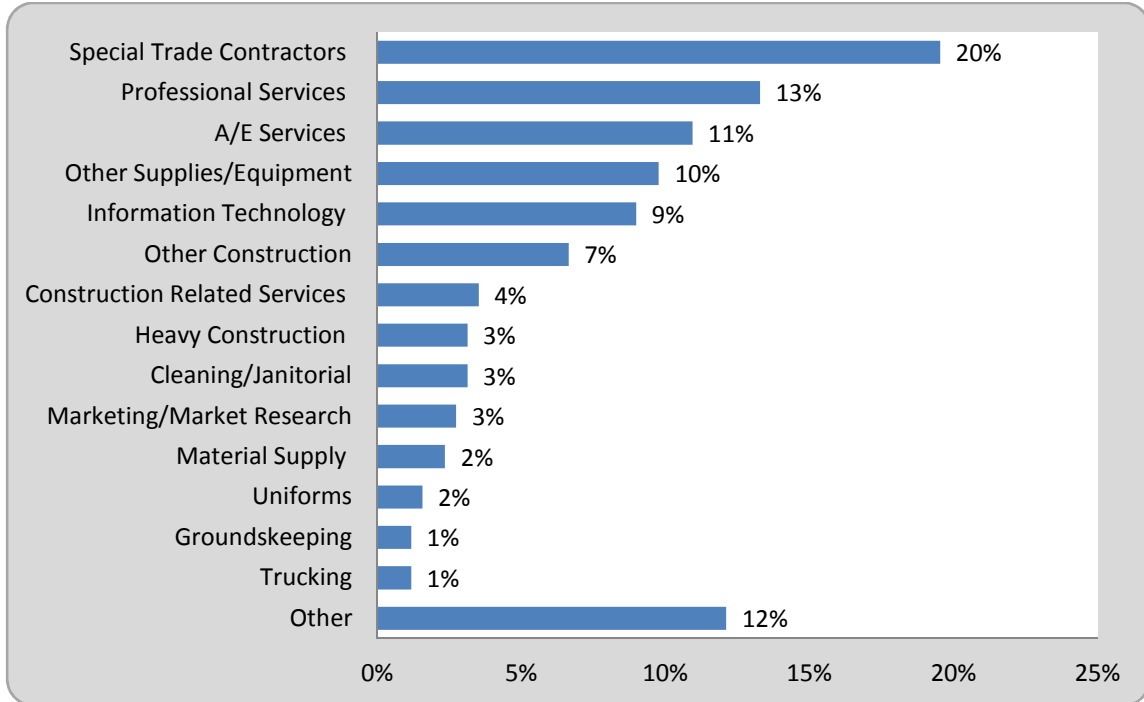


D. Demographics

Nearly half, or 44 percent of the companies surveyed performed construction-related work. The largest portion of these was special trade contractors. Professional services were the next most common category of firms, and it was combined with information technology and marketing/market research for the purpose of crosstabs. The other major category found was firms which specialize in providing equipment or goods. Material supply, uniforms, and other supplies/equipment firms were all grouped into that category which comprised 14 percent of the sample when combined.



Q12. “Select the category that best described your business.” (N=256)



Approximately 43 percent of the small businesses surveyed were owned by Caucasian Males, followed by Caucasian Women at 33 percent, African Americans at 20 percent, Hispanics at 7 percent, Asian Americans at 5 percent, and Native Americans at 3 percent. Moreover, Table 3.01 depicts the demographics of the studies market area. As can be seen, with African Americans making up 22 percent of the Jacksonville market population, a 20 percent ownership rate in small businesses working for public entities is a positive sign. Race, of course, was linked to the certifications a business held, but it was also linked to the size and industry segment of the business.

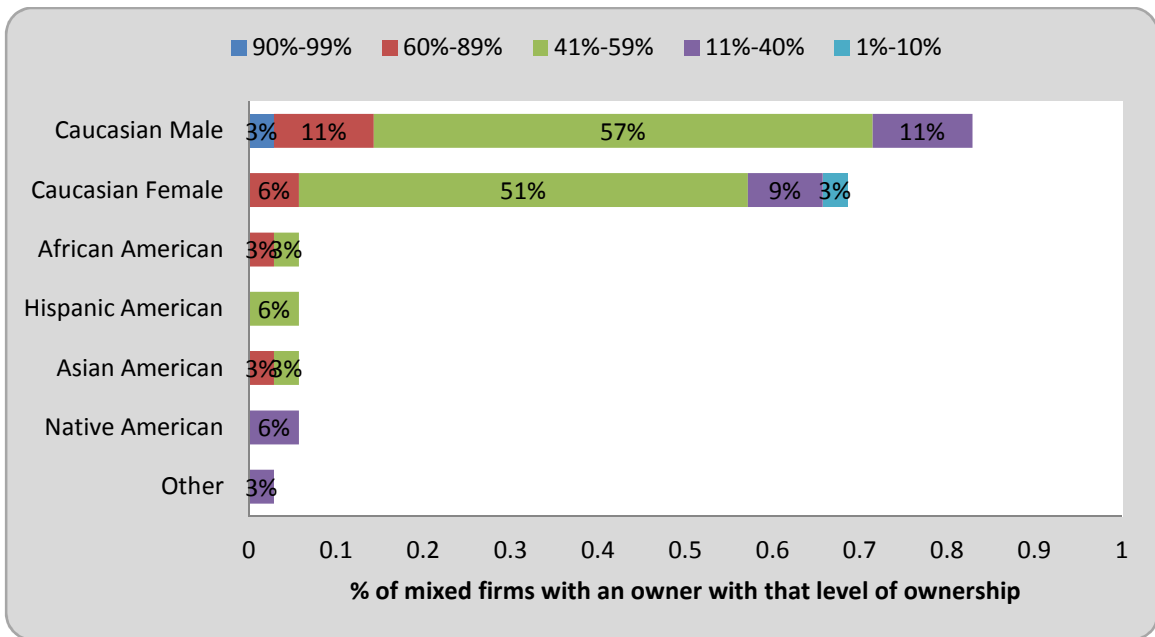
Table 3.07: Ethnicity from 2010 Census

Race/Ethnicity	Jacksonville Market Area	United States
Caucasian	69.9%	72.4%
Black	21.8%	12.6%
Asian	3.4%	4.8%
Native American	0.4%	0.9%
Pacific Islander	0.1%	0.2%
Multi-racial	2.6%	2.9%
Other	1.8%	6.2%
Hispanic Ethnicity		
Hispanic	6.9%	16.3%
Non-Hispanic	93.1%	83.7%



When examining those businesses with mixed ownership, it was clear that there were very few ownership teams with different ethnicities. Most of the “mixed ownerships” were Caucasian men and women: only eight firms had owners of more than one race. Caucasian men were more likely than women to own controlling interests in the firm. For example, 14 percent of the mixed firms had white males with at least 60 percent ownership of the company. Despite being in nearly the same number of mixed firms, only six percent of the firms had white women with that level of ownership.

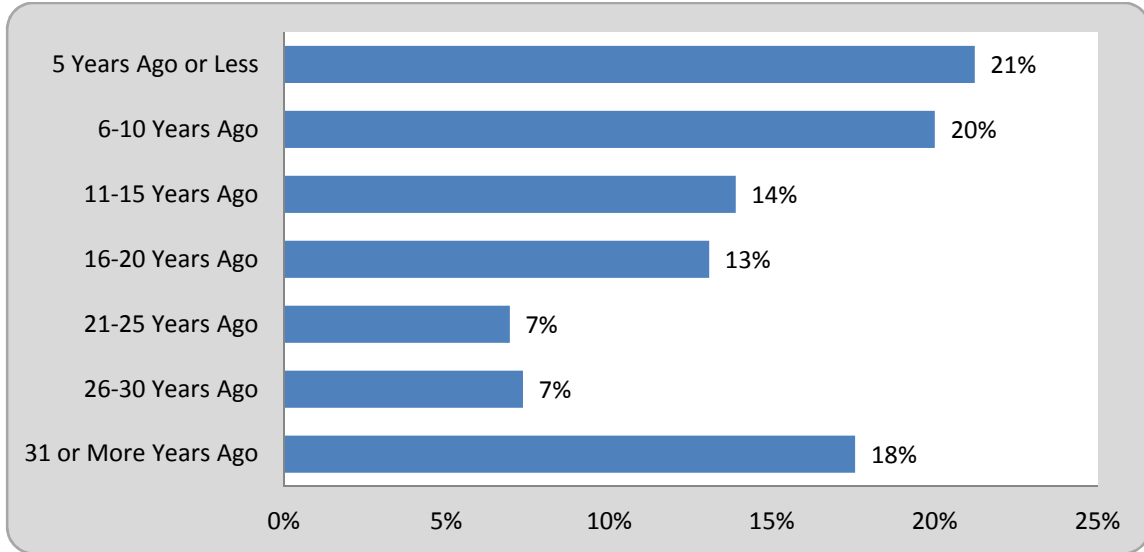
Q16. “Please indicate the percentage of ownership for each group you selected: (Must total to 100 percent)” (N=35)



The companies represented in this survey were of all ages ranging from being established in 2012 to companies established before 1920. The majority could be said to be well-established, with 59 percent having been in business more than 10 years. The median age of the businesses was 13 years, while the mean age was 18.1 years.

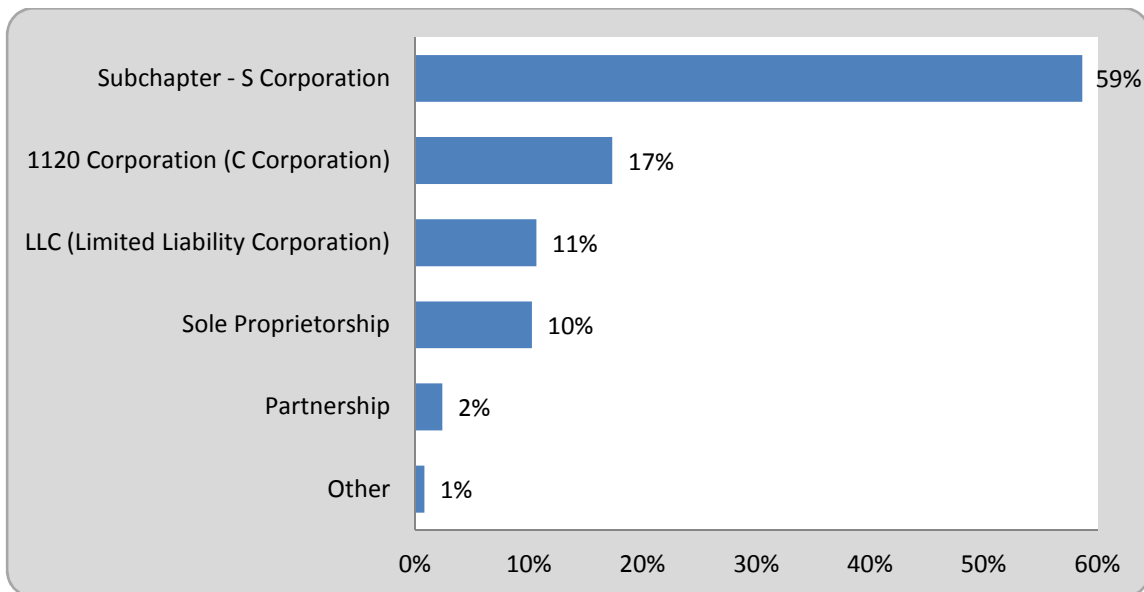


Q11. “In what year was your business established?” (N=245)

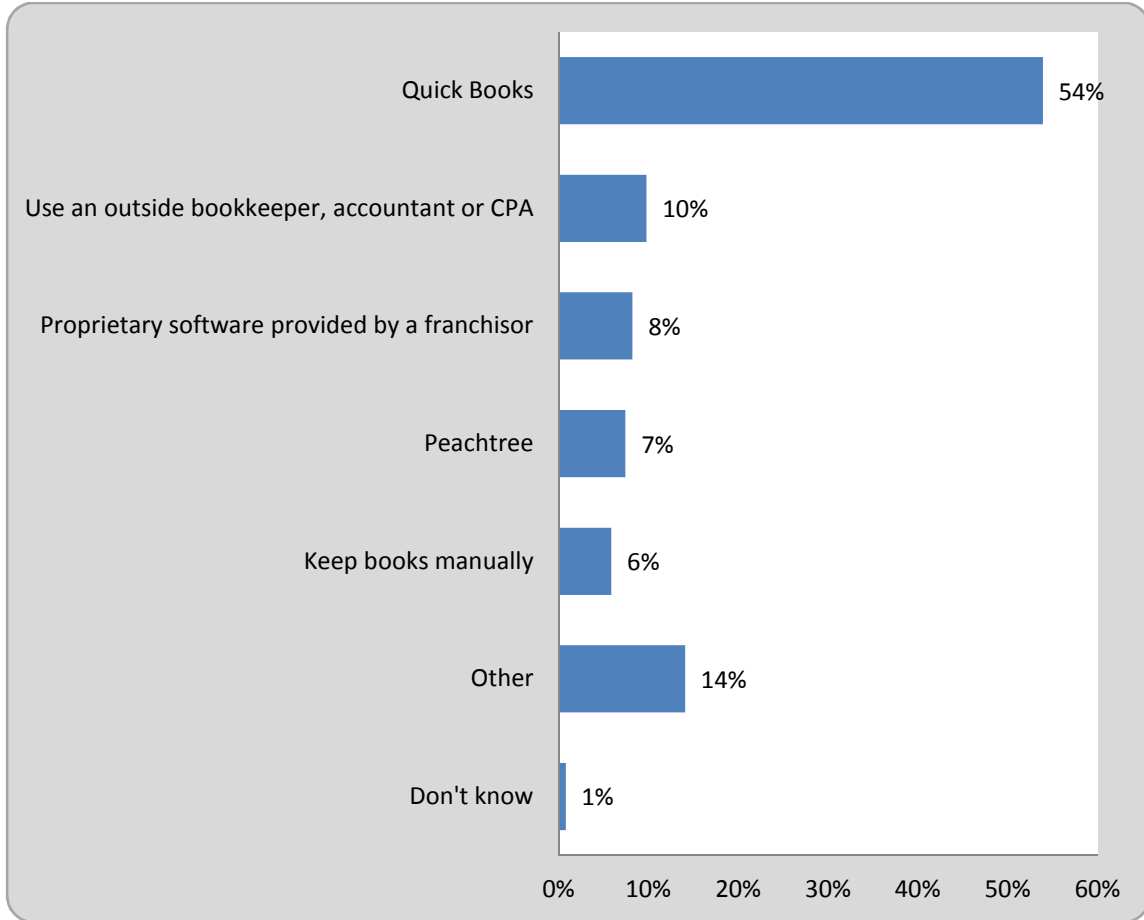


S Corporations were more than three times more common than the next corporate structure among these small businesses. Limited Liability Corporations (LLCs) were not included in the pre-programmed choices, but 11 percent chose other and wrote the option in.

Q14. “What is the legal form of organization of your firm?” (N=254)



Q3. “What type of business accounting system does your company use?” (N=256)



Quick Books was by far the most popular accounting software.





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