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## **ANNUAL REPORT**

FISCAL YEAR – 2011

(Detailed Report)

## **JACKSONVILLE SMALL & EMERGING BUSINESS PROGRAM**

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## I. FROM THE BEGINNING

The Jacksonville Small and Emerging Businesses ("JSEB") program began with Mayor John Peyton's Executive Order 04-02, which created the Commission on Small and Disadvantaged Businesses (the "Commission"). The Commission was designed to review and/or benchmark: (i) financial programs that provide operating and capital expenditures to small businesses; (ii) bonding programs, as well as existing city and state requirements relating to bonding; and (iii) the city's then existing Small Disadvantaged Business Enterprise and Small Business Enterprise ("SDBE/SBE") programs. On February 10, 2004, the Commission began soliciting testimony and gathering information regarding the past, present and future of small and minority businesses in Jacksonville. The Commission continued its information gathering and deliberative process through ten weekly meetings that concluded on April 21, 2004.<sup>1</sup>

On April 28, 2004, the Commission submitted its final report to the mayor and to the City Council's Special Council Committee on Small and Disadvantaged Business (the "Special Committee"),<sup>2</sup> for review and legislative action. As part of its report, the Commission proposed various recommendations, the majority of which are discussed herein. On August 10, 2004, after a lengthy deliberative process conducted by each member of City Council, representatives of the Mayor's Office, the Office of General Counsel and the Department of Procurement, the majority of the Commission's recommendations were codified into City Ordinance 2004-602-E, Chapter 126, Parts 6A and 6B of which establish the JSEB program.<sup>3</sup>

## II. REMOVING BARRIERS AND GROWING BUSINESSES

The information gathered during the enactment of the JSEB program resulted in the Commission concluding that Jacksonville's prior small and minority business programs "have been ineffective in ameliorating the effects of discrimination." In making this conclusion, the Commission reasoned that:

*Jacksonville has had a race conscious program of affirmative action since 1984. It employed techniques similar to those used elsewhere in the country. Despite best intentions, there is little evidence that the minority and woman-owned business community is appreciably strengthened by the prior and existing MBE, EBO, SBE and SDBE programs. This experience is not unique to Jacksonville; the record of other programs around the country is similarly disappointing. The Commission believes that a central failing of the past and existing program is an inadequate focus on building capacity in the small and*

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<sup>1</sup> Each Commission meeting was properly advertised, open to the public and conducted in accordance with Florida Sunshine requirements.

<sup>2</sup> Concurrent with the creation of the Commission, the City Council created its Special Council Committee on Small and Disadvantaged Business, which was also responsible for soliciting testimony, gathering information and otherwise becoming apprised of issues related to the city's former small and minority business programs.

<sup>3</sup> On September 13, 2005, City Ordinance 2005-994-E was enacted to slightly modify City Ordinance 2004-602-E, primarily to increase the gross receipts requirement for JSEB certification to a 3-year average of less than \$6,000,000.

*disadvantaged businesses. The program sets participation goals but does not address structural barriers to success, most notably a lack of available financial and surety credit.*

The Mayor's Office and the City Council ensured that the JSEB program, unlike the city's previous programs, would include elements sufficient to remove "structural barriers to success." As such, the design of the JSEB program has resulted in several firsts in the city's history of small and minority business programs, including, but not limited to:

- (i) **Bonding assistance:** The first bonding program that has resulted in small and minority businesses becoming bond ready and actually receiving bonds;
- (ii) **Bonding legislation:** The first local small and minority business program to solicit and obtain legislation from the state to increase the discretionary bonding threshold for public projects;
- (iii) **Access to capital:** The first city-sponsored access to capital program that has resulted in many loans being issued to small and minority businesses;
- (iv) **Education:** The first city-sponsored education program that was designed to assess and train small and minority businesses in their particular area of need;
- (v) **Opportunities to showcase skills:** The first program that offers periodic small business summits to provide venues and opportunities for small and minority businesses to showcase their skills to local business and/or industry leaders;
- (vi) **Mentoring opportunities:** The first program to establish and to provide follow-up assistance with meaningful mentoring relationship opportunities;
- (vii) **Prompt payment:** The first program that incorporates prompt payment provisions that require semi-monthly payments to certified JSEBs, applications or invoices for which payments are required to be reviewed within four days and payments to be made within three business days thereafter (prime contractors are also required to pay their subcontractors within three days after receiving payment from the city); and
- (viii) **Ombudsman:** The first program to require the inclusion of an ombudsman or hearing officer for the expeditious resolution of issues regarding the performance, treatment and payment concerns of small and minority businesses.

As indicated by the above list of "firsts" and other highlights contained in this report, it is clear that the JSEB program is not only making efforts to increase levels of small and minority business participation in city contracting, but also is "building capacity" of JSEBs, such that they are able to become independent and successful local businesses.

The encouragement of those cities including Valdosta, Georgia, and Nashville, Tennessee is indicative of the fact that with continued community input and support, Jacksonville's JSEB program will one day be recognized as a national model of success for the small and minority business. Mayor Peyton's message was that the JSEB program will achieve and exceed its stated goals only when a "communal effort" is taken to ensure the JSEB program builds capacity, removes

barriers and remains a comprehensive small and minority business program that incorporates the collective wishes of the diverse community of Jacksonville.

### III. REQUIREMENTS FOR CERTIFICATION INTO THE JSEB PROGRAM

While Part 6B of Chapter 126, Jacksonville Ordinance Code, outlines each requirement for JSEB certification, the following list of requirements represents a few of the highlights:

- 1) **Local residency** - The qualifying owner for a business applying for JSEB certification must be a citizen or legal resident of the United States with either: (i) Duval County residency for one or more years prior to applying for JSEB certification; or (ii) an established business headquartered in Jacksonville for three or more years prior to application, plus residency in either Duval, St. Johns, Nassau, Baker, or Clay County for one or more years prior to application.
- 2) **Net worth** - The qualifying owner's personal net worth may not exceed \$605,000. This amount excludes the owner's personal residence, but includes, without limitation, business value and assets (measured as book value).
- 3) **Gross receipts** - The business must have a three-year gross receipts average of less than \$6,000,000.
- 4) **Maximum participation** - Businesses may participate in the program for generally no more than fifteen years.
- 5) **Ownership** - The qualifying owner for a business applying for JSEB certification must own and control more than 51% of the business. The contributions for this ownership must be real, substantial and provided by the qualifying owner who must also own any license required by local, state, or federal law and have expertise normally required in the industry for the field(s) for which certification is sought. The business must perform a commercially useful function typical of the field for which certification is sought and must not operate as a front, broker or pass-through.

### IV. SPECIFIC PROGRAM HIGHLIGHTS

#### A. Better Business through Bonding

As part of its final report, the Commission identified the inability to obtain surety credit or payment and performance bonds as one of several impediments to the success of small and minority businesses. Therefore, a "Bonding Enhancement" program was established pursuant to § 126.601 of the Jacksonville Ordinance Code (the "Code"), to assist certified JSEBs "in their efforts to secure performance and payment bonds for public and private contracts ..., [to] provide a refined basis for underwriting bonds, in-house bonding authority ..., small business support services and contractor monitoring necessary for such bond underwriting, as well as improvement plans for contractors who do not qualify." The City's Bonding Enhancement program was an encompassing bonding assistance service provided by P.A. Wallace & Associates.

The Commission identified that bonding for small businesses can often provide challenges as generally; the personal credit; assets and finances of the small business owner are inextricably linked to the small business itself. As such, this personal information is usually the basis for determining whether a small business is "bondable." Therefore, in an effort to provide a comprehensive assessment of each JSEB that applies for bonding assistance, P.A. Wallace & Associates conducted a detailed analysis of the company and personal information of its owner to provide specific counseling toward JSEBs receiving bonds or becoming bond ready. Unfortunately, due to budget reductions in FY 11 this service was discontinued and in accordance with the Procurement Code 126.201 for projects with a value under \$500,000: (i) bid bonds shall not be required for certified JSEBs and MBEs.

## **B. Financing the Dream**

In addition to concerns about bonding, the Commission identified the lack of access to working capital as an impediment to the success of small and minority businesses. As such, an Access to Capital program was established pursuant to § 126.602 of the Code. To ensure the success of this program, Mayor Brown wants more access to capital opportunities and has created numerous partnerships between the City and business leaders in the community. The City's Access to Capital program currently consists of approximately \$1,215,000.00 in loanable funds, for which certified JSEBs in direct contract with the city or its independent agencies may apply.<sup>4</sup> This is possible due to the continued commitments of Mayor Brown, City Council and the generous contributions to the Access to Capital loan pool by Bank of America, Centerbank, EverBank, First Guaranty, Prosperity Bank, Wells Fargo Bank and by city independent authorities including the Jacksonville Aviation Authority, Jacksonville Electric Authority, Jacksonville Port Authority and the Jacksonville Transportation Authority.

The Access to Capital program is currently managed by Essential Capital, formerly the Jacksonville Economic Development Company, under the direction of Cleve Warren. Through Essential Capital, the City has provided more than \$2.6 million in loans to JSEBs. These loans have assisted JSEBs in securing nearly \$31.7 million in contracts and subcontracts.

The Access to Capital loans are repaid from payments or amounts due and owing under the JSEB's direct contract with the city or one of its independent agencies. These payments are delivered directly to Essential Capital via joint-checks payable to Essential Capital and the JSEB. Upon receiving these payments, Essential Capital deducts the installment amount due on the loan and forwards the remaining amount to the JSEB. As a result of this method of repayment, the Access to Capital

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<sup>4</sup> The city has established policies and procedures such that the Access to Capital program will also be available to JSEBs that have subcontracts with prime contractors that are in direct contract with the city or its participating independent agencies.

program's loan pool is replenished and available for the next JSEB application. This repayment method also assists the JSEB in establishing a positive credit history that will result in the JSEB gaining access to conventional lending sources.

During FY11, a total of 10 JSEBs applied for loans, eight were approved for \$263,910 and two JSEBs were denied loans due to unresolvable credit issues, the breakdown is as follows:

**Summary of Access to Capital Awarded to JSEB Vendors during FY 11**

<b>Ethnicity</b>	<b>Total Amount Loaned</b>	<b># of Vendors Who Applied</b>	<b># of Vendors Approved</b>
African American	\$ 168,540	9	7
Asian American	\$ -	0	0
Hispanic American	\$ -	0	0
Native American	\$ -	0	0
Women Business Owners	\$ -	0	0
Non-MBE	\$ 95,370	1	1
<b>Total</b>	<b>\$ 263,910</b>	<b>10</b>	<b>8</b>

Data Source: Access to Capital Reports from Essential Capital

When asked about his experience with the Access to Capital program, David E. Touring of The Touring Construction Company stated:

*"I received my second Access to Capital loan in the spring of this year. I have continued to grow my business over the last year and without funding to cover payroll, materials, etc. I would not have been able to meet the needs of our client (COJ, of course). We recently paid it off and are now funding our projects in house, for the most part. Once again, I had a very pleasant and professional experience dealing with the folks involved in the program. I highly recommend the Access to Capital Program for outstanding companies wishing to grow their business and needing the funding to do so."*

### **C. Building Capacity through Training, Education and Mentoring**

As part of its JSEB training and development efforts, the Mayor's office and the Equal Business Opportunity & Contract Compliance Office ("EBO") routinely solicit the local business community for their support and assistance in educating and

mentoring local small and minority businesses. The city has partnered with local educational institutions to offer courses and training seminars for JSEBs at no cost. Thanks to education partners like Florida State College at Jacksonville ("FSCJ"), formerly Florida Community College at Jacksonville, the Small Business Development Center of the University of North Florida ("UNF" or "SBDC"), the Jacksonville Chamber of Commerce's Small Business Center ("SBC") and the Beaver Street Enterprise Center ("BSEC"), the city's JSEBs are able to increase their business acumen.

When asked about her experience with the JSEB Program, Ms. Sara Slettebo, owner ReMilNet, LLC a consulting business stated:

*"ReMilNet has been a JSEB for several years. As part of this program, companies are eligible to receive free or reduced cost access to a wide range of programs that suite all business types and levels. We have found these workshops and training classes to be very informative and beneficial. Additionally, by being a JSEB, companies such as ourselves are listed in a database that other firms can access for contracting opportunities. While ReMilNet has not seen many opportunities that match our core competencies, we have had opportunities to support the City during our tenure. The JSEB program offers much needed guidance and support for local small businesses and I believe it is an important and integral part of the continued growth of our City."*

Ms. Ewiler Jordan, owner of Light House Cleaning Service, LLC stated:

*"The Jacksonville Small and Emerging Business Program has given my company "Light House Cleaning Services" an opportunity that I need to compete as a small business owner. I am currently attending Florida State College, and I will graduate with an Associate & Arts degree in 2013. I am happy to be a certified member of JSEB. This program changes lives, because it gives small business vendors like me hope. I just want to say thank you!"*

Ms. Janet Herrick, owner of Onsite Environmental Consulting, LLC stated:

*"The JSEB Program has been beneficial to my company as it introduced me to larger engineering firms from which partnering opportunities have arisen. I support the JSEB program as an EBO hallmark because it is a race-neutral and gender-neutral program that demands high standards of its participants. The JSEB program has helped leverage my company for success in these difficult times, and I look forward to continued participation as part of my business strategy."*

Ms. Tina Meskel, owner of Meskel & Associates Engineering, LLC stated:

*"The JSEB program has been a key component to the success of my business over the last 3 years. We are growing but still small and, in the engineering business, this can make our clients apprehensive about our capacity and capability to complete projects. The JSEB program gives them incentive to give us a chance. Because we have been successful at managing our projects and*



*providing our clients with great service, we have many repeat clients and work "non-JSEB projects" with many of our "JSEB clients" – achieving the ultimate goal of the program."*

#### **D. Ombudsman Oversight**

The Office of the Ombudsman currently investigates complaints relating to contract compliance and mediates fair settlements, especially between aggrieved parties.

A neutral, independent and impartial public body they have authority and responsibility to receive contractual complaints regarding payments and performance issues on public projects as well as investigate, develop findings and make recommendations to resolve the same.

Central to the role of the Office of the Ombudsman is the need to ensure that best practices are applied throughout the processes, ordinances, policies and procedures that govern the ombudsman, which encompasses:

The Ombudsman working with the organization to encourage it to provide its constituents with a variety of effective formal (rights-based) and informal (confidential and interest-based) options for surfacing and resolving concerns. All option should be well established and clearly and regularly communicated to the entire organization.

#### **Customer Comments**

*Mr. Jim Dotson, Citizen*

*Glory, Glory...who says miracles don't happen! I never thought they would respond to my concerns about the damage to my sprinkler system. Got a check to day, they tried to wiggle some but agreed to see what could be done.*

*Thanks for your help, it would not have happened with out your assistance, some of the guys in my Men's Fellowship Group at Church really laughed when I told them of my claim, I can't wait to show them the check.*

*This proves that your Office can make things happen.*

*Thanks again and Best Regards,*

*Jim Dotson*

## V. FACTS AND FIGURES

### A. The Pool of JSEBs

Prior to the JSEB program, Jacksonville's minority business programs were open to any minority business, regardless of the business' location or of its qualifying owner's residency.<sup>5</sup> As such, a minority business headquartered anywhere in America could apply for certification into one of Jacksonville's previous programs. As a result, companies as far away as San Antonio, Texas; Windsor, Connecticut; and South Casco, Maine received certification under the city's prior small and/or minority business programs.

As a result of not having a local residency requirement, Jacksonville had very large pools of minority businesses, many of whom benefited from working on local projects but were not local residents. This was not popular with the local small and minority business community as indicated during their testimony before the Commission and the Special Committee. Therefore, a local residency requirement was included for certification under the JSEB program, which has resulted in a smaller pool of JSEBs.<sup>6</sup> Despite the small pool, the local residency requirement guarantees that the JSEB program truly benefits the small and minority businesses of Jacksonville.

EBO continued to engage in workshops and outreach efforts designed to increase interest and awareness in the JSEB program and to increase the size of the city's current pool of JSEBs. As awareness continues to increase regarding the various programs and opportunities available to JSEBs, interest in the program should also increase.

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<sup>5</sup> There were no residency requirements under the city's prior program and, if a small or minority business fell within a certain financial threshold, it would generally be granted certification.

<sup>6</sup> In accordance with § 126.609(a), Jacksonville Ordinance Code, "[a]ll businesses certified as SBE[s], or SDBEs pursuant to the former Parts 6A and 6B [of] Chapter 126 as it existed on July 1, 2003, ... continue[d] to be certified [or were grand-fathered into the JSEB program] until March 31, 2005." As such, after March 31, 2005, the pool of small and minority businesses certified under the JSEB program was significantly decreased by approximately 61 percent. Again, this decrease was primarily attributed to the local residency requirement for certification under the JSEB program.

The pool of certified JSEBs as of September 30, 2011 compared to FY 10 are below:

<b>Total Pool of Certified JSEBs by Ethnicity &amp; Gender</b>		
<b>Ethnicity</b>	<b>FY 10</b>	<b>FY 11</b>
African-American	172	159
Asian-American	23	22
Hispanic-American	30	25
Native-American	6	8
Women	91	100
Non-MBE	75	68
<b>Total</b>	<b>397</b>	<b>382</b>

Data Source: EBO & Contract Compliance Office Internal JSEB Directory Listing

Comparing FY 10 to FY 11, the pool of certified JSEBs decreased by 15 vendors. The reduction is due to JSEBs graduating or being denied certification for various reasons.

#### **Total Number of Applications and Requests Received during FY 11**

<b>Ethnicity</b>	<b>New Certifications</b>	<b>Re-Certifications</b>	<b>Additional Commodity Codes Requested</b>	<b>Total JSEB Applications / Requests Received by Ethnicity</b>	<b>Applications Withdrawn</b>	<b>Applications Denied</b>	<b>Graduated</b>
African American	80	95	2	177	1	11	1
Asian American	7	11	0	18	0	1	1
Hispanic American	13	13	1	27	1	0	0
Native American	3	5	0	8	0	0	0
Women	39	64	1	104	0	4	2
Non-MBE	23	58	1	82	0	6	0
<b>Total</b>	<b>165</b>	<b>246</b>	<b>5</b>	<b>416</b>	<b>2</b>	<b>22</b>	<b>4</b>

Data Source: EBO & Contract Compliance Office Internal JSEB Application Log

In FY 11, a total of four (4) vendors graduated from the JSEB program. Since inception, a total of eleven (11) vendors have graduated from the program.

## B. JSEB Participation and Contract Awards

The EBO and Contract Compliance Office reviewed a total of 265 projects for JSEB participation opportunity, the review results are as follows:

- a. Encouragement both construction & professional services - (170)
- b. Participation both construction & professional services - (45)
- c. Set-Asides construction only - (50)

The City of Jacksonville awarded 252 of the 265 projects reviewed by the EBO Office.

Jacksonville Small & Emerging Businesses were awarded a total of seventy-one (71) prime and sub-contracts, representing 28% of the 252 bids awarded in FY 11. This percentage exceeds the twenty (20) percent contract goal established in FY 05.

The following 21 small emerging businesses were awarded prime contracts through JSEB Set-Asides in construction related projects during FY 11:

No.	JSEB	JSEB Category
1	Aquino Construction, Inc.	Asian American
2	Matthis Construction Company, Inc.	African American
3	J.L. Tripp Builders	African American
4	Dajis Construction	African American
5	The Rose Group, LLC	African American
6	Choice Building Solutions, Inc.	African American
7	Quality Trust Investments, Inc.	African American
8	M.Y. Contractors	African American
9	A Sanctuary House of Northeast Florida, Inc.	African American
10	Pars Construction Services, LLC	Asian American
11	Core Construction of Jacksonville	Asian American
12	Pinnacle Civil & General Contractors, Inc.	Hispanic American
13	The Touring Company, Inc.	Non-MBE
14	J.B. Underground, Inc.	Non-MBE
15	Brance Diversified, Inc.	Non-MBE
16	Kirby Development, Inc.	Non-MBE
17	Flint Construction Services, Inc.	Non-MBE
18	World Construction Company, Inc.	Non-MBE
19	Push of Northeast Florida	Woman
20	Kadin	Woman
21	United Service Connection, Inc.	Woman

A total of forty-nine (49) prime contracts were awarded to 21 JSEB vendors. These 49 set-aside prime contracts had a positive economic impact on small businesses, in which JSEBs were able to create 17 new jobs in FY 11.

Combining data from FY 10 and FY 11, the JSEB program has been instrumental in creating 36 new jobs through JSEB set-aside projects. In addition, the jobs created does not take into account jobs that may have been created through JSEB sub-contracts.

New Positions Created	2010	2011
Full-Time	13	15
Part-Time	6	2
Total New Jobs Created	19	17

Source: Surveys from JSEBs awarded Prime Contracts through set-aside projects

The percentages of the contracts awarded by ethnic group are as follows:

- a. Non-MBE – 38.8%
- b. African American – 28.6%
- c. Woman – 20.4%
- d. Asian & Hispanic American – 12.2%

A total of twenty-two (22) JSEB vendors were awarded sub-contracts through JSEB participation goals. The percentages of the contracts awarded by ethnic group are as follows:

- a. Woman – 59.09%
- b. Non-MBE – 18.18%
- c. Hispanic American – 18.18%
- d. African American – 4.55%

Fifty-nine (59) JSEBs submitted bids on construction set-aside projects for FY 11. In addition, sixty-five (65) different JSEBs were listed as sub-contractors to meet JSEB participation requirements by prime contractors submitting bids.

Based upon 2007 U.S. Census data obtained concerning local demographics, there are approximately 69,495 established businesses in Duval County, Florida of which:

- Non-MBE owned – 44.6%
- Women-owned – 29.8%
- African-American owned – 14.1%
- Hispanic-American owned – 6.3%
- Asian-American owned – 4.9%
- Native-American owned - 0.3%

The following data represents the actual percentages and dollar amounts of total awards made to small and minority businesses under the JSEB program during fiscal year 2011:

## AWARDS

Percentages of Total Sourceable Awards by JSEB Ethnic Group:

<b>Summary of Percentages and Dollar Amounts of Total <u>Awards</u> Made to Certified JSEBs by Ethnicity &amp; Gender (for prime contracts and subcontracts)</b>		
African-American	\$ 3,577,037	3.08%
Asian-American	\$ 909,951	0.78%
Hispanic-American	\$ 1,069,360	0.92%
Native-American	\$ 54,890	0.05%
Women Business Owners	\$ 7,842,168	6.75%
Non-MBE	\$ 2,960,821	2.55%
<b>Total Sourceable Awards:</b>	(Of the \$116,133,209 total city sourceable award dollars, 14.13% or \$16,414,227 were awarded to JSEBs) <sup>7</sup>	

Percentage and Dollar Breakdown of Awards Paid to JSEBs:

<b>Summary of Percentages and Dollar Amounts of Total <u>Awards</u> Made to Certified JSEBs by Ethnicity &amp; Gender (for prime contracts and subcontracts)</b>		
African-American	\$ 3,577,037	21.79%
Asian-American	\$ 909,951	5.54%
Hispanic-American	\$ 1,069,360	6.51%
Native-American	\$ 54,890	0.33%
Women Business Owners	\$ 7,842,168	47.78%
Non-MBE	\$ 2,960,821	18.04%
<b>JSEB Awards</b>	<b>\$16,414,227</b>	<b>100%</b>

Data Source: The City's JaxPro, PSEC and Bids Tracking Databases

The information regarding ethnic and gender local business ownership percentages is based on 2007 U.S. Census data and has not been reduced to reflect the number of businesses that: (i) provide the particular services and/or commodities that are normally procured by the City of Jacksonville; (ii) are "ready,

<sup>7</sup> To be considered "sourceable," an award or expenditure must generally result from a competitive solicitation for supplies, contractual services, professional services, or capital improvements and not from: (i) an "exceptional purchase," i.e., any purchase excepted by law or rule from the requirements for competitive solicitation, including without limitation purchases pursuant to §§ 126.107, 126.206, 126.207, 126.211, 126.307, 126.309, 126.311, 126.312, or 126.313 of the Procurement Code; or (ii) the solicitation or purchase of services and/or supplies for which there are no certified JSEBs that provide the same.

willing and able" to provide the services and/or commodities that the city procures; and (iii) meet the threshold requirements or size standards for certification in the JSEB program (see <http://quickfacts.census.gov/qfd/states/12000.html>). Comparing JSEB award and expenditure percentages with local business ownership percentages is the "proper statistical evaluation," as opposed to comparing JSEB award and expenditure percentages with local ethnic and gender population percentages. *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 471, 109 S.Ct. 706, 102 L.Ed.2d 854 (1989))

Similarly, the following represents the actual percentages and dollar amounts of total expenditures paid to small and minority businesses under the JSEB program during fiscal year 2010-2011:

### EXPENDITURES

Percentages of Total Sourceable Expenditures by JSEB Ethnic Group:

Summary of Percentages and Dollar Amounts of <u>Total Expenditures</u> Paid to Certified JSEBs by Ethnicity & Gender (for prime contracts and subcontracts)		
African-American	\$ 10,492,940	2.97%
Asian-American	\$ 2,288,014	0.65%
Hispanic-American	\$ 4,941,090	1.40%
Native-American	\$ 893,421	0.25%
Women Business Owners	\$ 10,910,090	3.09%
Non-MBE	\$ 4,851,446	1.37%
<b>Total Sourceable Expenditures:</b>	(Of the \$352,854,293 total city sourceable dollars, 9.74% or \$34,377,001 were expensed to JSEBs) <sup>8</sup>	

Percentage and Dollar Breakdown of Expenditures Paid to JSEBs:

Summary of Percentages and Dollar Amounts of <u>Expenditures</u> Paid to Certified JSEBs by Ethnicity & Gender (for prime contracts and subcontracts)		
African-American	\$ 10,492,940	31%
Asian-American	\$ 2,288,014	7%
Hispanic-American	\$ 4,941,090	14%
Native-American	\$ 893,421	3%
Women Business Owners	\$ 10,910,090	32%
Non-MBE	\$ 4,851,446	14%
<b>JSEB Expenditures</b>	<b>\$ 34,377,001</b>	<b>100%</b>

Data Source: The City's JaxPro, FAMIS and Public Works Databases

<sup>8</sup> See Note 7, *supra*.

## **VI. DISPARITY STUDY:**

### **Purpose**

The City of Jacksonville (City) and its Independent Authorities (Jacksonville Transportation Authority (JTA), Jacksonville Port Authority (JPA), Duval County Public Schools (DCSB) and the Jacksonville Electric Authority (JEA), collectively the "Agencies" commenced a Multi-Jurisdictional Disparity Study in August 2011.

This Study will determine if there is a disparity between the number of disadvantaged, minority and women-owned businesses within Duval County that are ready, willing, and able to perform construction, professional services and provide contractual goods and services, and the number of these same business types that are actually participating in these same types of contracts with the Agencies.

The Study will examine information from each Agency from October 01, 2004 to September 30, 2009 for all agencies with the exception of the Duval County Public Schools, which time frame shall be July 01, 2004 to June 30, 2009 to determine whether the Agencies are either an active or passive participant in discrimination, in contracting for construction, professional services and providing contractual goods and services.

The Mason Tillman consulting firm was selected as the consultant and will be expected to conduct the Study, make recommendations whether and with respect to what groups the evidence shows, or tends to show, the need for remedial action to address any effects of past or present discrimination and, if so, whether such remedial action should include race or gender-conscious measures.

The Study and any recommended remedial action will be supported by reliable economic, statistical, historic and anecdotal evidence of the types recognized under the leading federal and state law decisions and statutes applicable in the State of Florida in order to identify and document the nature and extent of any racial and gender discrimination found in the Agencies' contracting.

### **Background of Each Agency**

Each Agency has different methods of procurement, records maintenance, disadvantaged, minority- and women-owned business policies and programs and definitions of disadvantaged business enterprises or minority and women-owned businesses that benefit from such policies and programs.



Therefore, the study shall provide an account and analysis of the procurement practices of each Agency, each Agency's relevant market area, as well as the contracting and sub-contracting practices of private businesses that do business with each Agency. Separate final reports shall be prepared for each Agency as a result of the Study tailored to each Agency's policies and programs, needs and legal requirements.

## **General Description of the Study**

The following information is a general description of the Study:

1. Determine and analyze the availability of disadvantaged, minority and women-owned businesses that are ready, willing and able to participate in each Agency's contracts.
2. Define the measure of availability and explain how availability was calculated.
3. Ascertain whether a statistically significant disparity exists between the availability of ready, willing and able disadvantaged minority and women-owned businesses and the utilization of such firms in each Agency's contracts (whether as prime contractors, sub-contractors or suppliers).
4. If under-utilization is determined, research and analyze the reasons for the under-utilization, document any statistical disparity finding to include quantitative data and provide recommendations for alternative policy and program directions.
5. If no under-utilization is determined, recommend race-neutral activities the Agencies can undertake to improve or modify its contracting and procurement processes to the extent necessary to ensure that all businesses have a fair and adequate opportunity to participate in the Agencies' procurement and contracting processes and recommend such other policy or procedural changes necessary to ensure each Agency's compliance with existing law.

Ultimately, the Study shall be used to aid each Agency in evaluating and improving its current policies and programs. The results and

recommendations should serve as a reference document in the creation of future policies, directives, standards and practices.

To learn more about the study, contact Mason Tillman Associates, Limited at (904) 339-9549 or by e-mail at [info@jaxdisparitystudy.com](mailto:info@jaxdisparitystudy.com) or visit [www.jaxdisparitystudy.com](http://www.jaxdisparitystudy.com).

## VII. CONCLUDING THOUGHTS:

Since its enactment, the JSEB program has made significant strides toward building capacity and removing structural barriers to small and minority business success.

<b>Summary of Percentages and Dollar Amounts of Total Expenditures Paid to Certified JSEBs by Ethnicity &amp; Gender Since Program Inception</b> (for prime contracts and subcontracts)		
African-American	\$ 109,038,881	5.00%
Asian-American	\$ 11,481,941	0.53%
Hispanic-American	\$ 28,696,604	1.32%
Native-American	\$ 17,006,015	0.78%
Women Business Owners	\$ 127,828,375	5.86%
Non-MBE	\$ 41,230,176	1.89%
<b>Total JSEB Expenditures:</b>	<b>\$335,281,992</b> (15.37% of the city's total sourceable spend of \$2,182,112,646) <sup>9</sup>	

These and other accomplishments of the JSEB program indicate that the "communal effort" approach to building capacity and removing structural barriers to small and minority business success is working. In an effort to perpetuate the benefits that flow from this "communal effort" approach, the process by which the JSEB program sunsets should replicate the process by which it was enacted. In other words, a "communal" debriefing of the JSEB program should be conducted, whereby a commission – similar to the Commission or Special Committee referenced herein – is established in order to, at a minimum:

1. Review and compare the existing JSEB program with other successful small and/or minority business programs in an effort to identify possible areas of improvement;
2. Solicit and obtain information and guidance from representatives of the City's Office of General Counsel, other city departments and local independent authorities regarding any legal, reporting or practical concerns associated with the administration of the various elements of the JSEB program;

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<sup>9</sup> See Note 7, *supra*.

3. Solicit and obtain information and guidance from the local community regarding capacity building and any lingering impediments to small and minority businesses that the JSEB program may not have adequately addressed;
4. Issue findings and recommendations to the Mayor and City Council regarding the past, present and future of small and minority businesses in Jacksonville; and
5. Provide general assistance in any city effort to conduct a disparity, statistical, anecdotal or related study of local contracting and purchasing practices – public sector and private sector – to determine the extent to which a remedial program for racial or gender discrimination is necessary and/or appropriate.

The JSEB program was established as a result of listening to witness testimony and reviewing documents received from historians, attorneys, public officials, leaders of local businesses and industry, bankers, insurance/surety professionals, the clergy, activists and, most importantly, owners of small and minority businesses. As such, the design and any success of the JSEB program can be attributed to the “communal effort” or the collective input of the citizens of Jacksonville. As deliberations begin as to the future of small and minority business in Jacksonville, a “communal effort” remains the key to success.

## EXHIBITS

Summary of Percentages and Dollar Amounts  
of Total EXPENDITURES Paid to Certified JSEBs for FY 11 ..... Ex-1

Summary of Percentages and Dollar Amounts of Total  
EXPENDITURES Paid to Certified JSEBs for FY 11 by Ethnicity & Gender ..... Ex-2

Summary of Percentages and Dollar Amounts of  
Total AWARDS Made to Certified JSEBs for FY11 ..... Ex-3

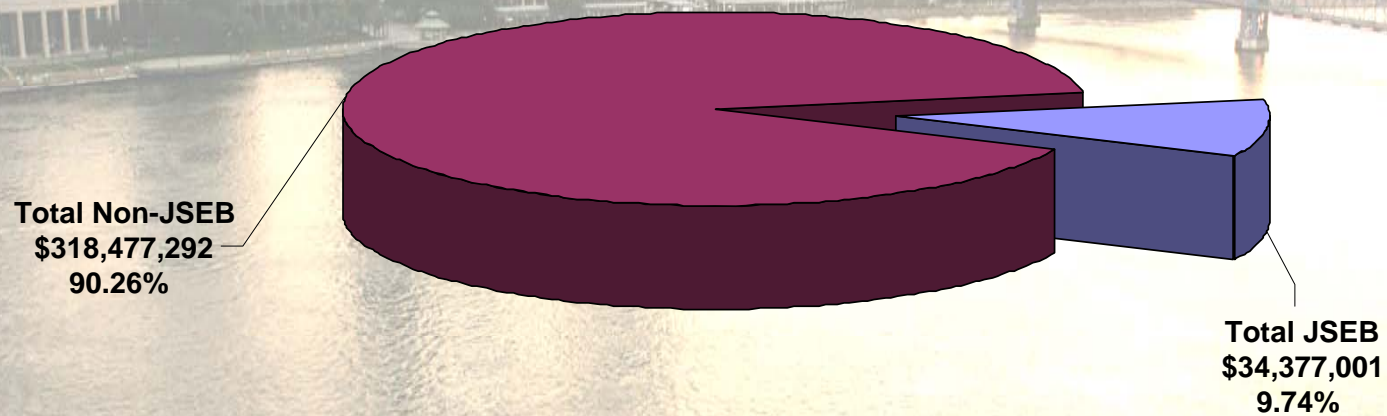
Summary of Percentages and Dollar Amounts of Total  
AWARDS Made to Certified JSEBs for FY 11 by Ethnicity & Gender ..... Ex-4

Program Review Comparing FY 10 and FY 11  
Summary of JSEB Expenditures, Awards and Certifications ..... Ex-5 to 7

Summary Review FY 11 – Total Number of Projects Reviewed,  
Review of JSEB Expenditures and Awards by Commodity Type ..... Ex-8 to 10

**Summary of Percentages and Dollar Amounts of Total  
Expenditures Paid to Certified JSEBs for FY 11  
(for prime contracts and sub-contracts)**

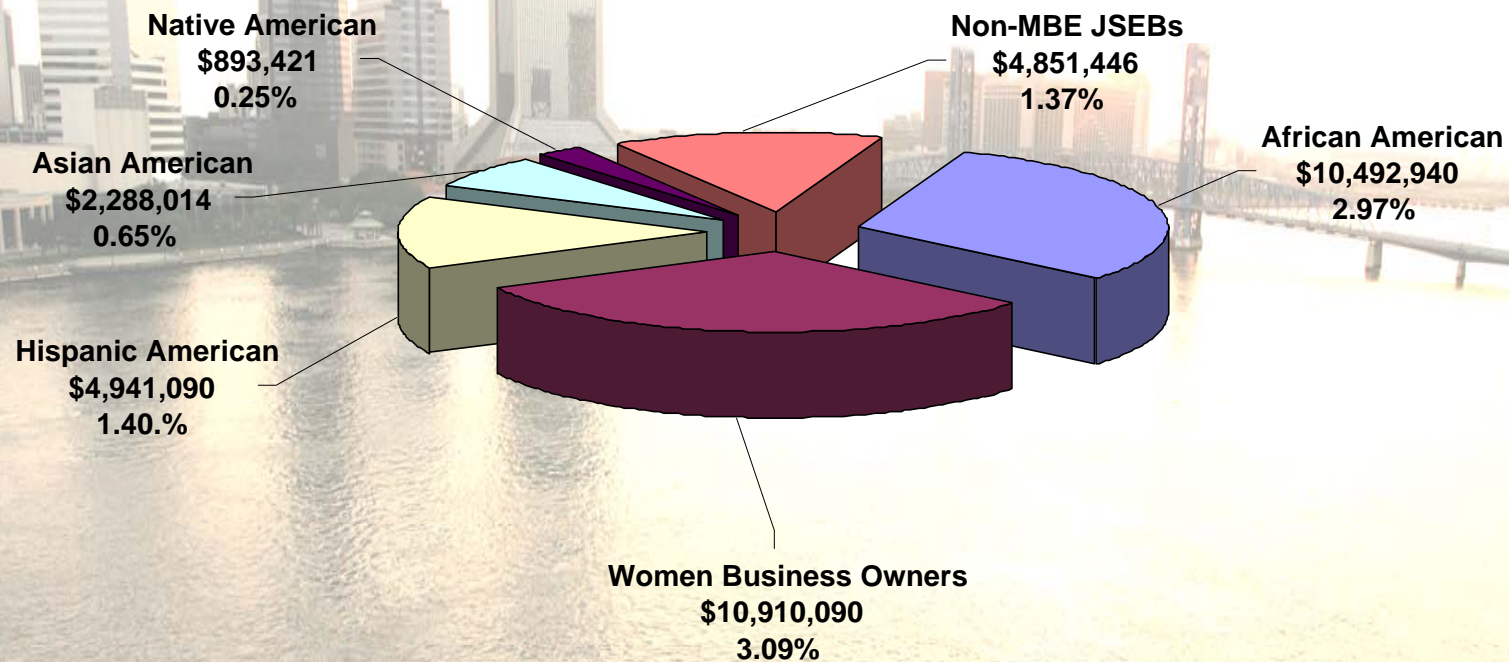
**City's Total Sourceable Expenditures: \$352,854,293**



Data Source: Data came from the City's JaxPro, FAMIS and Public Works Databases

**Summary of Percentages and Dollar Amounts of Total Expenditures Paid to Certified JSEBs for FY 11 by Ethnicity & Gender (for prime contracts and subcontracts)**

**Total Sourceable Expenditures Paid: \$352,854,293**



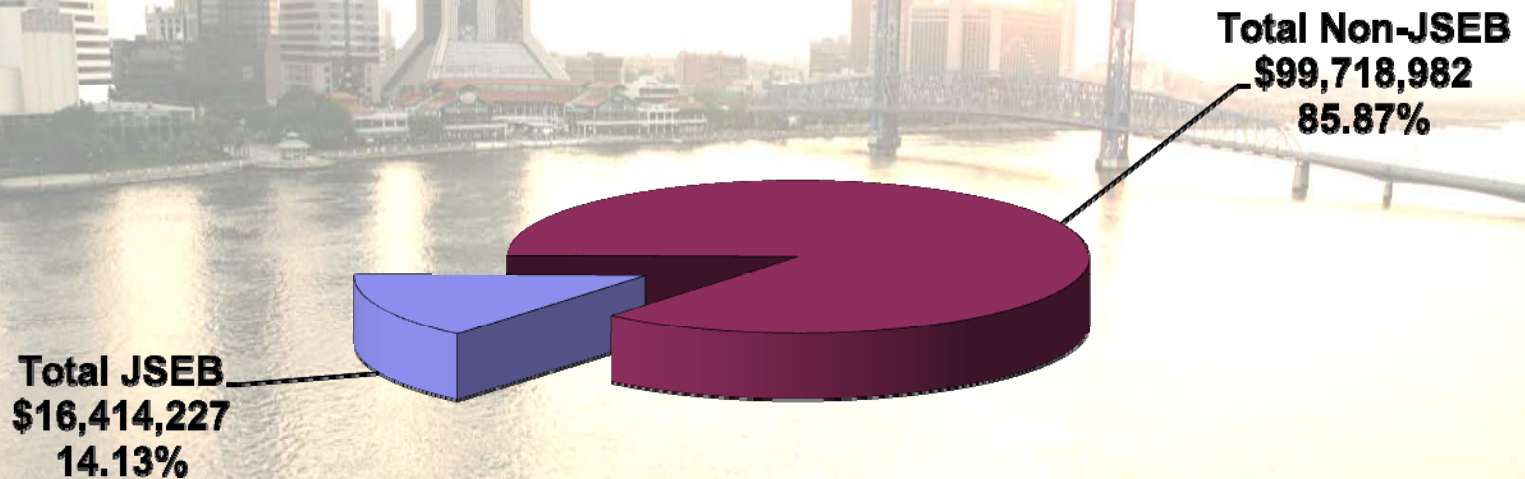
Data Source: Data came from the City's JaxPro, FAMIS, and Public Works Databases

## Summary of Percentages and Dollar Amounts of Total

### Awards Made to Certified JSEBs for FY 11

(for prime contracts and subcontracts)

City's Total Sourceable Awards: \$116,133,209

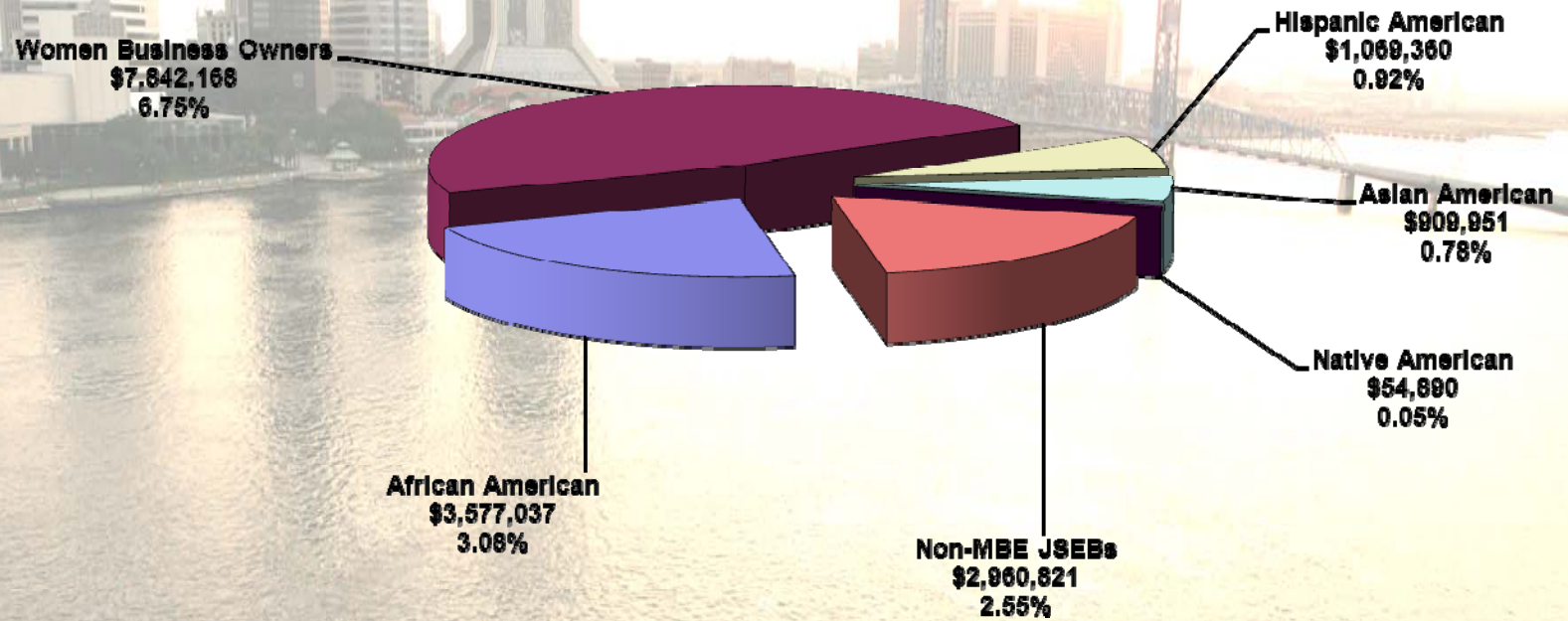


Data Source: Data came from the City's JaxPro, PSEC and Bids Tracking Databases



**Summary of Percentages and Dollar Amounts of Total  
Awards Made to Certified JSEBs by Ethnicity & Gender FY 11  
(for prime contracts and subcontracts)**

**Total Sourceable Awards to JSEBs: \$116,133,209**



Data Source: Data came from the City's JaxPro, PSEC and Bids Tracking Databases



A photograph of the Jacksonville skyline at sunset, with the city's reflection on the water. The sun is low on the horizon, creating a warm, golden glow. The skyline includes several tall buildings, with the 'modis' logo visible on one of them. A bridge is visible on the right side of the image.

# **Jacksonville Small Emerging Business Program (JSEB)**

**Summary of JSEB Expenditures, Awards and Certification**

**Comparing FY 10 to FY 11**

## Expenditures Paid to JSEB Vendors

Category	FY 10	%	FY 11	%
African American	15,125,386	3.67	10,492,940	4.29
Asian American	2,978,013	0.72	2,288,014	0.84
Hispanic American	3,355,591	0.81	4,941,090	0.95
Native American	831,046	0.20	893,421	0.24
Women	34,716,250	8.42	10,910,090	9.84
Non MBE	4,061,728	0.98	4,851,446	1.15
<b>Total JSEB</b>	<b>61,068,014</b>	<b>14.81</b>	<b>34,377,001</b>	<b>9.74</b>
Total Non JSEB	351,385,450	85.19	318,477,292	90.26
Total Sourceable	412,453,464	100.00	352,854,293	100.00

Data Source: Data came from the City's JaxPro, FAMIS and Public Works Databases

## Awards Made to JSEB Vendors

Category	FY 10	%	FY 11	%
African American	4,153,312	1.23%	3,577,037	3.58
Asian American	1,753,190	0.52%	909,951	1.51
Hispanic American	2,331,575	0.69%	1,069,360	2.01
Native American	508,676	0.15%	54,890	0.44
Women	8,189,655	2.43%	7,842,168	7.05
Non MBE	3,901,585	1.16%	2,960,821	3.36
<b>Total JSEB</b>	<b>20,837,993</b>	<b>6.18%</b>	<b>16,414,227</b>	<b>14.13%</b>
Total Non JSEB	316,399,314	93.82%	99,718,982	85.87%
Total Sourceable	337,237,307	100.00%	116,133,209	100.00%

Data Source: Data came from the City's JaxPro, PSEC and Bids Tracking Databases



## Certified JSEB Vendors

Category	FY 10	FY 11
African-American	172	159
Women	91	100
Hispanic-American	30	25
Asian-American	23	22
Native-American	6	8
Non-MBE	75	68
Total JSEB Vendors	397	382

Source: JSEB Directory as of September 30, 2011

# Jacksonville Small Emerging Business Program (JSEB)

Summary of Expenditures and Awards by Commodity Type  
and Total Number of Projects Reviewed for JSEB Participation



## FY 11 JSEB Expenditures by Commodity Type

Category	Contractual Supplies	Capital Improvement	Professional Services	Contractual Services	Total
African American	449,184	6,424,920	113,104	3,505,732	10,492,940
Asian American	96,346	1,643,022	96,213	452,434	2,288,015
Hispanic American	25,568	4,385,817	61,433	468,271	4,941,089
Native American	364,157	516,326	12,396	541	893,421
Woman	5,496,801	4,132,575	263,622	1,017,092	10,910,090
Non - MBE	383,957	3,592,998	122,712	751,780	4,851,446
Total JSEB	6,816,013	20,695,658	669,480	6,195,851	34,377,001

Data Source: The City's JaxPro, PSEC and Bids Tracking Databases



## FY 11 JSEB Awards by Commodity Type

Category	Contractual Supplies	Capital Improvement	Professional Services	Contractual Services	Total
African American	671,477	2,657,801	101,340	146,419	3,577,037
Asian American	-	909,951	-	-	909,951
Hispanic American	24,284	509,899	184,589	350,588	1,069,360
Native American	54,890	-	-	-	54,890
Woman	214,773	6,605,296	647,419	374,679	7,842,168
Non - MBE	15,020	2,848,021	18,000	79,780	2,960,821
Total JSEB	980,445	13,530,968	951,349	951,466	16,414,227

Data Source: The City's JaxPro, PSEC and Bids Tracking Databases

### Total Number of Projects Reviewed for JSEB Participation

