



Richland County Council
OFFICE OF SMALL BUSINESS OPPORTUNITY AD HOC COMMITTEE
NOVEMBER 16, 2017 – 3:00 PM
ADMINISTRATION CONFERENCE ROOM
2020 Hampton Street, Columbia, SC 29204

Bill Malinowski	Yvonne McBride	Norman Jackson, Chair	Paul Livingston	Jim Manning
District One	District Three	District Eleven	District Four	District Eight

1. **CALL TO ORDER**

The Honorable Norman Jackson

2. **APPROVAL OF MINUTES**

- a. October 24, 2017 [PAGES 2-7]

3. **ADOPTION OF AGENDA**

4. **ITEMS FOR DISCUSSION**

- a. Sheltered Market Utilization
- b. Council Motion: The SLBE use the same criterion as Charleston at a max of \$7.5 million to graduate from the program [N. JACKSON]
- c. New Business
- d. Other Business

5. **ADJOURNMENT**



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Richland County Council
OFFICE OF SMALL BUSINESS OPPORTUNITY AD HOC COMMITTEE
 October 24, 2017 – 3:30 PM
 Decker Center
 2500 Decker Boulevard, Columbia, SC 29206

Bill Malinowski	Yvonne McBride	Norman Jackson, Chair	Paul Livingston	Jim Manning
District One	District Three	District Eleven	District Four	District Eight

COMMITTEE MEMBERS PRESENT: Bill Malinowski, Yvonne McBride, Norman Jackson and Paul Livingston

OTHERS PRESENT: Janelle Ellis, Angela McCallum, and Michelle Onley

CALL TO ORDER – Mr. N. Jackson called the meeting to order at approximately 3:32 p.m.

APPROVAL OF MINUTES

- a. **September 12, 2017** – Mr. Malinowski moved, seconded by Mr. Livingston, to approve the minutes as distributed. The vote in favor was unanimous.

ADOPTION OF AGENDA – Mr. Malinowski moved, seconded by Mr. Livingston, to adopt the agenda as published. The vote in favor was unanimous.

ITEMS FOR DISCUSSION

- a. **Update on B2GNOW System** – Dr. Ellis stated the B2GNOW System is a tracking system for the contracts the OSBO is working with. Some of the features have not been used, engaged or implemented effectively, which has bottlenecked the process. For instance, the managing bids feature. Approximately 2 weeks ago, B2G came in and did a work session. The City of Columbia and Charleston County joined the County for this overview of the program. Since the City nor Charleston County has the software they were able to come in and find out how it works and ask questions of Richland County about the program. Mary Spence, the Certification/Compliance Coordinator was able to speak to some of the procedures.

In terms of how the office is utilizing the system:

- Sending letters (template needs to be set up to utilize this feature)
- Tracking and managing bids more effectively to eliminate the paper process
- Solicitations
- Goal setting implementations
- Kiosk utilization in OSBO Office
- Procurement will start utilizing the software in future

Mr. N. Jackson stated one of the main reasons for implementing the system was to track payment to the subs to ensure they were paid on time. He inquired about where the office is with this feature.

Ms. McCallum stated they are currently tracking whenever the prime receives the check and when they pay the subs. The issue with noting when the subs are paid is that most companies have their own payroll systems.

Mr. Livingston inquired if there is any document that details what the function and capacity of the B2GNOW System.

Ms. McCallum stated she can email Mr. Livingston the details.

Mr. Malinowski inquired as to when the OSBO Office got this system.

Ms. McCallum stated she cannot recall of the top of her head, but she will provide that information.

Mr. Malinowski stated it appears we have had the system for quite a while and we are only now starting to utilize the system. He inquired if it had been used for anything up until now.

Mr. N. Jackson stated there was a problem with IT and a part of the system.

Mr. Malinowski stated Ms. McCallum mentioned using a kiosk for the system. How does that affect the overall security of each company?

Ms. McCallum stated the companies are only using the kiosk to register; therefore, they only see their information.

Mr. Malinowski stated it was mentioned the ultimate goal was to take away the human factor. What backups are in place in case the system crashes?

Ms. McCallum stated there is spreadsheet they can refer back to.

- b. **Explanation of OSBO Budget** – Dr. Ellis stated it is her understanding Mr. Manning made a motion, which was approved by Council, for half of the budget (\$219,000) to come from the General Fund and the remaining \$219,000 to come from Transportation. She is currently working with Mr. Hayes in the Budget Department to transfer the funding into the OSBO budget.

Mr. Malinowski requested clarification the where the Transportation portion of the budget comes from.

Dr. Ellis stated there is a line item in the Transportation budget that was allocated for the OSBO Department.

Mr. Malinowski inquired about what happens in the case of your using this office for a penny tax item. Are we getting reimbursement for the penny tax work that is done when you strictly do something for the penny tax program?

Dr. Ellis requested clarification of the question.

Mr. Malinowski stated if the OSBO Office works on an item strictly for the penny tax program, do you then request your funds to come from the penny tax program?

Dr. Ellis stated her understanding of how it works is that those funds are to support operations of OSBO. One of the things they have been tasked to do by Council is to increase the countywide contracts. For instance, those monies would not come directly from the OSBO budget. Different departments outside of the Transportation Department would actually fund those contracts (i.e. courthouse, Council Chambers). As far as the Transportation contracts, those all have line items that

would come out of different funds within the Transportation Department. They would not be impacted directly from the \$219,000.

Mr. N. Jackson stated when the County was sued by the DOR the claim was that we were using Transportation funds to do other funds. That was when it was decided to take half from Administration and half Transportation, so there would not be a conflict. You could do Transportation and non-Transportation projects.

Mr. Livingston stated you may recall the question came up in a Council meeting about cost allocation, but Council did not follow through because it was too cumbersome. That is the reason it was decided to simply put ½ from the General Fund and ½ from the Transportation fund.

- c. **Update on NAICS Code and Levels of Funding** – Dr. Ellis stated she sent out the memo with regards to all of the questions that were raised at the prior meeting. After reviewing the questions with the Administrator, she provided background on other county and municipal programs to show what they were basing their levels/size standards on. At this point, staff is recommending that no changes be made. The Administrator does not believe the effort to develop emerging small businesses has been made.

Mr. N. Jackson stated he was confused because last year the business industry told the County they were concerned about the maximum of funding they could have if they were using more than one NAICS Codes. We are working with the small business community to make sure it works for them. They have been waiting almost a year now for the County to develop some kind of compromise. To have no recommendation is not what we were waiting on.

Dr. Ellis stated the memo was submitted on September 29th and she did not realize there were any questions about recommendations prior to today.

Mr. N. Jackson stated there was to be a follow-up to discuss recommendations in regard to the maximum level each business could go to with NAICS Codes. And to discuss graduation from the program also. When businesses leave the program, where are we going to get businesses from?

Dr. Ellis stated she can go back and look at it again. Everything that was asked in the September 12th meeting was addressed in the September 29th memo. She further stated she can add whatever research she needs to.

Mr. N. Jackson stated the committee requested staff to come back with something that would work. Based on the Administrator, nothing will work, but that is not what the goal was. The goal was to help the small, local business.

Mr. Livingston stated Dr. Ellis mentioned looking at other communities and based on that the decision was to...

Dr. Ellis stated it was not based on that. The final decision was based on the Administrator.

Mr. Livingston requested a matrix of the counties and municipalities Dr. Ellis researched.

Dr. Ellis stated she will forward an electronic copy to the committee.

Mr. Malinowski referred to p. 4 of the agenda packet wherein Mr. Dinkins stated, “the SLBE has been successful for their firm, but there could be some tweaking of the NAICS Codes.” Mr. Dinkins suggested some different levels there.

Mr. N. Jackson stated the goal of the ad hoc committee was to address concerns of the small, local businesses to try to make life better for them. To say no changes does not help the committee or the businesses. He further stated it was his understanding there are 88 SLBEs.

Dr. Ellis stated there are approximately 88 SLBEs.

Mr. N. Jackson stated approximately 59 of them has nothing to do with the Penny Tax Program. There are several architects, roofing contractors, masons, lawn maintenance, etc. Therefore, approximately 29 with the Transportation Penny Program and if they graduate from the program where are we going to find other people to fill these. Richland County is limited in regards to small, local businesses.

Dr. Ellis stated she understands all of the points made. She does not disagree. She did a good amount of research in terms of what other counties are doing. Oftentimes you will find those organizations are following the limits set by the Small Business Administration. This is not a decision I am making unilaterally. It will be something that I have to revisit.

Mr. N. Jackson stated his concern with the OSBO Office is that several times in the past Dr. Ellis spoke to the committee about the recommendations.

Dr. Ellis stated she had not done that.

Mr. N. Jackson stated the committee asked Dr. Ellis questions before and it was stated she would have to talk to the Administrator. We have asked for the Administrator to be here to explain certain things because she was not able to explain them to the committee. He further stated he is getting frustrated with the program because after a year Dr. Ellis will have to go back again. He stated we keep getting this over and over again while the small businesses are waiting to get this thing moving forward.

Dr. Ellis stated she cannot override what the Administrator said.

Mr. N. Jackson stated we asked that the last time.

Dr. Ellis stated she did not recall that.

Mr. Malinowski referred to p. 4 of the agenda packet wherein Mr. N. Jackson stated, "he would like for staff to go back give the committee a recommendation on what is best and what fits this program."

Mr. Livingston stated his concerns were different. He was not at the last meeting but from reading the minutes a lot of suggestions were made. In the future do not just talk about these things. Take a vote and give staff direction. Otherwise, you cannot expect someone to go and pick out something someone said and do it. He feels it is incumbent upon the committee to take some action and instruct them to do something.

Mr. N. Jackson stated he will get copies of the previous minutes wherein staff was given direction.

Ms. Sumpter stated Dr. Ellis has been working very hard. She stated that less than 1/2 of the certified firms work in the Transportation arena. So when you look at it Richland County has a small pool. The City of Columbia took theirs and did the CSA. Orangeburg County is looking at the CSA. Charleston County is in discussions. She further stated the OSBO program was started over 2 years ago, but very little coming out to the community has been done except for in regards to the Penny Tax program. The County spends a lot of money other than the penny tax. Of the 10 engineering firms in the County, 5 are SLBEs. If you move those 5 it is being said that you want all the money to go to big business. So you want to revisit that because we are not ready for moving yet. An engineering firm is

some of the highest paid staff. If all your revenue is \$2.5 million, you are strangling them. You will never build capacity. The goal of this project is to build capacity.

Ms. Sumpter requested to instruct them or have them add to it. Secondly, we are not ready to move from NAICS to gross sales because we have not done with the businesses we have. None of them can compete and survive on their own. She would like to see certifications in the areas that impact the penny tax and then we can look at are we building capacity. A training program is also needed.

Mr. Dinkins stated there is surveying, geo-technical, structural, etc. that go into a \$1 million design. The SLBEs firms only receive approximately ½ of that fee because they may have to sub out part of the work. He further stated that when they receive their funds from the County they pay their consultants the same day.

Mr. Livingston stated he is always concerned about the company that is left behind that does not move up that they will become less competitive if the size standards are increased to \$7.5 million.

Mr. Dinkins stated in his opinion they will become less competitive if the level is left at \$2.5 million because they are either cut off at that point or they do not have enough resources to handle other things so they cannot compete.

Ms. Sumpter stated the Federal Government has emerging business and other kinds of businesses. The City of Columbia has the protégés and mentors. The County only has one program. She further stated we are losing people because of all of the “spin”. She believes from a competitive standpoint you need stability in the business phase. When you get a contract and then do not get another one for 3 or 4 years, but have to meet payroll.

Mr. Livingston stated if you have everyone in the pool and your maximum capacity if \$2.5 million and all of a sudden some of them out of the pool have a capacity of \$7.5 million that means they can get more.

Mr. Dinkins stated they still have that opportunity to grow, but they have assurance if they grow they will not be cut out of the program.

Ms. Sumpter stated if the firms are no longer SLBEs they will not get contracts. The firms will be under primes and they want to ensure they meet the goals for SLBE participation.

Ms. Tanner stated she would like to give some insight as to how the levels came about. There was a group of us that got together and identified and communicated with small, local firms in the area. Those established ranks were provided by the smaller firms. They informed the group they could not be competitive with the larger companies if the level was higher. Although they may not have taken into consideration that a percentage of the money would go to consultants. She further stated her firm developed the mentor protégé program for Richland County. Unlike the City’s program, which is strictly a program for construction and engineering firms. The County’s program is much better and needs to be implemented.

Ms. Sumpter requested that staff move to the next level and begin to implement the program. If they will develop a list of training course, she will assist with getting the businesses there. A part of the training needs to be Transportation related.

Mr. Malinowski moved, seconded by Mr. Livingston, to bring back a recommendation on the limits and separation of the NAICS Codes. In addition, please provide a copy of the ordinance, referendum language and any descriptive language.

Dr. Ellis stated the requested information was provided on September 29th and she was happy to resend to everyone.

The vote in favor was unanimous.

d. **Recommend Changes to Maximum Level for Programs** – This was taken up under Item (c).

e. **OSBO Structure and Changes** – Mr. N. Jackson stated the office structure is the same as discussed at the previous meeting.

ADJOURNMENT – The meeting adjourned at approximately 4:15 p.m.