



## Richland County Council

### OFFICE OF SMALL BUSINESS OPPORTUNITY AD HOC COMMITTEE

September 12, 2017 – 3:00 PM  
Richland Library – Main Branch  
1431 Assembly Street, Columbia, SC 29201

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 Jim Manning

OTHERS PRESENT: Dalhi Myers, Gwen Kennedy, Jamelle Ellis, Brenda Parnell, Angela McCallum, Kimberly Williams-Roberts, and Michelle Onley

**CALL TO ORDER** – Mr. N. Jackson called the meeting to order at approximately 3:01 p.m.

#### **APPROVAL OF MINUTES**

April 25, 2017 – Mr. Malinowski moved, seconded by Mr. Manning, to approve the minutes as distributed. The vote in favor was unanimous.

#### **ADOPTION OF AGENDA**

Mr. Manning moved, seconded by Mr. Malinowski, to adopt the agenda as published. The vote in favor was unanimous.

#### **ITEMS FOR DISCUSSION**

**A. Update on NAICS Code and Levels of Funding** – Ms. Parnell stated the current levels of funding are as follows:

1. Construction - \$7 Million
2. Engineering – \$2.5 Million
3. Wholesale - \$2 Million
4. Architectural - \$3 Million
5. Professional Services - \$3 Million

**B. Recommend Changes to Maximum Level for Program**

**C. Explanation of Graduation from Program**

Mr. N. Jackson stated at the last meeting there was a discussion on how to adjust the levels because some firms come to a point where they graduate and are no longer allowed to participate in the program. He stated his concern is there are so few small local businesses in Richland County and we will have to reach out to businesses in the surrounding counties.

Ms. Parnell stated at the last meeting there was a discussion about moving the Engineering level to \$3 Million.

Mr. Gene Dinkins, Cox & Dinkins, stated the SLBE has been successful for their firm, but there could be some tweaking of the NAICS Codes. He suggested making the levels for Engineering and Architectural at least \$5 Million. The businesses need to be able to get firms that have adequate capacity to do the work and not overwhelm when they get a significant project.

Mr. Jimmy Chao, Chao & Associates, stated they have been a small business for a long period of time. Mr. Chao stated he is concerned with staff's proposal to combine the NAICS Codes. It is his belief that this would defeat the purpose of the SLBE to grow a small size company. Mr. Chao stated that small businesses need to be diversified in order to survive. The firm will graduate from the program before they are given the opportunity to be chosen as a prime consultant.

Mr. Dinkins stated if a SLBE team gets a \$20 million construction project. The design work would equate to approximately \$2 million, which sounds great, but ½ of the fee is going to other consultants. On paper the entire \$2 million is credited to the SLBE firm even though they are not getting the full fee.

Mr. Malinowski stated, based on the latest information from Mr. Dinkins, he is curious if 50% is the standard for projects that require consultants.

Mr. Dinkins stated some of the larger firms can handle all of the work in house. He stated, for example, Cox & Dinkins does not do structural or geotechnical engineering; therefore, they hire outside consultants to complete those portions of the projects.

Mr. N. Jackson stated he would like for staff to go back and give the committee a recommendation on what is best and what fits this program. The SLBE program, part of the Penny Tax Program, is to support small and local businesses. If we reach a point where they graduate and they cannot come back then the County has not firms to choose from. We have to reach outside of Richland County, which defeats the purpose of the Penny Tax Program.

Mr. Malinowski stated he would like to see what other counties do when it comes to business enterprises, what their funding levels are and how they determined the funding amounts.

Ms. Diane Sumpter stated she has looked at all of the counties to determine what the dollar amount is for professional services. Franklin Lee's SLBE Program has been implemented in Las Vegas, Baltimore, Charlotte, etc. The difference in Richland County's program and these other locations is they focus on capacity building, whereas Richland County does not. Secondly, Ms. Sumpter researched how many minority owned and woman owned businesses were participating in these other locations. She stated Richland County is a small county and has never had serious efforts on developing businesses from the County's standpoint. She suggested the County look at the City of Columbia's Mentor Protégé Program. The issue is the will and direction of Council.

Mr. N. Jackson stated it is his understanding the City's Mentor Protégé Program is a graduation program where the firm moves up. He requested Ms. Sumpter to elaborate on the program.

Ms. Sumpter stated there are several steps. The Small Business Administration says after 9 years of business you graduate, but graduate might be a misnomer because you might not have done any business in those 9 years. In the latest research more than 70% of the businesses never graduate, so the question is what does graduation mean? Now, in addition to that, from a revenue standpoint, which drives the County's, the SBA construction is closer to \$36 million because you cannot get a bond and buy your supplies without capacity. Where the County may be smaller, so the businesses can grow, the County is stifling them.

The City said since we will not step you, we will keep you down here as a protégé but we will flip flop and let you become the prime and your mentor then becomes your sub. There is so much research out there,

particularly in those that are the field and know the business. Ms. Sumpter stated she would be glad to work with County staff and share her research.

Mr. Malinowski requested that Ms. Sumpter share the information with the committee members, as well, but to provide it in enough time for the members to review and digest the information.

Mr. N. Jackson stated the consensus is to allow staff to meet with the business community to discuss how to improve the services and keep the funding in Richland County. Staff will then bring back recommendations to the committee.

Mr. Malinowski stated for clarification that giving the funding to small local businesses was not, per se, a part of referendum language. That may have been the will of Council prior to it passing, but that was not the referendum language.

Mr. N. Jackson stated it is his understanding in the referendum it was....small and local business enterprise and there was a 3-tier: Richland County, outside Richland County and then outside the State. The referendum was to encourage or help keep the money in Richland County. And to encourage and qualify small and local business enterprise for this program. It was the consensus or will of Council. It was race neutral. It just had to do with trying to keep the business and benefits in Richland County.

Mr. Malinowski stated that may have been the will of Council, but if anyone wants to see the referendum ballot questions were for the record he has a copy and they say nothing about that. The people did not get to vote on that. That was something Council decided on before or after the fact, but that is not a part of the referendum.

Mr. N. Jackson stated it is a part of what Council voted on because there is an ordinance and Franklin Lee was paid a lot of money for what we voted on. If it is a part of the document Council voted on, he wants to see a program that is designed to help the business enterprise and reflects what Council voted on and what Franklin Lee's firm was paid for. When we receive the information on how to improve it, Council can decide if we keep it as it is or we raise the levels to keep business in Richland County. In the past, one of the problems was that we did business with all these businesses outside of the County and the businesses in Richland County is not getting any.

Ms. McBride inquired if the County had done any research in this area and what is available now that the County has done.

Dr. Ellis stated that is a part of the work plan or strategy moving forward. The County has not done that kind of research in the past. What was included in the County Administrator's Report was an overview of the services gaps and what type of programs that need to be put in place. It will take time, if you do not want a piece mill program, to do a comprehensive study.

Mr. N. Jackson stated for clarification that the former Director developed a program, which the assistance of a consultant hired by the County. He stated he wants to discuss the existing program and not what Administration is proposing now. He inquired of Ms. Parnell about the changes in the program.

Ms. Parnell stated there has been changes with the staffing structure of the OSBO Office. She further stated Dr. Ellis would be able to speak to the staffing structure that has been implemented.

Mr. N. Jackson stated he was referring to the data the County paid for and the document Council received on how the office should be run.

Ms. Parnell stated Ms. Tanner's information is still available. Ms. Tanner presented the Mentor Protégé piece and the responsibility of the staff.

Dr. Ellis stated she is not suggesting the County pay to have someone come in and do research. Her understanding is the way the office is currently functioning (i.e. programs, procedures, etc.) fell under the

work done by the consultant. Although everything may have not currently be applied, it is written somewhere and is being practiced. In order for the program to be successful, it needs to be built upon.

Mr. Manning moved, seconded by Mr. Malinowski, to reconsider the agenda. The vote was in favor.

Mr. Manning moved, seconded by Mr. Malinowski, to move Item g. "OSBO Staffing Update" to Item. 1.a. and Item f. "OSBO Structure and Changes" to Item 2. The vote in favor was unanimous.

**D. OSBO Staffing Update** – Dr. Ellis stated the OSBO Office has been without a manager for about 18 months. As a part of building the office, Angela McCallum has been hired as the Manager for the Office of Small Business Opportunity. Ms. Brenda Parnell is serving as the Assistant Manager. The position of Certification and Compliance Specialist is currently occupied.

**E. OSBO Structure and Changes** – Dr. Ellis stated there is a need for dedicated attention to business development and outreach. A job description has been drafted, based on the discussions that have been had with members of the business community, for someone that can focus solely on developing businesses.

The other position is the Financial Resources and Procurement Division. The purpose of that position is to focus on:

1. Financial business development;
2. Assist small businesses in locating resources outside of the solicitation of the County;
3. Looking for small business grants; and
4. Monitor the County's solicitations, whether Transportation or General Contract, so the small businesses have a more comprehensive perspective on the potential jobs.

Mr. Malinowski moved, seconded by Mr. N. Jackson, to go into Executive Session to discuss a personnel matter. The vote was favor.

Dr. Ellis stated the new structure of the OSBO Office is as follows:

1. County Administrator
2. Director of Community and Government Services
3. OSBO Manager
4. Assistant Manager
5. 3 Lateral Positions (Financial Resources and Procurement Coordinator, Business Development and Outreach Coordinator and Certification and Compliance Specialist)

Ms. McBride inquired if the lateral positions will report to the Assistant Manager or to the OSBO Manager.

Dr. Ellis stated the organizational chart may need to be revamped, but currently the 3 positions will report to the Assistant Manager.

Mr. Manning inquired if the organizational chart presented was incorrect.

Dr. Ellis responded in the affirmative.

Mr. Manning stated the Certification and Compliance Specialist, which is occupied, the Financial Resources and Procurement Coordinator, and the Business Development and Outreach Coordinator, which are vacant, will report directly to the OSBO Manager. The Assistant OSBO Manager, which is occupied by Ms. Parnell, will report to the OSBO Manager.

McBride inquired about how SLBE fits in.

Dr. Ellis stated SLBE is a program that falls within the Office of Small Business Opportunity.

Ms. McBride inquired for clarification if it falls within a category.

Dr. Ellis stated it is a substantial part of the office. For example, the primary focus of the current job description for the Assistant Manager is the development and function of the SLBE certification and compliance.

Mr. N. Jackson stated for clarification, Dr. Ellis stated the SLBE fits into the OBSO, but when the SLBE was created there was no OSBO. He made a motion to create the OSBO similar to the City of Columbia. There was a discussion to move the OSBO under Economic Development but it did not happen. At the next meeting, Mr. Seals or his designee needs to be present to explain the changes and why the office was not placed under Economic Development.

In summary, staff is to bring back a recommendation on the limits and the separation of the NAICS codes. Mr. N. Jackson's stated his understanding was the County was trying to keep the small local business enterprise in Richland County and to assist with their growth. Not to graduate them and be done with them. This matter has been in committee for several months and there needs to be some closure. In addition, to explain the structure of the office.

Dr. Ellis stated staff is not trying to graduate the businesses out and be done with them. Staff was following the ordinance.

Mr. Manning requested a copy of the referendum language and ordinance at the next meeting. In addition, if there was any referendum descriptive information it be provided as well.

**F. Update on B2GNOW System** – This item was held until the next committee meeting.

**G. Explanation of OSBO Budget** – This item was held until the next committee meeting.

**ADJOURNMENT** – The meeting adjourned at approximately 4:04 p.m.