



## Housing Authority of the City of Columbia, Missouri

### Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: January 19, 2016

RE: Affordable Housing Initiative Report

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The following is a current status report for the Columbia Housing Authority's (CHA) Affordable Housing Initiative which includes any significant activity for the past month. All Affordable Housing Initiative reports and information (current and archived) are on our website at [www.ColumbiaHA.com](http://www.ColumbiaHA.com), under "What We Do" / "Affordable Housing Initiative".

#### **Recent Activity (November and December 2015 and January 2016)**

##### **Patriot Place – Apartments for Veterans**

There has been consistent construction progress at the apartments. The roofing has been finished and we are close to completing all the stairwells. Windows and doors have been installed. Most of the electrical and plumbing work has been completed. The tub and shower stalls have been installed. Installation of the drywall is 50% complete and painting of drywalled apartments has started. Curbs and gutters are installed as well as the asphalt parking lot and concrete drive that will handle the weight of the trash trucks. The estimated completion date of the project is sometime in mid-March.

We have met with staff from the Truman VA to begin the planning process for moving Veterans into the apartments once they are complete in February. We are also moving forward with a fund raising plan to will enable us to furnish all of the apartments. We are also looking at ways to fund and develop Patriot Park to the south.

Due to easements for gas lines across the front of the property, signage for the property will be located on the front of the building. The flag poles and picnic shelter will be located in the center of the property near the dividing line for Patriot Park. Sponsors will be solicited for each of these items and pavers are being sold.

##### **Stuart Parker Apartments with Paquin Tower**

We closed on all the Low-Income Housing Tax Credit and Bond financing on the Stuart Parker Apartments with Paquin Tower on December 29, 2015. The RAD conversion from a public housing operating subsidy to a project-based voucher subsidy was also completed at that time. We have now officially converted 284 public housing units under the RAD program. During the closing process we also paid off the municipal lease (loan) with Central Bank of Boone County for all of the energy conservation measures that were financed for these properties and our Bear Creek Apartments through our Energy Performance Contract.

We will begin relocating residents of Stuart Parker and Paquin Tower on January 19, 2016. We are contracting with Fry-Wagner Moving and Storage to move residents of the Stuart Parker Apartments. We will be relocating residents of the 2<sup>nd</sup> and 3<sup>rd</sup> floors of Paquin Tower to other vacant units in the building. We will be using our own maintenance staff to move Paquin Tower residents. Moving supplies have already been distributed to public housing residents to allow them to pack their own belongings if they choose to do so.

Our Public Housing Managers and LIHTC Compliance Specialist have been putting in many hours to conduct the required low-income housing tax credit certifications that must be conducted at the beginning of any modernization/ rehabilitation project.

A pre-construction meeting with subcontractors was held on Wednesday, January 6, 2016. The meeting was well attended.

During the week of January 18<sup>th</sup>, EM Harris Construction Company will be staging their construction trailer, storage containers and equipment at the Stuart Parker Apartments. We will be using the vacant lot that we purchased at 304 McBaine Avenue for the location of the construction trailer and equipment. We are fortunate to have this lot available to use. Storage containers will be placed at Paquin Tower and the construction manager will work out of Apartment G2 in the basement.

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### **Bear Creek Apartments**

We submitted our firm submission package to MHDC on September 18, 2015. We anticipate that the MHDC will complete the review and approve our submission in the next two weeks. We submitted our RAD financing plan on October 2, 2015 and received the RAD Conversion Commitment (RCC) documentation on December 22, 2015. We have been working diligently to prepare for our Bear Creek closing and hope to complete the deal before the end of February. The tax-exempt housing bonds for this project will be privately placed with Central Bank of Boone County.

### **Equity Partners**

We are working with our federal and state tax credit equity partners, Red Stone Equity Group and Gardner Capital to prepare the final closing documents for this project.

### **Oak Towers**

We have received our RAD CHAP (Commitment to enter into a Housing Assistance Payments contract) on September 9, 2015 for our Oak Towers project.

The City of Columbia Community Development Commission recommended \$80,000 in funding for Oak Towers on June 17, 2015. We received notice in November that we were awarded \$500,000 in funding from the Federal Home Loan Bank Board (FHLBB) of Des Moines through the Affordable Housing Program grant.

We were awarded \$590,000 in Federal 4% Low-Income Housing Tax Credits (LIHTC) and \$590,000 in State LIHTC funding combined with tax-exempt Multifamily Housing bonds from the Missouri Housing Development Commission (MHDC) on December 4, 2015. The Federal and State LIHTC funding is \$590,000 per year for 10 years.

We are working with Dominion Due Diligence Group and PWA Architects to complete the RAD Physical Conditions Assessment (PCA) in order to determine the extent of the work required to make adequate renovations to Oak Towers as required by RAD. Key issues will be replacing the hot water boiler system and window air conditioners with a more energy efficient system by converting Oak Towers to a ground-source geothermal heating and cooling system with heat pumps similar to what we did at Paquin Tower. We also need to make 8 of the units (5%) at Oak Towers fully accessible. Current engineering and financing numbers appear to be very favorable for installing a hybrid ground-source geothermal system combined with a cooling tower. Heat pumps will be installed in each apartment at Oak Towers.

We met with representatives from PW Architects, CM Engineering, and EM Harris Construction to discuss the timeframe for completing construction documents for Oak Towers and putting the project out for bid. Our goal is to complete the final architectural and engineering design process by the end March 2016 and get firm construction numbers by the end of April 2016. Our ultimate goal is to submit our firm submission documents to MHDC by the end of May 2016. This will allow the MHDC to review and finalize our firm submission during the summer months prior to their fall round of LIHTC allocations.

If we are able to get the firm submission back from MHDC by the end of August 2016, we will be able to use the next two months for the closing process and tentatively begin construction in November 2016 with the goal of completing the project by the end of 2017. A critical timeframe to work around is the installation of the ground-source geothermal system with heat pumps in every apartment. This can only be completed during the summer months when we can turn off the heat to the building. The geothermal system will need to be installed between the months of May 2017 and October 2017.

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### **Bryant Walkway, Providence Walkway, and East Park Avenue Apartments**

We lost our original RAD CHAP (Commitment to enter into a Housing Assistance Payments contract) for our Bryant Walkway, Providence Walkway, and East Park Avenue Apartments due to the fact that these projects were not funded by MHDC in a timely manner.

We submitted a new request for a RAD CHAP on July 17, 2015 and we are on the waiting list for approval. This will depend on how many currently approved CHAPs have to forfeit their award due to lack of progress or funding. We expect more information in the coming year about our request.

If awarded a CHAP in the next six months, we will resubmit an application for 9% Low-Income Housing Tax Credits to the MHDC in September 2016 for our Bryant Walkway Apartments.

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### **McQuitty Square Project**

We are proceeding with the sale of the eight properties acquired by the CHA in the planning process for developing affordable housing at the McQuitty Square site. The City of Columbia will purchase these properties and develop affordable housing on this site as well as making other neighborhood improvements.

### **207 Lynn Street**

We have completed the Quiet Title Suit for this property and are now the official owners of the property.

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### **Increasing Utilization Opportunities for MWBE Final Report - Tim Person & Associates**

The initial project working with Tim Person and Associates to increase Minority and Women Business Enterprise (MWBE) utilization in CHA projects has been completed.

In November of 2014, the Columbia Housing Authority (CHA) secured the services of Tim Person & Associates, LLC (TPA) to provide diversity utilization consultation services to assist the CHA with its efforts to meet the State of Missouri's mandated goals for the usage of minority and women owned businesses (MWBE's). This mandate is the result of the Columbia Housing Authority successful application for and capturing several rounds of Missouri Housing Development Commission's (MHDC) Low Income Housing Tax Credits (LIHTC) which come with

the stipulated goal for the utilization of 10% minority and 5% women owned businesses for all of the funded projects.

As part of this process, the CHA desired to extend the mandated goal to an internal self-initiated goal to find a way to maximize opportunities for locally sourced MWBE's for those projects and to find ways to create a long-term stable, sustainable environment for the MWBE marketplace in Columbia/Mid-MO.

As a result of these efforts the Central Missouri Opportunity Council has been formed to provide community leadership in moving this initiative forward. The City of Columbia, Regional Economic Development Inc. (REDI), and the University of Missouri have expressed significant interest in being involved in this initiative.

Current members of the Central Missouri Opportunity Council include the following individuals:

- James Whitt, Co-Chair
- Lester Woods, Jr., Co-Chair
- Steve Calloway
- Bishop Lorenzo Lawson
- Dr. Michael Middleton
- Mary Ratliff
- Robert Ross
- Pastor Clyde Ruffin
- Phil Steinhaus

A copy of the full report from Tim Person and Associates is attached. Additional documents that are attached to supplement this report are posted to the CHA web site at:

<http://www.columbiaha.com/affordable-housing-initiative/increasing-utilization-opportunities-for-mwbe>

These report attachments are as follows:

**REPORT ATTACHMENTS**

1. Minority and Women-Owned Business Development (MWBE) Project Report .....Wehoit
  - a. List of Columbia area MWBE construction companies
  - b. Sign-in list for Networking and presentation event
  - c. Capability statements filed out by MWBE contractors
2. Successful Black Entrepreneurs in Columbia, Missouri.....Alisa McDonald-Warren
3. Plan for Economic and Minority Inclusion.....Byndom, Stanton & Associates
4. Mayor's Columbia Race Relations Task Force Report 1996 .....City of Columbia
5. Remembering Sharp End Neighborhood..... VOX Magazine 11-29-2012
6. City's Changes Witnessed Over 89 Years & Looking Back At City's 'Sharp End' ...Bill Clark, Tribune Columnist
7. State of Missouri – OEO Policy and Program Initiatives 2011 .....State of Missouri
8. Mayor of St. Louis Executive Order - Minority and Women’s Business Participation..... Mayor of St. Louis
9. KC Minority and Women Business Enterprise Ordinance ..... City of Kansas City, Missouri

# **TIM PERSON & ASSOCIATES, LLC**



Report to the

## **COLUMBIA HOUSING AUTHORITY**

### **INCREASING UTILIZATION OPPORTUNITIES**

For

**Minority and Women Owned Companies in Columbia, Missouri**

In Association with  
Wehoit, Inc.  
Columbia, MO

November 20, 2015

6125 South Grand Blvd., St. Louis, MO 63111  
314/832-3580 office 314/494-8520 mobile  
Email: [tdp1999@yahoo.com](mailto:tdp1999@yahoo.com) or [timperson@tpastl.com](mailto:timperson@tpastl.com)

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## PROJECT OVERVIEW

In November of 2014, the Columbia Housing Authority (CHA) secured the services of Tim Person & Associates, LLC (TPA) to provide diversity utilization consultation services to assist the CHA with its efforts to meet the State of Missouri's mandated goals for the usage of minority and women owned businesses (MWBE's). This mandate is the result of the Columbia Housing Authority successful application for and capturing several rounds of Missouri Housing Development Commission's (MHDC) Low Income Housing Tax Credits (LIHTC) which come with the stipulated goal for the utilization of 10% minority and 5% women owned businesses for all of the funded projects. Overall, the Columbia Housing Authority plans are to redevelop over 700 units of housing at a projected cost of approximately \$60,000,000 over a 7 to 10 year period. Therefore, the utilization goal for MWBE's will be around \$6,000,000 for minority owned businesses and \$3,000,000 for women owned businesses. The CHA desired to extend the mandated goal to an internal self-initiated goal to find a way to maximize opportunities for locally sourced MWBE's for those projects and to find ways to create a long-term stable, sustainable environment for the MWBE marketplace in Columbia/Mid-MO.

TPA's agreed upon goals were to assist with the development of a program, within a year's period, to:

- Identify and develop strategic partnerships (local businesses, leadership, governments, stakeholders, etc.) for regional MWBE program;
- Identify the local MWBE companies, particularly those that focus on construction related services;
- Help local MWBE companies understand the certification process and how to market their businesses;
- Assess the capabilities and strength of the local MWBE marketplace;
- Determine the best implementable strategy for creating a stable MWBE marketplace;
- Work with the CHA's general contractor to identify opportunities with the CHA's projects;
- Establish a database of MWBE's;
- Provide support to those MWBE's as needed;
- Attend public events as needed;
- Identify and secure the services of a local contract partner (WEHOIT);
- Provide any other services as needed to meet the objective of this project.

Over the course of 11 months, the TPA project team invested over 300 hours in meetings, discussions, phone calls and research in investigating and developing an implementable approach for a program that will support and sustain the Mid-MO MWBE community. Meetings were held with the City of Columbia; Boone County; the Regional Economic Development Incorporation (REDI) of Columbia; business, community and religious leaders; general contractors; and members of the MWBE community. Collectively, the project team had over 100 meetings in addition to numerous phone calls and countless emails. This report capsulizes the efforts.

The effort to identify and develop a MWBE market is not new to Columbia. There have been numerous efforts to identify disparities and causes of the economic inequalities in Columbia and some even attempt to offer remedies. Dr. Alysia McDonald-Warren's study "**Successful Black Entrepreneurs in Columbia, Missouri**" provides a historic and relevant backdrop to the plight of Columbia's African-American entrepreneurial experiences. She writes about the famous area once known as the "Sharp End" and its demise in the interest of

“Urban Renewal” and, more important, the systemic destruction of jobs and wealth in the Black community. She identifies efforts that should be employed by the larger community and the minority business community to improve conditions for improved economic opportunities, including the need of the larger community to recognize the value of minority owned businesses and, equally, the importance of the minority owned business community to assimilate into the larger community.

Another effort to identify the disparity issue includes: the report by the firm Byndom, Stanton & Associates which was commissioned by the City of Columbia, REDI and the Small Business Technology and Development Center, to identify local MWBE’s; determine business opportunities; assist SBTDC to connect with MWBE’s; and assist with business startups. This effort did successfully identify a range of 125 local minority owned businesses and attempted to identify the disparities that existed.

Other writings include the undated (perhaps late 1990’s) “**Mayor’s Columbia Race Relations Task Force**” report, by Dr. Aaron Thompson. The task force project took place over a period of approximately 135 days and included a large number of local task force members, all of whom were from Columbia. This effort identified several key areas of race relations in Columbia including sections on commerce and employment. The report included findings and recommendations including addressing employment and economic opportunities. It is unknown what official implementation actions were taken as a result of the Task Force report or if any of the recommendations were implemented.

There are also several other writings about the Columbia’s disparities in. Most notable are the *Columbia Daily Tribune’s* columns about the “**Sharp End**” by Mr. Bill Clark which memorializes the basis of mistrust by the African-American community of Columbia’s leadership. And there are also a number of on-line writings about the economic disparities in Columbia.

The intent of this Columbia Housing Authority Project is to put into motion a sustainable program that creates business opportunities and jobs for Columbia’s minority and business community beyond what is mandated by the state for the CHA’s capital projects. In the end, embracing a regional diversity program will have positive benefits for the entirety of the Columbia/Mid-Missouri market. This is also a question of leadership.

## PROJECT SUMMARY

The Columbia/Mid-MO region is the fourth largest in the state behind St. Louis, Kansas City and Springfield areas and has the third largest African-American community. It has the State's third largest concentration of African-Americans (approximately 11,000 persons). And the region is growing. A large contributor to the growth and stability of the region are the university systems and their affiliates. These institutions contribute significantly to the overall welfare of the region as economic engines and employers. Of the areas 10 largest employers, five of them have some federal or state affiliations. Columbia is also growing at a rapid pace to the degree that real estate values have sky rocketed. However, not all of Columbia has seen the benefits of a growing and expanding community. According to the City Manager's recent Strategic Plan 2019-2019, the disparity reflects a calamitous divide. The unemployment rate for the African-American community is almost 350% larger than it is for the white community. Besides being unacceptable, it is also a critical indicator that the unemployment and crime rates are at levels that may lead to the same types of events experienced in St. Louis/Ferguson and other communities across the country. Unfortunately, where retrospectively the causes can be clearly seen, the lead up to those even are often ignored are made someone else's problem. Columbia has the opportunity to address a problem before it becomes a bigger issue.

The largest employment group in this country is the small business community. Many small businesses choose to hire those that live in the immediate community thereby creating local job opportunities and building local capacity. Creating an environment for Columbia's small, particularly minority and women owned business offer a range of payback opportunities. First, many of Columbia's state or Federally governed projects have stipulations that require the utilization of minority, women, and disadvantaged businesses and in lieu of most of the business and the projects going to Columbia area companies, the opportunities often go to out of town businesses, who are able to satisfy the minority, women, and disadvantaged business utilization requirement. Creating an environment to support and grow local MWBE's means that more business stays in Columbia with companies that pay valuable tax dollars and can build capacity. Furthermore and most importantly, these local Columbia companies have the capability to create JOBS. These companies hire, train, and employ local people, enabling Columbia to create an environment that creates opportunity, sustainability and growth.

None of these programs are created or exist in a vacuum. Leadership is the key and this effort must reflect all of Columbia's stakeholders. Leadership must insist that the processes to develop these programs are inclusive, transparent and realistic. As a result of the extreme level of distrust the African-American community has for the region's leadership, the process must start with African-Americans and women at the table from the inception of the program not as an afterthought. This would build a foundation of inclusion and trust. Deliberate paths must be drawn that have tangible results. Since Columbia's minority business community is underdeveloped, leadership should chart a course that has small but achievable successes, with an opportunity to grow substantially from there.

Developing a voluntary region-wide program with resources, realistic goals and transparency would create a better Columbia for all.

## DISCOVERIES

### FINDINGS

- There is a significant distrust of the larger community by Columbia's African-American community at virtually every level. This same sentiment was reflected by the African-American business community. The Sharp End event and the displacement of African-American households, both of which took place in the 1950's, contributed significantly to the community's skepticism. There are few tangible events that this community can refer to that give reason for an optimistic outlook toward future efforts to improve the economic outlook for the community.
- There are no structured/organized local entities that advocate for or represent the MWBE's community. Outside of the required programs by the State of Missouri's affiliated agencies (University of Missouri, Columbia Housing Authority's MHDC program and any federally mandated Missouri Department of Transportation projects) and their required adherence to a prescribed utilization program of minorities and women, there are no memorialized programs that are readily identifiable in Columbia. However, it should be noted that the CHA does employ the services of minority and women owned businesses when possible outside of any mandated program. This is driven by the Chief Executive Officer's commitment to extend opportunities when he can.
- There is no regional data or database available about the utilization of minority and women owned businesses outside of the Columbia Housing Authority's mandatory MHDC's reports and the University of Missouri which reports an annual MBE utilization at approximately 7%.
- There is a significant economic (jobs and businesses) disparity between Columbia's African-American community and the larger community. Addressing this disparity has been listed as a focus for the City of Columbia. Discussions have begun to address the employment gap with the City, focusing on providing support to a local jobs training program. To the best of the author's knowledge, no formal effort has been engaged with the community's African-American leadership.
- The MWBE community is probably underdeveloped, particularly when Columbia's major institutions are factored in and considering some of those are required to meet the state's utilization goals.
- There is a local program (Job Point) that trains individuals with pre-apprentice level skills. This program also certifies persons as Section 3 individuals (either residents of public housing or falling below certain economic standards). The CHA also provides Section 3 certifications.
- Columbia's population is approximately 11% African-American and over 50% women. Unfortunately, there is significant economic disparity in the area and very few examples of successful entrepreneurs representing the minority communities. Two minority owned businesses defy that trend: Lindsey Rentals (an equipment and specialty rental retailer) and Gaines Moving (which provides moving and car wash services). They are both long-term established businesses that have a loyal customer base. Neither of those businesses are certified MBE's, nor do they exhibit an interest in becoming certified. Both entities say they are used frequently by the University of Missouri and have never been asked to obtain any type of certification. Both were advised that they would probably experience additional business if they chose to become certified.

- The Regional Economic Development, Inc. (REDI) commissioned a study by the Byndom, Stanton and Associates (BSA) which also included the identification of 125 minority owned businesses in the Columbia marketplace. In addition, REDI also compiled a list that includes women-owned companies. This study also attempted to identify business disparities but offered no suggestions for implementable remedies.
- Of those companies on the REDI list, many were not certified by some certifying agency as either a MBE or a WBE. Many companies were either unaware of the process or shunned certification because they saw little value in the system.
- REDI, the City of Columbia and the Missouri Small Business & Technology Development Centers (SBTDC) have started working toward developing a registry of local minority and women owned businesses and creating a dialogue committee to promote the utilization of minority and women owned businesses. The work done by TPA and Associates, Inc. contributed significantly to that effort.
- Although the Missouri Small Business & Technology Development Centers provide support for small businesses, there is no formal program in place that focuses on developing the MWBE marketplace. As with many communities, there is a need for supportive services for those small, minority and women owned business with either training or back office support. Providing access to a plan room (a place where bids and blue prints maybe obtained or viewed) will be critical to support those companies in the construction industry.
- Columbia lacked a force that acted as an aggressive agitator for critical issues in the African-American community.
- Very few minority and women-owned companies have responded to efforts to join the local Chamber of Commerce even though there have been efforts to recruit them.
- Most of the CHA projects, as well as other development projects, have been using the services of MWBE from outside of the Columbia marketplace. Those companies have come from as far away as St. Louis and Kansas City.
- The City of Columbia recent recognized a dark period in its history by placing a historic marker noting the location of the “Sharp End” community which is where the heart of the African-American business community was once located. This area at one time, prior to the mid 1950’s, represented the Black business community. The advent of Urban Renewal essentially decimated those businesses and jobs. The compensation left little room for reestablishing elsewhere. During the dedication ceremony of the placard, many of the attendees thought that the ceremonial recognition was a step toward some level of reconciliation toward repairing the half century old destruction of the African-American community’s economic engine.

## ACCOMPLISHMENTS

- The establishment of the Central Missouri Opportunity Council (CMOC) which consists of the leadership of Columbia's African-American community provides for a venue or voice for major area wide issues impacting the African-American community. The primary members of CMOC are: James Whitt (President, Columbia Public School Board), Lester Woods (Director, MoDOT External Civil Rights), Mary Ratliff (President, NAACP), Bishop Lorenzo Lawson (Director, Youth Empowerment Zone), Steve Calloway and Robert Ross (Minority Men's Network) and Dr. Michael Middleton (newly appointed Interim President, University of Missouri System). Phil Steinhaus, CEO of the CHA also took a prominent role in the formation of this organization
- The CHA project has increased awareness and sensitivity to the lack of economic opportunities for MWBE's and has facilitated significant community awareness, discussions and action on this matter. It has also educated leadership on the definition and purpose of diversity programs.
- The City of Columbia and REDI are working in collaboration to develop some form of a diversity program for the region that supports and advocates for inclusion.
- Collectively, the project team had over 100 meetings with local leadership, businesses (MWBE's), social services and community leaders to promote the utilization program.
- The project team has developed a reliable listing of local MWBE's in the construction industry for public use which should facilitate opportunities for the general contractors and the MWBE contracting community. REDI provided the initial Byndom, Stanton & Associates generated list and it was augmented with the other list and vetted. There have been a number of inquiries about the list by contractors. The list will ultimately become part of REDI's inventory of companies.
- The project team assembled a list of close to 50 MWBE regional contractors which was based on other lists from multiple sources and interviews. The team also created a comprehensive listing of individual contractor's capabilities which can be used by contractors to determine individual company's abilities to service construction opportunities. Fifteen (15) MWBE contractors took the time to either fill out a questionnaire or sat through individual interview sessions.
- Over 50 persons attended the CHA sponsored networking and meeting event. The event began with contractors and subcontractors introducing themselves and their services to each other followed by a presentation about the intended benefits of a formalized diversity program and concluded with a question and answer period. There were three general contractors present representing a number of the region's construction projects. Several prospective connections have resulted from the meeting.

## FUTURE ACTIONS NEEDED

- The Central Missouri Opportunity Council (CMOC) needs to become a permanent entity and voice that addresses (either proactively or reactively) any significant issues impacting the African-American community.
- The CMOC should continue a dialogue with the City of Columbia and REDI and eventually expand those discussions to the larger business community to assure development of an implementable program. The desired goal is a formalized program that is supported by the community at large and given the necessary resources to support a transparent and successful program. In order to be effective, this utilization program must be a prioritized and has the active public support of all of the region's leadership.
- In order for the program to be a success, standards must be set and resources must be allocated. Resources should include an identifiable revenue stream, either a full or part time staff, be memorialized and have reporting mechanisms with measurable performance measures and outcomes identified.
- The region's leadership must be the chief advocates and salespeople for the program. Initially, the goal should be to expand buy-in and participants. Ultimately the goal is to create self-sustainability within the program with directed resources (money) and membership. This is similar to the operations of the St. Louis Supplier Diversity Council which has recently merged in the St. Louis Regional Chamber of Commerce.
- It is critical that the financial community be part of this effort. Developing a program with the financial/banking marketplace recognizes that small companies have to be able to fund and service the projects they are fortunate enough to capture. It is critically essential for small businesses to be able to address the need for finance capital and cash flow. MWBE's are particularly at a disadvantage due to financial and cash flow issues. In addition, addressing bonding and insurance requirements removes some of the historic barriers that small business encounter. Because of the lack of maturity of many of these companies, they often operate on cash flow. Many of them have never had the experience of working with a bonding institution. In anticipation of these problems, any effort to grow this sector of Columbia's community must include a program that attracts these barriers by educating both the financing/bonding industry and the MWBE community.
- Columbia's higher (junior college or above) education system should consider providing regular training programming for small, minority, women businesses to assist them with developing internal capacities like bookkeeping, budgeting, bid preparation, marketing their companies, reporting, and critical technology skills (internet, computer, using smart phones, etc.).
- In order to properly grow the local MWBE community there needs to be better community engagement by all of Columbia's leadership. This means publicly supporting business and employment opportunities. The effort must be proactive by developing outreach programs; expanding the number of interests that support the program; and being part of larger diversity efforts and being transparent. This is tantamount to planting the entrepreneurial seeds for the future of all of Columbia's citizens and businesses.

- REDI should improve to their website so that contracting/business opportunities (bids and RFP/RFI's) can be posted. This increased accessibility to business opportunities will enable MWBE's expanded opportunities for both the MWBE community and business that either desire to or are required to engage in diversity.
- MWBE's have the same problems as other small businesses. Providing environments to assist their stability and growth could foster more successes. Business incubators provide a nurturing environment and create opportunities. Incubators provide shared spaces, reduce operating cost, business opportunities and meeting spaces. A process must be developed that successfully attracts the targeted entrepreneurs to the program. Ultimately, there will be some adventurous and thoughtful interests that will immediately understand and take advantage of the opportunities while others will wait.
- Encourage the establishment of an organization or individuals that represent and act as the voice of the MWBE communities. This action should be undertaken by members of these communities themselves, perhaps led by CMOC. It could provide advocacy, a voice and feedback on ways to promote a healthier business environment in Mid-Missouri.
- Develop a working relationship with the State of Missouri's Office of Administration's Civil Rights Division and MoDOT to facilitate the certification of local MWDBE companies. These agencies can offer support by providing an educational component for potential MWBE's to educate them about certification and to inform them about the pros/cons and how to satisfy the certification process.
- The development of a realistic and implementable utilization program has to be voluntary by all parties. Committing to a memorialized, transparent program by the public and private sectors is practiced in other communities. The best model is the National Supplier Diversity Councils.

## CHALLENGES

- Columbia's leadership must be enthusiastically engaged and willing to embrace a realistic, implementable path to include minority and women owned businesses.
- Apathy is always a major concern. The area does not have the benefit of waiting for someone else to embrace and oversee the implementation of this effort. Leadership must come from Columbia. This role seems to have been assumed by CMOC, but has to include all of Columbia's major interest.
- Columbia suffers from an underdeveloped MWBE community. However, this could be resolved by creating an environment that fosters inclusion that will promote the development and growth of more businesses.
- The MWBE community has always faced the challenges of inadequate access to capital. Efforts to plan a program to increase opportunities for this community have to include a parallel plan to improve the financial resources available for MWBE's to finance captured business opportunities.
- Public and private project planners must take into consideration project bonding and insurance requirements and the barriers both add to the bidding process for construction projects. Blanket bonds and other options have been used to remove or reduce that barrier.
- Columbia as a whole must be properly engaged about the importance of a utilization program. This includes the benefits and cost to the region as a whole. The value of having people contributing to the tax base, being key members of the Columbia community and not being a burden to the system provides considerable returns to the region as a whole. Community education and acceptance is a must.
- Columbia has a significant economic disparity challenge. Part of this challenge comes from the inability to recognize and address quality of life issues in impoverished communities. All employers want to have experienced, trained and disciplined workforces. Failing to create effective programming that creates a pipeline for Columbia's employers will result in a continued growth in the income gap.
- Columbia must find resources to make a diversity program work. There must be a defined program. Resources can be combined from various sources including shared resources. This has to be collaborative effort.
- African-American's constitute only 11% of the local population.
- Much of Columbia's local home grown population desires to leave the area upon graduation from high school or college and apparently the same is true of graduates of the local universities. This information is based on several multiple conversations during the interview processes. Columbia must find a way to eliminate or reduce this brain and energy drain. Either retaining local talent or finding ways to attract them back can be helpful in building locally grown assets.
- Recent activities at the University of Missouri involving racial incidents cast a shadow over the region and perceived inaction by the school's leadership. This may also create a venue for opportunities.

## LOCAL ASSETS

- The Columbia Housing Authority (“CHA”), under the leadership and guidance of its Chief Executive Officer, Phil Steinhaus, recognized that substantial dollars were leaving the community because contractors were importing out of town companies and jobs. His desire was to capture as many of those opportunities for Mid-Missouri companies and jobs wherever possible by focusing on and strengthening the local MWBE market. This including developing a sustainable market beyond the CHA’s projects.
- The institutions of higher education that call Columbia home regularly graduate high caliber individuals many of whom would be great assets to the region.
- Columbia’s location is optimal. Columbia is in the middle of the state meaning access is less than two hours to the State’s two major economic engines and one half hour from the State Capitol.
- Columbia is a growing market. The population has grown over 140%the last 15 years.
- The University of Missouri is in an expanding and investing mode thereby creating more contracting opportunities.
- The Columbia Public School system is engaged in a capital/modernization campaign.
- Columbia is perceived to be a great place to live.
- Recent activities at the University of Missouri involving racial incidents cast a shadow over the region. This may make leadership more sensitive to the reality of the economic divide.
- Dr. Michael Middleton has been named interim President of the University of Missouri System. He was a key participant in the efforts to develop an inclusive program for the Columbia marketplace and in the formation of CMOC. In many communities across the country, universities provide progressive leadership and solutions.

## CONCLUSION

Tim Person & Associates services were secured by the Columbia Housing Authority to increase opportunities for local (Columbia area) minority and women owned businesses on its \$60,000,000 capitalization projects. These projects were possible due to the tax credit funding provided by the Missouri Housing Development Commission's Low Income Housing Tax Credit program which mandates the recipient of those tax credits to engage in the utilization of minority (10%) and women (5%). Under the guidance of the Housing Authority's Chief Executive Officer, Phil Steinhaus, the decision was made to create a program that would promote the utilization of locally based minority and women owned business. That commitment was extended to finding an approach that would lead to creating a sustainable environment, which did not just include the CHA, where the minority and women owned business could have an opportunity to develop and grow.

The benefits to the Columbia region are simple: increasing job opportunities for local residents; more tax dollars staying in Columbia; and more local dollars circulating around the community. Plus with local residents being employed with good paying jobs, the probably would be that fewer persons would be making negative lifestyle choices which leads to increased incarcerations and the need for more public services and/or police, which all cost precious dollars.

To successfully achieve this goal there were two critical elements that must be in place: one a marketplace that can service the demand for goods and services; and two, a program in place that promotes the utilization of minority and women owned businesses. Although there are mandated diversity programs in Columbia, through State and Federal related institutions, there have been few efforts to discuss the growing or development a local MWBE marketplace. However, the current diversity marketplace is undersized, underdeveloped and requires nurturing. Creating a environment with realistic opportunities will yield results at multiple levels.

Columbia's leadership must address the extraordinary economic disparity gap by first engaging the minority community as a whole and invite them to sit at the table to be part of the solutions in the beginning of the process not as an afterthought. Leadership in the African-American community must be willing to take on the challenge of leadership and not hesitate to reject simple solutions. The recent declaration that something must be done without first engaging leadership of the African-American community fails to reflect an inclusive process. Columbia's other institutions must also ultimately be invited to be full partners in the process. Columbia has an enviable brain trust and institutions that can and must contribute to this process. This volunteer process must go beyond what is mandated and be embraced by all of the region's stakeholders in order to have a chance to succeed. More important, the success of this or a similar program is critical for creating a path for all of Columbia's citizens to have a chance at success and thereby reducing the disparity gap.

Over the last year, there have been a range of incidents that have taken place in Missouri that have not put us in a good light. The Michael Brown incident and the following activities will mark a place in history that will be talked about for the next 50 years. As will the recent incidents at the University of Missouri. In both cases, leadership failed to act and stem what became historic events. In St. Louis failing to address high unemployment, a failed education system and leadership that failed to be proactive led to an explosion. At the University of Missouri, leadership's dismissive attitude and the collective failure to engage, listen and be responsive created a national event. In both cases leadership failed to read the signs, respond, and most important, lead.

Columbia has the means to address proactively this simmering issue before an unexpected spark places Columbia on the front page of the national news. A 350% income disparity is more than a warning sign it is a sign of an imminent event. A program to increase the usage of Columbia's local minority and women business community should not cost but instead return dividends to the community. Creating jobs, expanding the economic base and increasing the local tax base (without increasing taxes) makes for a good story, in any community. Columbia does have the leadership and capacity to address this problem.

## **SUGGESTED 90 DAY ACTION PLAN**

### **(Actions that should be taken by Central Missouri Opportunity Council and Columbia/REDI)**

1. Continue to work with the City of Columbia and REDI on developing a diversity/utilization program:
  - a. Participate in the formation of an advisory committee
  - b. Help attract more support for the effort
  - c. Encourage the development of a listing of MWBE's which is accessible through a link on REDI's website.
  - d. REDI should maintain a reliable database on the MWBE community that includes capability/capacity information.
2. Develop and implement an African-American community engagement plan to educate the community on the overall importance and impact of a regional diversity plan. This would create more political and community support.
3. Encourage the City of Columbia to assign a staff person, with resources, to oversee the implementation of a diversity program.
4. Aggressively engage in outreach to the MWBE market to retain confidence in the development of a diversity program.
5. Begin conversations with Columbia's other institutions (Chamber of Commerce, Columbia Public Schools, the University of Missouri and other local institutions of higher education, businesses, hospitals, etc.) to promote business utilization. Ultimately this should lead to the formal development of a funded program much like the National Supplier Diversity Programs.
6. Begin exploring ways to develop an incubator program (perhaps with the University of Missouri and other local institutions of higher education) that attracts small businesses.

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And special thanks to the MWBE community for sharing their experiences and attending the networking event.

**ATTACHMENTS**

1. Minority and Women-Owned Business Development (MWBE) Project Report .....Wehoit
  - a. List of Columbia area MWBE construction companies
  - b. Sign-in list for Networking and presentation event
  - c. Capability statements filed out by MWBE contractors
2. Successful Black Entrepreneurs in Columbia, Missouri.....Alisa McDonald-Warren
3. Plan for Economic and Minority Inclusion ..... Byndom, Stanton & Associates
4. Mayor's Columbia Race Relations Task Force Report 1996..... City of Columbia
5. Remembering Sharp End Neighborhood .....VOX Magazine 11-29-2012
6. City's Changes Witnessed Over 89 Years & Looking Back At City's 'Sharp End' ..... Bill Clark, Tribune Columnist
7. State of Missouri – OEO Policy and Program Initiatives 2011 ..... State of Missouri
8. Mayor of St. Louis Executive Order - Minority and Women’s Business Participation.....Mayor of St. Louis
9. KC Minority and Women Business Enterprise Ordinance ..... City of Kansas City, Missouri