

COMMITTEE AGENDA TOPICS

I. Subject: Charlotte Business INclusion Update

Action: On July 1, 2013, the City began implementing Council's Charlotte Business INclusion (CBI) Policy, aimed at increasing diversity and inclusion in City contracting for Minority, Women, Small Business Enterprises (MWSBEs) headquartered in the Charlotte region. At today's meeting, staff will review Council's CBI Goals, accomplishments to date, and next steps. No action is required at today's meeting.

II. Subject: Center City Retail Strategy

Action: At the January 27th Council Dinner Briefing, Michael Smith presented a history of retail in Center City and summarized the findings from retail studies commissioned by CCCP and conducted in Uptown and South End. Additionally, CCCP asked Council to consider adopting retail in Center City as a shared priority in FY'15. Council referred this item to Committee for further review. At today's meeting, guests will share a draft retail strategy and discuss the appropriate role for the City in supporting the growth of retail in Center City. No action required.

III. Next Meeting Date: Thursday, October 2, 2014, at Noon, Room CH-14

COMMITTEE INFORMATION

Present: Michael Barnes, Vi Lyles, Al Austin, Claire Fallon and LaWana Mayfield
Others: Debra Campbell
Time: 12:00 p.m. – 1:30 p.m.

ATTACHMENTS

1. Charlotte Business INclusion Program Update Presentation
2. Center City Retail Strategy Presentation

DISCUSSION HIGHLIGHTS

Chairman Barnes welcomed everyone to the meeting and asked them to introduce themselves. The first item on our agenda today is the Charlotte Business INclusion Program Update. This is an item that has been of great interest to the members of this Committee as well as the Council and the Mayor so we're looking forward to asking questions and getting updates and continue to improve the program. We will turn it over to our Deputy City Manager substitute person who is also our Planning Director, Ms. Campbell.

Campbell: Thank you Mr. Chair. As you have stated, we've got two items of presentations for you on the agenda and the last item is to discuss your meeting updates and upcoming agenda items. At this time, we don't think that any of the items need any real action, even though on the Center City Retail

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 2

Strategy, it does talk about an action needed by the Committee to direct staff to work with Center City Partners because of what was discussed in a Dinner Meeting and referred to the Committee, that action has already been taken. With that, I will turn it over to Mr. Mumford who will introduce the first agenda item.

I. Charlotte Business INclusion Update

Mumford: Thank you Ms. Campbell. Mr. Chair and Committee, as the Chairman said this has been a highly anticipated presentation and a lot of work has occurred since April 2013 when the Council approved some changes to the program as well as approval of some additional staff members. All of those positions have been filled and those representatives introduced themselves around the room. It's a great opportunity for us to explain the work that has been done relative to the goals that you have established as well as to discuss results and the performance results and to talk about work that is coming forward in the next two years to continue to advance the program. I will admit this presentation could go a thousand different directions and we are open to that; we respect that a lot of questions I'm sure you will have about some of the numbers, some of the actions. If we can't answer those immediately today, we will capture that and get back to you. This is about your input to help us collectively create a strong program.

The amount of work that goes into this through; a lot of it is behind the scenes. We have to developed databases, we have to certify individuals and a lot of this is effort that doesn't show up on a Monday night; we're going to hear about that. I also want to make sure that you know we hear you when we have Business Investment Grant opportunities that come forward and the connection between utilizing local companies for those activities. That is a separate issue, not a part of this presentation today, but we know that you all want to see a connection for Business Investment Grants and activity employing people locally. Also the Tax Increment Grant Program is really around public/private partnerships for developments. We have contractual obligations in those contracts with developers for utilization, so that is where it is a more direct link to the Business INclusion Program. Before I hand over to Nancy, who has done a wonderful job during the last year and a half, since your approval of some of the goals and directions, bringing the staff together around this effort, I do want to recognize DBE, Disadvantaged Business Enterprise Goals and Small Business or Minority Women Small Business Goals continue to be a lot of alphabet soup on Monday nights. The first slide Nancy will go through is just to try to help explain the difference between the Minority and Small Business Women Program, the DBE Program so you know internally who does what and how those are managed. That's come up recently several times on Monday nights and so we thought we would start with that and get into the actual program that Business INclusion oversees. We will welcome questions whenever they come up and I hope we can between Nance and me deliver this in a clear way, but just so you know, fair warning, slicing and dicing small minority women businesses, sub-contractors, contractors, disparity study groups and it can be a little bit tough to follow that trail, but we will do our best to help with that. With that said Nancy Rosado.

Rosado: Pat did a great job laying out the agenda for today's presentation. We're going to begin by clarifying what we do as far as administering the Charlotte Business INclusion Program, and then we're going to look at outcomes and tied to those outcomes, we're going to review the goals that Council established when you adopted the policy. We are going to look at our accomplishments to date, what is our work in progress and some of our FY14 results.

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 3

The first slide talks about the differences between MWSBE and DBE. As we know, the Charlotte Business INCLUSION policy specifically applies to what we set Minority, Women, Small Business Enterprise Goals. Some of the differences are when we talk about Charlotte Business INCLUSION and MWSBE goals, remember it is a local program and it is a policy that our City Council adopted. When we look at DBE, that's a Federal program and there are Federal guidelines that apply to that particular program.

Who Certifies? For our MWSBE Program, SBEs are certified by our office, the City of Charlotte and we have identified our own definition of what is approved, which is different from how other communities handle small business. We also, as far as the MWBE certification, our office does not handle the certification so we don't vet minority and women businesses to make sure that they are who they say they are in operating and what they control. That is the job of the State and so North Carolina historically underutilized business office is the certifying entity by State Statutes that has to certify MWBE's and so we accept their certification. In order for an MWBE to be identified as one in our City's vendor database, City Council has placed a geographic description, which is that 13-county area and so that is the only criteria that we establish that they have to meet. On the DBE side, NCDOT is the certifying entity and so they handle the certifications of DBEs, Disadvantaged Business Enterprises. Our office is not involved and no one in the City is involved in that determination. The Federal government has created their own eligibility criteria which is different from the criteria we have established for Small Business Enterprises.

How are Subcontracting Goals Set? I think this question gets to the crust of some of the conversations that happen on Monday nights. When you see an SBE goal on a project, our office was involved with the department in setting that goal. We use the Engineers estimate to look at what were the subcontracting opportunity, what is the availability of these vendors in our database and we set the goal. That formula that we use is exactly the formula that is used when they set DBE goals. We have the same exact formula, except the availability is not on looking at what SBEs are available; it is on looking at what DBEs are available. It is the same formula, but it is not administered through our office. I think that is the key take away that we want to make sure that we deliver today. When it comes to DBEs, there are DBE administrators that have that responsibility in CATS and at the Airport so those RFPs never come to our office and we are not involved in setting the goal or in doing any aspect of that process.

We talked about who sets the goals and the other thing is Good Faith Efforts. Both programs have Good Faith Efforts; they are very similar, however how they are administered is different. Our City and our City Council have established our own criteria's and we've assigned points. The DBE Program doesn't assigned points to how they manage and handle Good Faith Efforts and administer Good Faith Efforts. Those are the similarities and differences between the two. Before I move on, are there any questions? I know John Joye is here from CATS if there are any questions.

Fallon: The complaints I've gotten is always that the small business people can't apply because they can't get bonded. Can we help that in any way through this?

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 4

Rosado: There are requirements and those are State Statute requirements that have to do with bonding limits and we can look into seeing if there is any way we can help individuals, but there are definite bonding limits that we have to follow per State Statute.

Fallon: A lot of the very small businesses and minority businesses can't qualify for that bonding or getting those things that they need to be able to work with the City. I wonder if there is some way that we could go around it or through it or be able to buck it up for them so that they do get some more of the SBE projects that we do.

Mumford: One way that helps with that is to have those companies partner with other companies, for instance, in general construction, so a small business may not have the capacity to be bonded, but they can partner with a general contractor that can be bonded.

Fallon: I knew that Pat. We've gotten into that problem with people recruiting people, but it is not serious, if it just a figure.

Mumford: Right and we don't support that; what we want is relationships where people can learn and grow and build up capacity.

Fallon: Do we put them together?

Mumford: We can help facilitate that.

Fallon: Can we do that?

Mumford: Yes. The other is just a straight up sub-contracting opportunities. The contractor may have the capacity in general that they can bid as a sub-contract to that.

Fallon: The point is someone has to put them together. Is that adding another burden to you? That's the only we are going to facilitate very small businesses getting to the point where they can get some of our contracts.

Mumford: You hit right on what the ultimate goal is, is to help these companies build a capacity, build the knowledge, build the ability to be on their own so that is what we really feel our job is. It is not a burden; it's the driver to this whole program that you all have established.

Fallon: That makes me happy.

Lyles: I wanted to follow up on Ms. Fallon's point is that it is very hard to run your business, try to grow your business and fill out all the paperwork that is required for you to do this. The bonding and all that, I'm wondering, not necessarily the City but kind of where is that resource in the community that tells who helps them. I am just wondering if there is an opportunity to at some point, in addition to this report, for our partners who works with us when someone comes in and says I have a hard time getting my bonding, I'm a contractor, I have a hard time getting insurance on I'm a house cleaner, how do we do that? Not today, but if at some point we could find out who those resources

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 5

are and how they can help the program. I think we would have the ability when people call us and say I want to start a house keeping service, what do I need, we would know where to send them.

Rosado: That is something that we have one of the benefits of getting certified. We do a lot of training around bonding and how to improve your bonding to get you ready. We also have relationships with our community partners, like MMCA, who works with their membership to help with some of those issues as well. It is a very high priority conversation because bonding has been an issue and continues to be an issue.

Mayfield: I have two questions, one on the line of this particular conversation. There are times where the bonding requirements can be waived, depending on the size of the project so have we had those conversations and if not who determines that? Is that determined locally or is it determined by the State since we know that you can waive those requirements?

Rosado: Our City follows the State Statute requirements so we can provide you in the future, via Council-Manager Memo, what those requirements are.

Mayfield: Have we waived any of the bond requirements or are we saying we are only going by what the State allows?

Rosado: We follow the State Statute and we can get that information for you. I would have to ask each of the departments that issues the solicitations. What type of bonding requirements they have waived in the past, when will they waive them, but I know when it comes to a certain limit you have to follow that State Statute but we can get you that information.

Mayfield: The second part is when we were going to the sub-contracting goals and who sets the goals for them and maybe I just missed it. With the current goal of CBI, are the staff currently conducting site audits to ensure compliance with the program or is that something we are not doing, but we are considering? I think that is another big piece because if we are trusting the process but we are not actually conducting site visits to ensure that the goal that Council set for staff is being met, I want to make sure that those conversations are happening so the two parts of that is are we conducting site visits or are we intending to start conducting visits now that we added on the additional staff?

Rosado: Just to make sure that I am clear, site visits you are referring to project sites?

Mayfield: Right, to ensure compliance of the program.

Rosado: We have a specific process where project managers for each of the departments that manage projects is their responsibility to always know what sub-contractors are on the site. There has to be prior approval provided so they always know who is on and also the affidavit process. We track what sub payments the prime is making to those sub-contractors so we can monitor are they on track to meet the sub-contracting goal. It is handled by the department and we have had a lot of success in doing it that way.

Mayfield: We are conducting site visits, not all administrative, but we are conducting site visits as well?

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 6

Rosado. Yes.

Austin: We recently had a Consent Item and it was a huge amount of money and we talked about the fact that the company having some Good Faith Efforts. I'm still having trouble with that concept to me because I can't imagine that the vastness of people and companies that want to work or minority and disadvantaged that we can't find those. Can you walk me through that again because I'm still not comprehending? I know Ms. Kinsey said she was very detailed and she did this. Walk me through just briefly that again because folks in the general community, they are just thinking that we are doing a few calls and it is done and it is a good way to say we tried, we can't find anyone. I've heard that before a couple decades ago, we can't find such and such a person and we just don't know them. So walk me through that again.

Rosado: Sure. Good Faith Efforts, we like to refer to Good Faith Efforts as a menu and they are a menu of things that prime contractors can do to get them to the point where they will meet the sub-contracting goal that we have established on the project. Good Faith Efforts include things like contacts. In order to meet the goals that we have established on a project, you have to do outreach you have to have those conversations with the sub-contractors.

Austin: Do you guys review those?

Rosado: We do, but when a prime contractor doesn't meet a goal on a project, they have to document to us and it usually is quite a significant amount of paper documentation, usually in a binder, that demonstrates all of the efforts that they took in order to meet that sub-contracting goal. All those efforts have to be conducted pre-bid so these efforts have to have been done before they submitted the bid.

Austin: So if someone just calls a company, is that considered an effort, just calling a company or actually getting somebody and talking to somebody?

Rosado: Our City policy requires that the first effort has to be documented in writing, so typically it will be some type of e-mail communication announcement that the prime bidder sent out to all the sub-contractors they have identified as folks that they want to solicit quotes from. Then they have to document that for us and we determine as a City in reviewing those efforts, were there sufficient contacts made. For example, if we've identified that sub-contracting opportunities that include say 20 Small Business Enterprises and they come back and say we've only contacted two. We would not find that was a Good Faith Effort because calling two individuals is not sufficient when we've identified possibly 20 that could work on a project. It really depends on per project basis but the efforts have to be significant and they have to be able to be documented and demonstrated to us. When we are reviewing Good Faith Efforts, we make due diligence efforts to contact those SBEs that they said they contacted and ask them, did you receive an e-mail, did you have a conversation?

Austin: So you guys actually call them?

Rosado: Yes, there's an audit piece definitely. We don't just take their word for it; we have to go behind them to make sure.

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 7

Mayfield: Following up with the conversation Ms. Rosado you just had with Mr. Austin, we follow up. What is our tracking mechanism? Unfortunately, I think more than one of the Councilmembers have received notice and had conversations with those SBEs where there has not been follow-up. They were listed, the contract moves forward but when it is time for us to award, they are not the company or as one of those cases is where they did not meet their goal, but through the point system they still were able to win the actual project. What are our checks and balances to ensure that we are reaching out to those SBEs? I think more often than not; I know personally I had a conversation where the SBE had not been contacted. Do we have any outside source that's monitoring or are we doing all this in house? I'm trying to figure out what are the checks and balances to make sure that all of our steps are being taken and no one though haste or just through loss of time missing any of the steps.

Rosado: I want to make sure that I understand your question. Is your question are we checking to see if they are making those contacts for GFE's?

Mayfield: No my question is are we following up once that sub-contractors has submitted their information and we realize that they may have listed some SBEs, but when you say yes we are contacting those SBEs after the fact to find out how that conversation went when that prime submits their information and they have very few to no SBEs on there. Somewhere there is a disconnect where SBEs are not being contacted so on our end what are we doing to make sure that those SBEs voice is at the table when they are having the conversation so you are the prime, you contacted me, we had an hour or an hour and a half long conversation, yes I do qualify for the pieces that you say. Once the actual contract moves forward or the RFP moves forward, it comes to Council and Council is getting ready to approve it and we do not have an SBE on there or we don't have the number of SBEs of that 20, we could have actually worked with five of them but we ended up only working with two, but they hid the numbers. How are we really making sure that balance is happening?

Rosado: The City policy, we use the engineers estimate to identify those sub-contractors opportunities, however it is up to that prime contractor to develop their bid and determine what sub-contractors they are going to meet that goal with. We may identify painting, for example, as a sub-contracting opportunity but that prime may have their own painters on staff and may say no I'm not going to do painting. I'm going to meet the goals with concrete or hauling or whatever other subs there are. It is really up to the individual business to determine how to put together their bid. At the end of the day, the SBEs have to provide a competitive quote to that prime contractor in order to be selected, but we only look at the contact when they do not meet the goal and then there is an issue of Good Faith Efforts that were reviewed.

Mayfield: I think I hear in that response Mr. Chair an additional challenge because as these primes continue to grow and because of the businesses they are receiving, all the contracts they are receiving within the City, they have the opportunity to continue to grow. At some point they can have in-house all of these services so they can have the painting and all the different services that are needed and if it is up to them to determine whether they are going to stay in- house or if they are going to go out to the SBE, considering we have a challenge between where our SBEs are and where our primes are, those SBEs are having a harder challenge to get up to here and to grow the business to diversity whereas that prime has every opportunity to diversify their umbrella to the point where they can only need two or three primes to come as opposed to having an opportunity for five or six primes coming in. Do you see where I'm hearing there is a challenge there? That prime has an opportunity to grow

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 8

to an exponential growth level but that prime is stuck if they don't have the opportunity to really get in and submit for that contract.

Barnes: So if you have a prime contractor who has gotten so big they can pretty much provide all the services except seeding and erosion areas. What do we do to help them help SBEs?

Rosado: Even if a prime can do the work, it's very rare that they will not sub out certain pieces of the work, especially if they are taking about some type of vertical construction where you are building a building. There are a lot of sub-contracting opportunities so they will meet the goal. They know that the City and the City Council is committed so one of the future slides actually looks at the number of completed projects in a year. For example, in FY14 the City completed 43 construction projects and of those 43 when we awarded them at bid, only four of those were awarded the Good Faith Efforts so the other 39 were awarded where they met the goal. I just want to stress again that Good Faith Efforts is the exception when we award and not the rule.

Barnes: Do something for Ms. Campbell, Mr. Mumford, Ms. Rosado in response to some of the outstanding concerns I'm hearing from my colleagues. We have members of MMCA and other minority contracting entities here. Would you guys get from them a list of the top 15, top 20 challenges that they see and that they experience so we can figure out a way to address them if we can? It is difficult for us to have the public at the table to participate in Committee meetings, but I think it would be appropriate to have our staff people get with some of you guys and figure out what the top 10 or 15 challenges that you are experiencing are so we can begin to address those challenges. Does that make sense?

Lyles: In addition to that because I think this is where Ms. Mayfield looks at the gist of the core of some of our issues, it is when we are out there and doing this work, there is absolutely no trust between the primes of this process and the sub-contractors. That's been the issue for a long time. My brothers operate a small business just like this in South Carolina and I can't tell you, every time I talk to them there is this issue about how the primes work. In addition to the Chairs asking if the MMCA to do this or other organizations that would say what the challenges are. I would like to ask two of the primes that come in and bid on this work, one that looks at it and say let's look at that perspective, what do they do and how do they approach it because right now I don't think if you put all of us in a room together that anyone would believe anything that anybody said in an hour presentation. That is just flat out the way this world is working and there is something that is going on that is not making it happen. I just see too many times when we have people that have one truck all of a sudden become so successful under one prime and another prime is actually looking at a company that's bonded and worked really hard to get where they are to deliver their work. Something is not right here and we need everybody at the table to start talking about it with a level of candidness that we can begin to deal with it.

Barnes: I want to remind the Committee we've just gotten to the slide one and we have two items on the agenda and I want to be here for both items, but I have to go to a groundbreaking at 2:00pm so I'll have to leave about 1:45.

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 9

Fallon: It is just a matter of not concentrating it all in one place so they get out to the community so we have numerous people doing SBE work instead of letting one prime corner the market which defeats the whole purpose.

Rosado: In this slide, we are just starting to remind everyone of the initial goals that were adopted when Council adopted the policy back in April. The first goal was to implement race and gender-conscious measures into the program based on the Disparity Study findings. The center column just really highlights some of the key accomplishments to date that we've had in the past year really in implementing the program. Through our ERP process, we've worked really close to the ERP to make sure that the City's new technology is able to provide us great functionality around certifications, tracking, recording compliance tracking to get to the point of those commitments to make sure that at the end of the project, those commitments were actually achieved. We've done a lot of great work in partnership with the EFP. We also retained the Galilee Agency to conduct an analysis of the current assessment so we know what are the areas that the community wants us to improve in and that our stakeholders are looking for improvements. We hired our additional staff, we developed an inclusion review process which is really critical in order for us to be successful in driving the economics of the community and helping grow economic development in the community and grow the small businesses. We need to work with our internal stakeholders to really make sure that they understand the importance of efforts and inclusion in the bidding process and in the solicitation process and making sure that our internal stakeholders are providing those opportunities for our minority women's small business enterprise to compete on City projects and contracts. To get to that point, we have to do a lot of foundation building and our leadership has been great in driving that message home. We've created a SharePoint site where we are able to ask our departments to inform us of all the solicitations that they are doing and in then we in turn are working with them to say here are SBEs that we want to include in our projects to make sure that they are finding out about the opportunities.

Barnes: And are our City departments are responsive?

Rosado: We are working on that responsiveness and some departments have more happening to be more nimble to quickly do some of this than others, but the key departments, our top four or five departments spent have been very receptive to this process and their leadership has as well. We've done a lot of training, making sure that they understand how to submit that review process and why it is so important. We've issued guidance manuals to address some of the issues that our internal stakeholders have raised about would love to do; we need more guidance on how should we apply some if these strategies. Our work in process, a lot of it has to do around our reporting, what are and what is our MWSBE spend so that of course will be coming out in September. We are doing a significant amount of work around using the FY14 historical data for spend to analyze that data to sit down with departments to say here are missed opportunities, let's work on these for the future and that will help us develop the goals that we established for the departments for FY16. We are engaging our community partners with implementation, the work with the Galilee Agency on our strategic plan and we are working on an Inclusion strategy for informal contracts. A lot of our MWSBEs have communicated to us that they don't know a lot about that informal spending because it is not something that we advertise so we are working as a department to identify where are the gaps and how can we get them involved in that process and to know about those opportunities. We are doing a lot of targeting and working to see how we can target SBE solicitations. Just as recent as yesterday we actually worked with CMUD to put out the targeted SBE solicitation where only SBEs can bid on

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 10

this RFP so they don't have to compete with any others. We are looking to do more of that to help grow the small business enterprises and that is a janitorial one that is coming out. We're instituting quarterly department pipeline meetings; we want to get in front of the spend so we are not finding out about it at the end. Then there are some policy amendments that we are looking at and implementing in the future and deploying a supplier diversity change management strategy. At the end of the day, everything that we are doing is really about changing how we've been doing this and improving upon that so that we can have better results for the community.

Just to tie into that first goal are some of our FY14 results. This is hot off the presses because we haven't spoken to the report yet. What you are seeing here in this table is the direct prime spending with small business enterprises and minority/women owned firms. What you see here is in FY14, the total whole City-wide spend amounted to \$533 million. Now that is not the City budget obviously, but there is a lot that they have taken out like salaries and insurance so this is what is left where the City departments had discretion on who they were going to choose to provide a good or a service or a purchase. So of that \$533 million that we spent in FY14, we have a goal as a City of 5% of that spend should be for small business enterprises so over the last two years, we have exceeded that goal, not that much, but we have exceeded that goal and been able to spend in FY14 \$27 million with small business enterprises. We were also successful in reaching \$49 million of spending with minority/women firms.

Barnes: Let's take that apart. Mr. Mumford, Ms. Campbell and I talked about this earlier. Of the \$533.8 million, how much of that spending was subject to SBE and MWBE projects? Let's say for example, the spend was subject to SBE/MWBE goals would have been \$270 million and that second line the SBE City-wide spending would have been 10% of that which is better than I think 5%. Is the \$27 million within the \$49 million or is it separate?

Rosado: Yes, it can be. If an SBE is a minority or woman firm than it is in that spend but an SBE can also be white male firm so that would not be in there.

Barnes: Mr. Mumford and Ms. Campbell if we are going to get back to us on how much of the \$533 million is actually subjective and the reason I asked that question for the benefit of the Committee is that number contains other paper and other stuff that we might buy that would be.

Mumford: ERP.

Barnes: Right, an enterprise project that which wouldn't necessarily be part of that. That was \$20 million that we were spending on that so I want to know how much of that spending really would be subject to the program and also the goal itself of 5%, I thought it was too low but I wanted to have some conversation around why it is 5% and why not 10% or 20% or whatever may be. Is there something magical about 5%, why couldn't it be higher?

Rosado: Great point that the \$533 million includes and concur our City Attorney's Office, the guidance has always been if the City has discretion in who they could choose, we should use that as a denominator. You are absolutely correct that when we are spending however millions of dollars on a new financial system there is not one SBE in our geographic region that has the capacity to provide us

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 11

with that ERP, but it is included in here. And so pulling that actually gives you a better representation of where the opportunities actually were so we can definitely do that analysis and have that for you.

Barnes: That would be great.

Rosado: The 5% is us being realistic. One of the things we heard from Council time and time again is you want us to be realistic in the goals that we establish with a stretch and we do that. If we are not including things like an ERP purchase and we are moving that from the denominator then we can definitely look at how we can increase that spend and increase that goal for those opportunities where we have MWSBEs certified.

Mumford: I wanted to add to that about opportunities. Each year is different; each year provides different opportunities for spending money. For instance, if we look at our CIP program and should that be successful on bonds, we have a large amount of capital investment that works for this community that is primarily around construction, building and construction. Probably a lot more opportunities coming with that CIP program so we have to look out and see what is coming up on a spend standpoint, try to get a better understanding of what does that look like from opportunity and establish a goal so on an annual basis is really not from a historical perspective because that is not relevant plus that is more of what do we have going forward looking at the future of our capital spending. Back to the art versus strict science.

Barnes: I recall at that time Wachovia was building the new headquarters and cultural facilities. Bob Bergess talked with us about the 20% goal they set for that project and they were very proud of that goal. I think they exceeded it.

Lyles: They did exceed it.

Barnes: As I recall, there was a lot of commitment by at that time Wachovia, now Wells Fargo, to meet and exceed that number and they created, I thought, a database of information and we talked about this with the DNC that the DNC created a database and I think the Chamber has it. I don't know what is happening with it, I don't know how useful it is, but my point is that Wells Fargo was very intentional about setting a higher goal and achieving or exceeding that goal. I recognize that there are some limitations on the flexibility we have because we are the government and not a private company, but it would be helpful as you are working through this, I don't expect you to come back with a response within a couple of weeks, but to help us figure out if there is some ways that we can tweak our program to not only put a higher goal in place, but to actually regularly exceed that goal.

We all recently saw what I think was a very disappointing episode if not to CATS fault because of the nature of the construction project, but they were putting out a bid on a parking garage and we thought the goal should have been higher but what we found out was because the prime contractor is using precast concrete instead of the site poured concrete, the opportunity apparently reduced that. If there are details about some of these projects that either limit or in some instances eliminated real meaningful SBE opportunities, you all should let us know that because with that particular project, we sat there wondering why it was 2% or whatever it was, but once you all explained it we understood and said okay as we move forward when other opportunities arise or projects arise, let's make sure we are trying to be as inclusive as possible. Does that make sense?

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 12

Mayfield: This is hot off the presses, when will this be published?

Rosado: September 30 is the goal to publish it. We also tell about the number of outreach meetings that we had so the numbers are finalized, but the report itself needs final touches.

Mayfield: Again, what I'm wondering is when and basically where is this going to be published?

Rosado: September 30th and we always send it out in the Council/Manager Memo and we will also post it on our new CBI website.

Mayfield: So it will be available on the website?

Rosado: Yes. This next part again is the same type of spend but it's looking at construction subcontracting and looking at how much of construction subcontracting we spend with minority women firms. This is really just looking at the Airport, Engineering & Property Management and CMUD for City-funded projects. It shows that in FY14, we spent \$28 million with minority women firms as subcontractors out of a total of \$47 million sub-contractors.

Barnes: Which of those departments, do you have the rank order of spending by department, Airport, E&PM and CMUD?

Rosado: I would venture to say Engineering & Property Management is first, CMUD second and Airport last only because the Airport doesn't have nearly many City-funded projects as Engineering & Property Management does.

Barnes: Ok, thanks.

Rosado: Other goals, we are expanding the geographic area. This is just letting you know that we have done all of that and are continuing to conduct outreach in the new 13 county region. I know the question comes up so we just wanted to make sure that we highlighted that of the MWSBES that are currently certified, 75% are headquartered in Mecklenburg County. Even though there are 13 counties a significant number are actually here in our county. The requiring registering of minority business enterprises and women business enterprises; to date we've registered 389 and our goal for FY14 was 400 so we are about 97% of our goal. We've engaged Lil Associates to help us and they've done a great job working with us and helping us get to that 400. They are still helping us work on that 400. We reconfigured the City's vendor database to store the MWBEs because our database previously was just for SBEs and we've partnered with NC HUB Office. The only way for us to be successful is to make sure that we are sending them vendors so that they can get certified so we can use them on our projects.

As I mentioned, the goal was 400 and we've registered 389 or 97% and that 389 represents 56% of what is actually available currently in the NC HUB database. We've registered more than half of the available firms based on our geographic area from the NC HUB database. In the NC HUB database, the reason why it is not higher is there are some that just don't provide a commercially useful function to the City. The NC HUD database will register those, a retailer or something and we don't have need

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 13

for that or a barbershop. There is always the question of 873 how many are there, what are the top category where we have certified firms. This just shares that information with you.

Other goals include increasing the City's formal bid threshold for construction contracts to \$500,000. That was implemented as soon as the policy was adopted and effective on July 1st. Our department has been implementing that as a goal. One other thing we are looking to do and non-profits are doing is implementing a pilot mentor protégé program. We know that is something that Councilmembers are really enthusiastic about and so we are working to implement that program in January as a pilot to see how we can identify a construction project and then identify the mentees and the mentors for that particular project and help grow their capacity.

Lyles: I think the identification here, are the data driven by availability, project size and cost of magnitude so big projects that have opportunities and willingness for participation. One of the questions I want to make sure. Is the mentor protégé program designed in a way that the mentor and the protégé bid together on the project in advance of it or is it the mentor's responsibility to implement the program? There is a nuisance around that idea about how you work with people whether you do it as a team or you do it as I'm the owner and I'm a subcontractor. I would hope that our mentor protégé program takes the perspective of partnership and it takes the perspective of I'm coming in as a team in advance for that bid. I don't know a lot more about it but I know there are concepts that lend itself more to growing a business versus hiring a business, and we want to grow a business.

Mayfield: Actually on the previous slide Ms. Rosado you gave us the breakdown. Do we have the actual minority breakdown of this when we are looking at the MWSBEs or do we actually have a breakdown of Latino, African-American to really look at the numbers to see are we really creating this level playing field as much as we can as well as the women owned breakdown over to the side? That would be great.

Rosado: Yes, we can do that.

The next goal we wanted to highlight was establishing subcontracting goals using a new formula and so we talked a little bit about that in that first slide. We formed an inter-departmental team that works with us throughout that process and getting them training on the new formula, restructuring the forms that have to be used. When we change a policy, there's a lot of changes that have to be made as far as the solicitation documents, the forms and then training people on this new formula so we did a lot of that and it's still ongoing. We are actually publishing a construction guidance document for our internal folks so that we can ensure that all of our departments are implementing the policy exactly the same way.

Mayfield: Are we utilizing our stakeholders to help come up with this restructure process so that we are actually asking the questions that relate to their realities? Were our partners at the table to help with this restructuring of our solicitation forms?

Rosado: Are you talking about external community partners?

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 14

Mayfield: Right, our stakeholders. Were they at the table to give input on this restructuring of the solicitation process?

Rosado: When we are looking to change some of the forms, we actually had focus group meetings. For example, there was one form we were looking to change about how we record subcontractor hauling commitments so they were invited to the table to get their input on what was the best way to do that and to document that on our forms. Here is an interesting result that we wanted to share because as a result of us using this new formula, we have been able to set SBE higher subcontracting goals on projects so it's a good story and our primes are asking and sometimes are happy that we are setting higher goals. The formula dictates that we set that goal and there is a rationale behind it so that is the story. In FY13, the goals averaged about 8.75 and in FY14 they were averaging 11.5 so it is more opportunities and more spending on SBEs.

Barnes: So to that issue about the goals going up, what I think we had been hoping for years is that companies could do a \$100 million contract for us don't view spending \$6 million for the small business as an inconvenience. I think just speaking for the Mayors I've served with and the Councils I've served with, I think what we are trying to do is get companies to want to be a part of helping to grow the community by growing businesses instead of just shooting the check. So you guys are the experts at this stuff and I don't know how you go about doing it, but what we are trying to do is get a lot of the larger prime contractors to actually want to be a part of growing the economy. I guess people have different philosophies, political philosophies, etc. on how to do these things, but our desire is to actually help improve the community by growing businesses and giving people the economic opportunity. That's our job and so it bothers me a bit that companies might get push back on the goals going up. You are not talking about a lot of money because again it is probably half billion dollars in spending and \$50 million went to the SBEs.

Rosado: I will say that we have a lot of really great prime contractors out there in our community that are committed to using local small business minority women firms. I think some of the push back has been in the challenges with bidding a project and putting a bid together at goal and being able to meet that goal. There are some challenges when you have increased goals, and I'm not defending, just saying these are some of the realities that happen in the construction world.

Barnes: Right and I get that so what I'm saying is help up be a part of the solution, not just belly aching and saying can't do it, don't want to do it, but working with them to figure out how to resolve the challenge.

Rosado: In just FY14, you viewed 115 contracts that had SBE subcontracting goals on it so that is just a nice recap every Monday night. You don't really get a sense of over the span of a year just how many contracts had SBE goals and how much total spending commitments there were. They total \$22.1 million. Other goals were to the GFE effort, reducing our GFEs from the ten to 20 which that has been accomplished and we are preparing additional guidance so that all departments are clearly administering those and making the decisions that they weigh looking at it from the same perspective. Rebranding the program under the new name.

Mayfield: When we are looking at those numbers that you just shared with us, when we are looking at the total number which I think is great letting us know how many contracts were awarded, I think it

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 15

would also be helpful to know what was the total spend so when we say MWSBEs had the opportunity to \$21.1 million for those primes if the total spend that we did on the contracts were \$300 million and we're looking at \$22.1, I think that helps us also to look towards that percentage goal and looking at if we can realistically increase that. I think those numbers will also help when we are getting ready to submit the final information out where the community has access to it. I know that would help me when I'm speaking with small businesses to say okay, this was the total amount but for the MWSBEs and subcontracting opportunities that were available, we were able to identify \$22.1 million but the question is still okay, but what was the total spend.

Rosado: I have that figure for you. The total was \$191 million which amounts to 11.5% SBE.

Mayfield: Thank you very much.

Rosado. You're welcome. We launched our Charlotte Business INClusion webpages back in 2013 to give you a sense of how successful it's been over the past six months. We've had approximately 16,000 viewers to our webpages so people are definitely using this site to go on there and find out about opportunities and certification. We're still working and we've completed some collateral and we are looking at how we can improve that collateral. One of the important things we are working on right now, we know how important community stakeholder feedback is and so we are actually working with our Neighborhood & Business Services on issuing a stakeholder feedback service to find out, okay here's our website, what improvements do you want to see. That is going to be happening from December through January and then we are going to use that feedback to implement it into our communications outreach and education strategy that we're working on. Another point was convening a subcommittee of the Business Advisory Committee. That is something that we included them in the discussions with Galilee Agency to make sure that we got their feedback on what improvements we could make. I am actually presenting to the BAC tomorrow and we are kicking off that Community Input Committee in October to continue the efforts around obtaining community people feedback.

We've talked about this a little bit, but just to recap, 43 projects were completed in FY14 totaling \$53.5 million; 39 primes met the goal or exceeded the goal at bid and four were actually awarded for Good Faith Efforts and \$6.8 million of that \$53.5 million was paid to SBEs as subcontractors and that is 12.67%.

Barnes: My sense is that you've guys will be back on the agenda in coming months. It's a work in progress but you've made great progress and we appreciate that.

Rosado: Thank you.

Mayfield: Can I consider these updates that you all are bringing to us as far as reporting to the Economic Development & Global Competitiveness Committee the form of mechanism for us receiving utilization reports for construction and public/private partnerships? I think that's another piece of making sure that we are better prepared when we are having conversations out in the community. So anytime we can incorporate it into the formal process or would that be part of the rollout of the information that will be available both to Council as well as online when we are looking at the utilization reports for construction and public/private partnerships?

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 16

Mumford: I would suggest that it's important for this Committee to have the opportunity to have the dialogue with us like we did today, present and know that this information will go out formerly in a few weeks at the end of the month. On more of a regular program to be inclusive on this with you. We went too long without communicating with you and that left you in a position that was difficult when people ask you questions out in the community, you didn't have the information to respond. I think it is a great idea for us to come to this Committee, give you these updates and then formerly put the information out on a regular basis. We will get back to you with that schedule if that works. I think this is basically a referral to the Committee, this topic, as we work through this, but we owe it to you to communicate more effectively and more regularly.

Mayfield: Do you see any value or has there been any conversations for considering moving the CBI under the Mayor or City Manager's Office to give it more visibility of the program and also to increase accountability?

Mumford: The short answer is yes, that occurs all the time in this City-wide organization on how we can be most effective so that has been discussed.

Mayfield: Thank you.

Barnes: Thank you so much Ms. Rosado and Mr. Mumford.

Barnes: Next, we have special guests.

Campbell: Just a reminder, there is no action being required.

II. Center City Retail Strategy

Barnes: The next item is the discussion of Center City Retail that we've all been excited to see develop and Michael Smith is here along with Mr. Hemans to talk the Charlotte Center City Partners efforts regarding retail. We saw a very encouraging story in the news last week about Seventh Street Market.

Smith: Yes, it was featured in the New York Times – 36 hours in Charlotte.

Lyles: That was a really nice article.

Smith: Word is that in the New York Times in the travel section, that is the spot you want and you want it on Sunday and we got it right before Labor Day.

Barnes: We've got about 30 minutes and welcome to you. Ms. Campbell, is there anything you want to say to open it up?

Campbell: This was brought to you all at a Council Dinner Meeting and we're just continuing that dialogue. I think we are getting really close to convening a group of City staff and some stakeholder group to advance our approval of this issue.

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 17

Smith: It is so good to be with you Mr. Chairman and members of Council to talk about a topic we're really passionate about. We feel it is the right time for us to work on this and we feel like the things that we've studied give us a deeper understanding of what the market needs and is capable of doing. We're ready to invest and use kind of a diversity of our resources to make this a major priority so that's marketing, programming, that is our events and communications. We've got now a Director of Retail for the first time, Chris Hemans. I loved his background; I loved his experience, you guys all know Chris worked for the City for years. Chris' background, he had similar role for the City of Chicago.

Our shared objective and what we would like to achieve is to have Center City Retail be a shared objective and something we think advances the interest of all Charlotte if we do this right. Why do we care about this topic, why are so many downtowns around the world working on this? I think it's because it's magic; it actually animates the City, while creating commerce, growing jobs and expanding the tax base. On top of that, it strengthens our City as a destination, which means it is complimentary to other great jobs. We have hospitality, it makes our central business district which is 41% of our office jobs a more attractive place, which means we are better at getting jobs from other places to come here; we are better at keeping talent in our market because there has been a correlation discovered between places with retail that are employment centers and the way people enjoy their work and want to stay in that community. Lastly, we think it serves our urban neighborhoods really well by providing more shopping alternatives. Because it is at the center of our road network and our transit system, it can serve a lot of different constituents that way.

Just to remind you, this is research we shared last time. We've got a pretty solid mix of retail in uptown and SouthEnd across some pretty good categories and we want to better organize that. We'd like to see them come together as an Advisory Committee. We're going to better tell their story and I think there are some great things we can do there. We may have the best collection of independent retailers so you can look at this as wow it's hard to get tenants to the center city or you can say the ones that we have are locally-owned businesses that provide local jobs and when they create margins it stays in Mecklenburg County. We've made some great progress and I know I'm moving through this quickly because I'm sensitive to that groundbreaking too. We've got over 100,000 employees uptown; we've made great progress in the first almost 15 years of this millennium. By next year, we'll have 25,000 restaurants; we've got 227 restaurants in uptown and SouthEnd so on the hospitality side of things, we are well served. Food and soft goods; they fit really well together so we think that is part of the base. We are now up to ten institutions of higher learning. By 2016 with what is being built, we will have 5,000 hotel rooms. We were stuck at 3,800 rooms forever so it is nice to see that growing and there is more behind that and eight new cultural institutions in the last five years.

We've got four major obstacles and those are minimal ground floor retail; we don't have the inventory right now to do things we want to do. Our regulation that we have, I don't think we're giving Debra and her team the tools they need to do what they know is in the best interest of our City. That is a big statement because right now we have to animate the street but there is a lot of ways to animate the street with architecture. I know that if we give her and her team more latitude to think about making sure we create the right environment for this to thrive that there is more we can accomplish.

Lyles: Give me an example of that.

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 18

Campbell: Mike and I have had a long conversation about whether the answer to this issue regarding retail or the lack of it is a regulatory issue. I think it is among the concerns that we've got to respond to, but I don't think it is by any means simple. I think that there are certain ways that we can improve our zoning districts that would require even in the short term, and even if we have to experience some vacancies because all streets are not prime eight retail streets. We have to, through our planning efforts, make sure that we identify where the eight streets are and then tools that say okay you are going to locate here, you've got to bring all those mixes of uses to this location. Right now, we don't have a requirement for retail; we have a requirement for activating the ground floor.

Barnes: Do you need a direction from Council to further explore a zoning classification to incorporate specifically what you both talked about which is requirement of ground level retail, not just activation?

Campbell: You all have actually given us that direction, a couple of ways; one is with our revisions to our Transit-Oriented Development Districts and with the update of the Zoning Ordinance, meaning we are looking at these. It may not come soon, but we are working on it. I think we need to look at this holistically, not just for uptown, but other major activity centers like Southpark.

Lyles: I think the Chair asked a good question, what do we need to do and I heard you say we need to do it holistically but we also don't want to miss the opportunity.

Campbell: True. There is nothing that prevents anyone from doing retail, but to require it is the objective.

Barnes: You want to a requirement.

Smith: Here is what we have is too often when we are building things, we see the minimum as the requirements. We did a great exercise in the SouthEnd where we brought some really smart people to town that loved the magic of what this community has created in the SouthEnd. We asked the question, when are you coming to town, and they said we're not coming here, you don't require enough so we would build what we know this market can support, but we don't know what's going to be built next door. These were really qualified developers out of the L.A. area and D.C.

Lyles: What I heard you say is that you want a requirement, but that doesn't necessarily mean you keep everything in place, but what you are saying, I'm willing to trade off some activation for requirement of retail in right places with the right density of it and quality quantity to make it successful. That still needs to be done holistically?

Campbell: We think that first and foremost, we need to identify from a vision perspective where must we need to have ground floor retail and that is going to take a little time. I think we identified it with some area plans in our transit corridors. I don't know if we have identified specifically for uptown and whether we would have a blanket change to our urban mixed-use development district and say anywhere in uptown it is required that you have a ground floor for retail. I personally feel that is going too far; I just don't feel like that Fourth Street possibly is a retail street. So we've got to do the work of identifying specifically what are our retail streets and where is it that we must require it. Because we need to, as you said Ms. Lyles, capture the opportunities now, particularly on a street possibly like Brevard and College and obviously Tryon.

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 19

Smith: Councilmember Lyles, we're in a great cycle right now and there is stuff being built that perpetuates.

Barnes: We have noticed and observed the unintended consequences of pushing the Planning Department too quickly. There are some things that pop up on those sheets that we get at our Zoning Meetings that have been there for years, a couple which I have advanced that were aimed at addressing issues, but because of the unintended consequences, they anticipated they're kind of stuck in the system. I applaud you for trying to be thoughtful and intentional about it. I also appreciate his desire to see something happen so that we can have that level of retail development so we're all on the same page.

Campbell: If I could add just one other comment, is that we are very fortunate with the kinds of districts that are in our uptown as well as our transit corridors that there is a review process so before the developer can build, they come in for a review process so we have the opportunity without going through a rezoning to literally negotiate. If a development is coming on Tryon Street, we have the opportunity to say you know we think we ought to, but no we don't have the opportunity to say we are required.

Barnes: Including the one at Third and Tryon?

Smith: They are going to have a restaurant on Tryon Street. I still wish that we had a little bit more of we have to.

Fallon: Chris, Chicago, they had the building with Bloomingdales in it that goes up. It is vertical with restaurants on that third floor and boutiques all over. Why can't we do something like that on Trade without having the ground floor? Why can't we take it up?

Smith: Vertical malls, is that what you are referring to?

Fallon: It is the mall; everybody goes there. It is very, very crowded, it's got stores and a main store and loads of restaurants.

Smith: It will be hard for us to do a second floor retail.

Fallon: It is right around an atrium; it thrives and I think you probably have an empty building there someplace that could be utilized for that.

Smith: We'll look at that.

Campbell: I just want to make sure that when we leave this presentation that we don't leave it thinking that the major obstacle is ground level retail. I think Michael's message is there are a number of things that we need to do in order to respond to this issue.

Smith: These are hurdles we have to work through; we gotten a balance right now between soft goods and food beverage. Over time, you will see that flip for soft goods can get more in grants and

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 20

have longer more secure leases which is more of an asset to these institutional owners and then this lack of retail-oriented departments. Developing a broad strategy, we begin by dedicating somebody who thinks about this every minute of every day, on week-ends and is collecting and hearing the voice and participating in national forums and keeping us smart and tying it in to new development. We begin by really establishing that community because we do have a good base. I think if they were better organized that there is a lot more that we could do. Developing a comprehensive marketing strategy so once we are better organized then the money that we invest in telling the story, the earned media that we work with that this becomes an A priority and that we have a brand promise for Center City Retail and what people can come to expect. We don't expect our retail to become destination retail where you have to drive past a mall and over to shop here. This will be retail that is an additive to the other reasons you would be here, whether it's work or hospitality or tourism. We are going to have an events and programming strategy around it. Our team is so good at the event and programming side of things and this is going to be a major priority of theirs and we are going to tie that in because every time we produce an event, there's a series of things that we try to achieve with it and supporting and promoting retails can be part of that.

We think there is some re-tenant underutilized spaces so that we take some of the inventory that's not available, work with building owners and see if we can't create special opportunities. We want to build upon existing incubators, the 7th Street Public Market has now grown to 16 different tenants. There are almost 100 employees there that didn't exist. We hope that these incubators then outgrow the market and they move out and rent space and they are in the SouthEnd and they're on the transit corridor and they're uptown. We talked about supportive regulation and evaluating tools to expedite this strategy so to Debra's point, that was one thing among many that we need to look at.

Again through our research, we believe we've got about \$200 million of unmet demand for sales, which will be 335,000 square feet uptown, a couple hundred thousand in the SouthEnd. The recommendation was that we need to concentrate some of the high street retail around the Square and down Trade Street and then also on South Tryon. There were some specific recommendations. Some of the recommendations were taking place like Bank of America Plaza which you enter through the back side of it. What if the first couple floors of that can be zoned by a Reid out of Texas called Tier Reid. They are very open to these ideas. There are ideas like taking the Fifth Third Bank space on either side of this lobby and a 1,000 square feet, goes a long way and the sales per square foot can really create a lot of jobs and a lot of tax income. We also think there are opportunities for pop up and this is one of the things we are exploring. We have these transit kiosks, take a look at that. Right now this is not utilized by CATS because it is not an active bus route, I don't know if this one is, but there is a lot of them that aren't. So what if we identified four or five of these and we actually double loaded the sidewalk so there is retail on both sides. Other cities have done this really, really effectively.

Mayfield: In Boston when I had the opportunity to go to Harvard Square, they have all these pop-ups that come up on the weekend. I'm just glad to hear that we are really looking at best practices and how we can tie it in for that would be a great idea for our uptown area.

Smith: Your conversation earlier about small businesses, the vendor program that we operate on your behalf on Tryon Street, those are families that are taking care of themselves through those jobs and those sales. This is real estate that will benefit on some levels from further activation. In the

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 21

SouthEnd, the recommendations were that there be a couple zones, one along South Boulevard and another around Camden. There would be opportunities around things like sporting goods and you've already got Publix is already coming in there. Publix is creating outparcels for two more retailers on the front. They're being a great partner and how they are orienting to the rail trail. They are talking to us about recycle stations and we needed that in SouthEnd. In the Camden Road area, the recommendations were around authentic local retailers and building upon what we have there. There is some interesting things that can be done with container retail, a hot topic. There is a great company that is based in Charlotte called Box Man, we saw some during the DNC. Then small grocers as well building upon things that are working in the SouthEnd already.

I know I moved through this quickly, but really the ask is to share this journey with us. We want to invest in this and make this a priority, use the expertise on our team. We would like to have you guys authorize City staff to work with us and come back with some specific recommendations.

Barnes: They have been authorized and I think we are excited to see where this goes. Someone is going to ask us to be a part of that, but we are very excited to see where it goes.

Lyles: I see a lot of these strategies are going to require some time, but I also see some opportunities that are more quickly accomplished. I sometimes think that we often want to go through a huge planning process and we are going to ask everybody, sometimes I wonder if we would turn around and just do it and then ask people how they like it or what's going to be different about it versus saying let's bring you in to plan it when there is no concept. I saw some of the opportunities and I love the idea of the box and the pop up retail that Ms. Mayfield talked about. I think sometimes its okay to do something temporarily for 90 days and then say what do we need to do to change it. That's not Charlotte – Charlotte is let's invite everybody in and everybody draws a picture on the wall of what they want and then the pictures come together and it just takes a long time. I think this is an opportunity to try some things and say is it working and we are willing to take the risk to change it or stop it. I don't know where that fits in the direction that we've given to staff, but I just think we ought to do some things that give us a little bit more pop right now. I don't know how to do that.

Mayfield: I'm really excited about us moving forward and Planning staff moving towards this direction and makes me think of doing Pride Charlotte. That weekend festival we had over 100,000 in attendance but one vendor that stands out in my mind was a retailer that had a women's retail shop inside of a truck, so she travels around. She has a pop-up retail store and that is the first time I had seen something like that. When we're looking a creativity and we are looking at the idea of pop-up's and creating a permitting process around it, the idea of having a pop-up retail was something I had never seen before that I think will be really good. I think that's something that will work uptown.

Smith: And in SouthEnd.

Mayfield: Definitely in SouthEnd which is along Camden and Tryon. We have a lot of new creative talent that has moved to the area so we really need to figure out a way to make sure that we give staff the leeway needed in order to encompass all this new creative talent that's coming our way.

Austin: This is great work in trying to move us towards having more retail. Given the fact that we've got larger and larger volumes of apartments and people living downtown, is parking becoming as

Economic Development & Global Competitiveness Committee
Meeting Summary for September 18, 2014
Page 22

critical in this whole effort? I was just thinking that as I walked downtown, I keep seeing towers so we've got a lot of people. Would they be able to support it or do we still need parking component as much?

Smith: We have about 45,000 parking spots uptown.

Austin: We've got 45,000?

Smith: Yes. It is where is the parking and as we try to create concentrations of retail we are going to have to think about that. This is not an ask, it is not a suggestion. The thing about parking is it is the foundation of economic development. We've got to balance it because we don't want to over park because that affects your transit system and it over crowds your streets and everybody comes in single occupant vehicles and it hurts the environment. It is just tic, tic, tic, yet if we don't maintain enough parking, then you slip off this point where it becomes impractical to continue to grow jobs. It becomes impractical to have retail or to grow housing. We have to figure out that right walk of make sure we have enough.

Fallon: And how do we pay for it?

Smith: What is hard about it is that as we develop each of these blocks, we remove the surface parking, we build a tower and we generally park it at less than two per thousand yet we put five per thousand in the space. The transit system will pick some of that up, but it doesn't pick all of it up so even as we grow, we consume more than we replace. It is something we have to watch.

Campbell: I should have done this at the beginning of the meeting and that's to extend Deputy City Manager Ron Kimble's apologies for not being here. He is actually doing really good business; he is hosting a group from Jordan that's here all day in Charlotte.

Barnes: Thank you for saying that. Our next meeting is October 2nd. We will have an update on Amateur Sports Facilities work and also an Immigration Integration Task Force Update and perhaps one or two other items.

The meeting was adjourned at 1:40 p.m.

City Council
Economic Development & Global Competitiveness Committee

Thursday, September 18, 2014
12:00p.m.

Charlotte-Mecklenburg Government Center
Room CH-14

Committee Members: Michael Barnes, Chair
Vi Lyles, Vice Chair
Al Austin
Claire Fallon
LaWana Mayfield

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

I. CHARLOTTE BUSINESS INCLUSION UPDATE – 45 minutes

Staff: Nancy Rosado, Neighborhood & Business Services

Action: On July 1, 2013, the City began implementing Council's Charlotte Business INclusion (CBI) Policy, aimed at increasing diversity and inclusion in City contracting for Minority, Women, Small Business Enterprises (MWSBEs) headquartered in the Charlotte region. At today's meeting, staff will review Council's CBI Goals, accomplishments to date, and next steps. No action is required at today's meeting.

II. CENTER CITY RETAIL STRATEGY– 30 minutes

Guests: Michael Smith, President & CEO; Chris Hemans, Director of Retail, Charlotte Center City Partners

Action: At the January 27th Council Dinner Briefing, Michael Smith presented a history of retail in Center City and summarized the findings from retail studies commissioned by CCCP and conducted in Uptown and South End. Additionally, CCCP asked Council to consider adopting retail in Center City as a shared priority in FY'15. Council referred this item to Committee for further review. At today's meeting, guests will share a draft retail strategy and discuss the appropriate role for the City in supporting the growth of retail in Center City. No action required.

III. NEXT MEETING DATE: Thursday, October 2, 2014 at Noon, Room CH-14
Potential Topics

- Amateur Sports Development at Bojangles Coliseum/Ovens Auditorium
- Immigration Integration Task Force Update



Charlotte Business INclusion Program Update

Economic Development
&
Global Competitiveness Committee

September 18, 2014



Agenda

- Clarify Charlotte Business Inclusion (CBI) Policy Administration
- CBI Outcomes
 - Review of CBI Goals per Council Action
 - Accomplishments to Date
 - Work In Process
 - FY14 Results



MWSBE vs. DBE

	MWSBE	DBE
What are the differences?	A local program adopted by the Charlotte City Council. Applies to City funded projects and City funded procurements of goods and services.	A federal program regulated by the US Department of Transportation. Applies to federally funded projects.
Who Certifies?	SBE: City of Charlotte MWBE: State of North Carolina Historically Underutilized Business (HUB) Office	North Carolina Department of Transportation (NCDOT) certifies DBEs using federally established eligibility criteria.
How are subcontracting goals set?	M/SBE subcontracting goals are set using a formula taking into consideration: <ul style="list-style-type: none"> • M/SBE subcontracting opportunities • M/SBE vendor availability • Historical Data 	DBE subcontracting goals are set using a formula taking into consideration: <ul style="list-style-type: none"> • DBE subcontracting opportunities • DBE vendor availability • Historical Data
Who sets the goals?	City Departments in concurrence with the Charlotte Business INclusion Office.	Department DBE administrators (CATS & Airport) <i>The CBI Office does not oversee any aspect of the DBE Program.</i>
Good Faith Efforts?	Bidders must follow good faith efforts defined by the City Council adopted CBI Policy.	Bidders must follow good faith efforts defined by federal law.



CBI Outcomes

CBI Goals <small>(Per April 8, 2013 Council Action)</small>	Accomplishments	Work In Process
Implement race and gender-conscious measures per the City's Disparity Study.	<ul style="list-style-type: none"> • Technology enhancements to capture MWSBE data. <ul style="list-style-type: none"> – MWSBE certifications, compliance tracking, and spend reporting. • Retained Galilee Agency to conduct SBO/CBI Program current state assessment and gap analysis. • Hired additional Council-approved CBI staff positions with redesigned job descriptions focused on outreach, relationship management, and results. • Developed CBI inclusion review process for all formal department solicitations. <ul style="list-style-type: none"> – Created CBI SharePoint site for CBI review and MWSBE inclusion of department solicitations. – Conducted internal CBI inclusion training for City Procurement staff. • Issued CBI guidance manual to Agenda Coordinators for Council Business Agenda write-ups. 	<ul style="list-style-type: none"> • FY14 MWSBE Utilization Report (9/30/14) • FY14 Department spend analysis and FY16 Department MWSBE goal development (12/30/14) • Engagement of community partners with CBI implementation (Ongoing) • CBI FY15-FY18 Strategic Plan (goals, measures, milestones) (10/31/14) • MWSBE inclusion strategy for informal contracts (3/31/15) • Targeted SBE solicitations (Ongoing) • Institute quarterly department pipeline meetings (11/1/14) • CBI Policy amendments (10/31/14) • Deploy enterprise supplier diversity change management strategy (Ongoing)



FY14 Results

Direct Prime Spending with Small Business Enterprises and Minority/Women-Owned Firms on City Funded Contracts

	FY14	FY13
Total Citywide Spend <i>(Discretionary Spend)</i>	\$533.8M	\$460.8M
SBE Citywide Spending	\$27.6M	\$26.3M
Goal: 5.0%	5.18%	5.71%
Minority/Women* Citywide Spending	\$49.3M	\$40.8M
	9.23%	8.85%

**Minority/Women consists of businesses that have self-identified as a minority and/or woman-owned firm.*



FY14 Results

Spending with Minority/Women-Owned Firms as Subcontractors on City Funded Construction Contracts

	FY14	FY13
Total Subcontracting Spend <i>(Airport; E&PM; CMUD)</i>	\$47.6M	\$56.2M
Minority/Women* Subcontracting Spend	\$28.0M	\$13.2M
	58.71%	23.53%

**Minority/Women consists of businesses that have self-identified as a minority and/or woman-owned firm.*



CBI Outcomes

CBI Goals <small>(Per April 8, 2013 Council Action)</small>	Accomplishments	Work In Process
Expand the geographic area of the Program to include the 13 county Combined Statistical Area (CSA).	<ul style="list-style-type: none"> Revised City's SBE certification process to include 13 counties. <i>NC: Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, Union</i> <i>SC: Chester, Lancaster, York</i> <i>79% of MWSBEs headquartered in Mecklenburg</i> 	<ul style="list-style-type: none"> Outreach throughout 13 counties. (Ongoing)
Require registering of Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs).	<ul style="list-style-type: none"> To date, registered 389 MWBEs – FY14 goal was 400 Reconfigured City's vendor database to store MWBE certifications. Partnered with NC HUB Office to register Charlotte area MWBEs. 	<ul style="list-style-type: none"> MWBE recruitment outreach. (Ongoing)



FY14 Results

MWBE Registrations

- FY14 Goal was 400
- Year-To-Date have registered 389 MWBEs (97% to goal)
 - Represents 56% of firms in NC HUB database

MWSBE Data

Business Type	MWSBEs
Construction	314
Other Services	314
Architecture, Engineering & Surveying	117
Commodities	92
Professional Services	36
Total	873*

**689 MWSBEs (79%) headquartered in Mecklenburg County*



CBI Outcomes

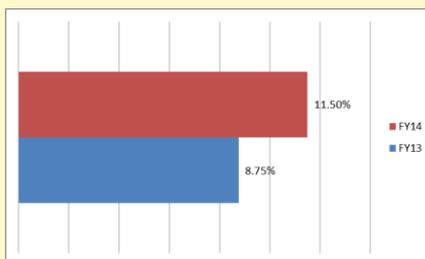
CBI Goals <i>(Per April 8, 2013 Council Action)</i>	Accomplishments	Work In Process
Increase the City's formal bid threshold for construction contracts to \$500,000 to match the State statute.	<ul style="list-style-type: none"> Effective July 1, 2013. Engaged construction department CBI Liaisons to ensure successful implementation. 	<ul style="list-style-type: none"> Implement a pilot mentor protégé program for construction specific projects. (1/1/15)
Establish subcontracting goal setting formula as the standard for setting M/SBE subcontracting goals for formal construction projects.	<ul style="list-style-type: none"> Formed inter-departmental CBI construction liaison advisory group. Instituted new subcontracting goal setting formula. Restructured construction solicitation forms, processes, and procedures. Conducted Department training. 	<ul style="list-style-type: none"> Inter-departmental CBI construction liaison advisory group meetings. (Ongoing) Publish construction guidance document for consistent CBI Policy implementation. (10/31/14)



FY14 Results

Subcontracting Goals

- SBE subcontracting goals established by the City in FY14 averaged 11.5% compared to 8.75% in FY13.



Subcontracting Commitments

- 115 contracts awarded in FY14 included SBE subcontracting commitments totaling \$22.1M.





CBI Outcomes

CBI Goals <i>(Per April 8, 2013 Council Action)</i>	Accomplishments	Work In Process
Reduce the number of Good Faith Effort requirements from 20 to 10 to achieve consistency with the State statute.	<ul style="list-style-type: none"> • New GFE requirements are in effect. <ul style="list-style-type: none"> – Restructured GFE forms • Conducted inter-departmental CBI construction liaison GFE training. 	<ul style="list-style-type: none"> • GFE guidance document for consistent CBI Policy implementation. (11/28/14)
Rebrand the Program as Charlotte Business Inclusion: Connecting MWSBEs with Opportunities.	<ul style="list-style-type: none"> • Created and launched Charlotte Business INclusion webpages. • Created CBI collateral. 	<ul style="list-style-type: none"> • CBI Communications, Outreach, and Education Strategy. (4/1/15) • Community stakeholder feedback survey (internal & external). (12/1/14 through 1/31/15)
Convene a subcommittee of the Business Advisory Committee to provide input to the CBI Program.	<ul style="list-style-type: none"> • Included representatives in Galilee Agency gap analysis. 	<ul style="list-style-type: none"> • Business Advisory Committee presentation. (9/19/14) • Community Input Committee Kick-off Meeting. (October 2014)



FY14 Results

Construction Projects Completed in FY14

- 43 projects completed totaling \$53.5M
 - 39 Primes met/exceeded the SBE Goal at bid
 - 4 Primes awarded contracts through Good Faith Efforts
- \$6.8M paid to SBEs as subcontractors (12.67%)

CENTER CITY RETAIL STRATEGY



Economic Development & Global Competitiveness Committee
18 September 2014



CENTER CITY RETAIL



Shared Objective

- Adopt Center City retail growth as a priority

WHY RETAIL MATTERS



- Programs with commerce
- Creates jobs
- Expands tax base

WHY RETAIL MATTERS



- Strengthens Center City as a destination
- Enhances the attractiveness of the Central Business District
- Serves urban neighborhoods

RESEARCH



Uptown & Midtown – 1.84 MM Sq Ft

- Food & Beverage
- Soft Goods
- Fitness & Personal Care
- Miscellaneous

South End – 2.4 MM Sq Ft

- South Boulevard
 - food & beverage
 - national & regional retailers
- Camden Road Area
 - small, eclectic retailers
 - restaurants, food & beverage
 - specialty & service retail, home decor

CENTER CITY PROGRESS



- Over 100,000 employees
- Over 25,000 residents by 2015
- 227 restaurants Uptown & South End
- 10 institutions of higher learning
- 5,000 hotel rooms by 2016
- 8 new cultural institutions in the last 5 years

MAJOR OBSTACLES TO RETAIL



- Minimal ground floor retail space
- Lack of adequate regulation to achieve ground floor retail
 - Requirement is only for street level 'activation'
- Economic imbalance between Food & Beverage & Soft Goods
- Lack of retail-oriented public parking

BROAD STRATEGY



- Establish a retail community
- Develop a comprehensive marketing strategy
- Events & programming
- Re-tenant underutilized space
- Build upon existing incubator
 - 7th Street Public Market
- Develop supportive regulations
- Evaluate tools to expedite retail strategy

OPPORTUNITY



Potential sales: Uptown

- Can support additional 335,000 sf

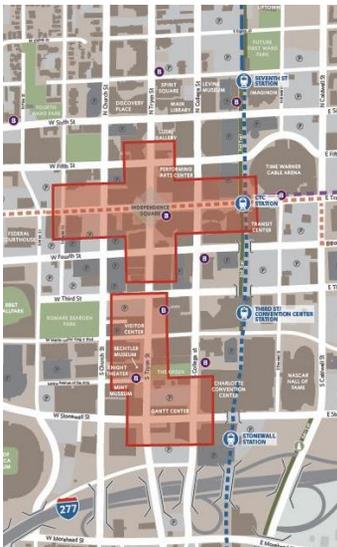
PERIOD	PROJECTED TOTAL GROSS SALES
Years 1-2	\$119,880,000
Years 3-4	\$127,225,000
Years 5-10	\$139,005,000

Potential sales: South End

- Can support additional 200,000 sf

PERIOD	PROJECTED TOTAL GROSS SALES
Years 1-2	\$57,645,000
Years 3-5	\$61,132,000
Years 6-10	\$65,493,140

UPTOWN RECOMMENDATIONS



- Concentrate retail development:
 - Tryon | Trade | College
 - South Tryon | Stonewall
 - North Tryon Vision & Master Plan

CATEGORY	SQUARE FEET
Specialty Retail	150,000
Grocer	15,000
Urban Street Retail	75,000
Junior Anchor	50,000
Electronics	25,000
Service	20,000
	335,000

UPTOWN RECOMMENDATIONS



Large scale ground floor space conversion – Bank of America Plaza



UPTOWN RECOMMENDATIONS



Underutilized ground floor space – Johnston Building



UPTOWN RECOMMENDATIONS



Bus shelter conversion into pop-up kiosks



SOUTH END RECOMMENDATIONS



- Concentrate retail development in 2 sub areas

South Boulevard

CATEGORY	SQUARE FEET
Discount apparel	45,000
Bath/linens	20,000
Sporting goods	15,000
Home furnishings	15,000
Small service	5,000
	100,000

Camden Road Area

CATEGORY	SQUARE FEET
Food & beverage	35,000
Specialty retail	50,000
Small urban grocer	5,000
Service	10,000
	100,000

SOUTH END RECOMMENDATIONS: SOUTH BOULEVARD

Recruit big box retail

- Publix also provides space for small, local retailers



Recruit national & regional retailers

- Sporting goods



SOUTH END RECOMMENDATIONS: CAMDEN ROAD AREA

Specialty Retail

Authentic, local restaurants



Container retail



Small grocers



ACTION



- Authorize city staff to work with CCCP & other partners to jointly develop a Center City retail strategy and specific recommendations.

CENTER CITY RETAIL STRATEGY



City Council Economic Development & Global Competiveness Committee
18 September 2014

