Small Business Enterprise Utilization Report

JULY. 1. 2009 – JUNE. 30. 2010

FY 2010 | YEAR END

CHARLOTTE.

NEIGHBORHOOD & BUSINESS SERVICES

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It has been a busy year for the City of Charlotte's Small Business Opportunity (SBO) Program. Trying to find the right balance between the need to reduce expenses and support small businesses has proven to be a challenge. The City did not meet its overall Small Business Enterprise (SBE) goal of 12% on informal contracts, coming in at 8.2%. This compares to a slight reduction in utilization from the 8.3% we achieved in FY09. The City did however increase its overall (informal and formal) spending with SBEs by nearly 20% ($3.3M) over last year.

The SBO Program remains a top priority and we are working on several process improvements to assist the City in meeting its FY11 informal SBE utilization goal of 12%. With this in mind, staff has reviewed past SBE utilization and is recommending measuring future utilization on a citywide projected informal discretionary spend of $90 million in actual dollars spent, instead of a percentage. This will allow City departments to accurately track SBE utilization and provides the ability to make real-time adjustments as needed.

In addition, during the Fiscal Year, the Mayor organized the Small Business Task Force, which reviewed the Program's goals and metrics. Of the many recommendations, the Task Force made three key recommendations to City Council for consideration:

1. Conduct a Disparity Study to compare the availability of minority and woman-owned firms to historic utilization in City contracting.
2. Review the Informal Goal Setting process to align goals more closely to the SBO policy requirements and available number of SBE firms.
3. Raise the City's Formal Construction threshold to mirror the State of North Carolina.

The SBO Program has already begun working on the Task Force's recommendations.

Other FY10 SBO Program Highlights:

- The City provided 10 scholarships to SBEs to attend Central Piedmont Community College's (CPCC) innovative five month CORE Program
- The SBO Program was awarded the *Good Corporate Steward Award* by the Minority Women Business Enterprise (MWBE) Network for the Program's success in exceeding 16% Small Business Enterprise (SBE) participation on the nationally acclaimed NASCAR Hall of Fame.
- The SBO Program hosted 13 small business workshops with more than 400 attendees
- Citywide Informal SBE payments totaled $7.27 million (8.2%) in FY10 compared to $7.8 million (8.3%) in FY09
- Informal and Formal payments to SBEs totaled $18.5 million for FY10, an increase of $3.3 million from FY09 total of $15.2 million.
- Subcontracting dollars committed to SBEs increased from $365,825 in FY09 to $858,664 in FY10.
- Payments to Minority or Women-owned firms totaled $16.7 million (12%) in the fourth quarter
- Disparity was found within Construction Subcontracting in one ownership group (African American)
- Two bid rejections occurred due to SBO non-compliance
- 28 SBEs enrolled in 35 courses at CPCC's Institute for Entrepreneurship
- 183 SBEs were added to the existing SBE roster bringing the total number of certified SBE's to 836, with an additional 125 firms seeking recertification to maintain their SBE status

As we look ahead to FY11, we look forward to improving the SBO Program to ensure we are providing the appropriate support and resources to our City partners and the small businesses community.

Patrick Mumford, Director
Neighborhood & Business Services

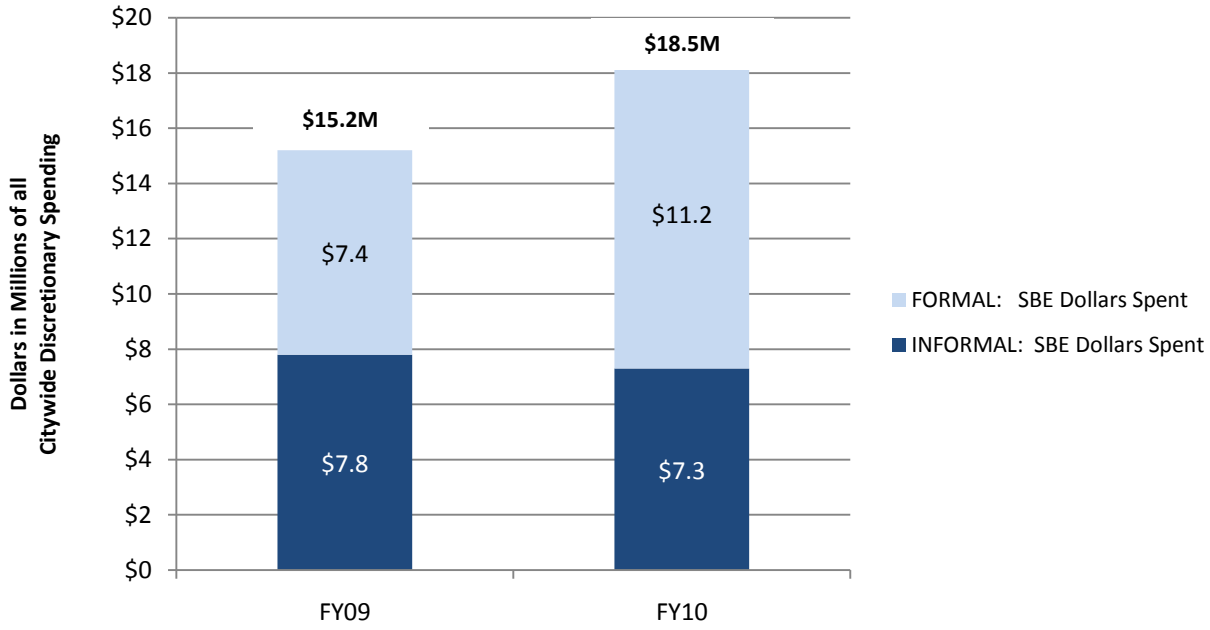
Nancy Rosado, Manager
Small Business Opportunity Program

1: The term "Contract" is used interchangeably to mean Invoices, Purchase Orders, and Contractual Agreements.

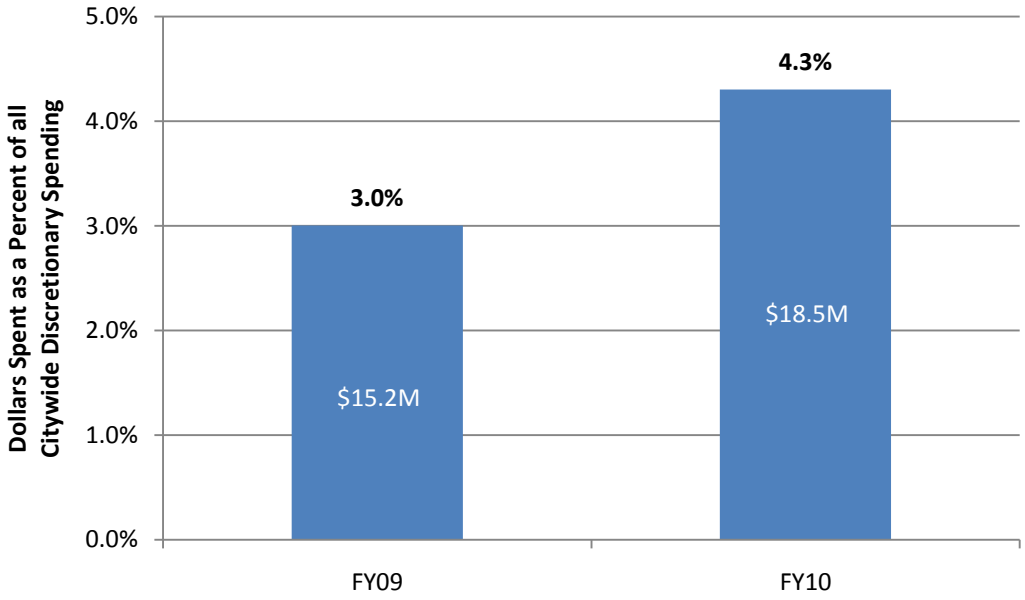
Previous reports can be obtained by contacting the SBO Office.

Formal & Informal Dollars Spent with SBEs ($)

Dollars in Millions



Formal & Informal Dollars Spent with SBEs (%)



SBE Utilization – Year End

The City distinguishes City purchases as either Formal or Informal based on the purchase type, dollar size, or solicitation method. Informal denotes all goods or service purchases less than $100,000 and construction contracts less than $200,000.

Citywide informal spending equaled $88.4 million in FY10; of this amount, **$7,272,011 (8.2%)** was spent with City certified SBE firms.

KEY BUSINESS UNIT (KBU)	INFORMAL UTILIZATION TARGET (%)	INFORMAL UTILIZATION ACHIEVED (%)	INFORMAL UTILIZATION ACHIEVED ($)	FORMAL UTILIZATION ACHIEVED ($)	TOTAL UTILIZATION
CITYWIDE	**12.0%**	**8.2%**	**$7,272,011**	**$11,231,214**	**$18,503,225**
AVIATION	11.0	6.8	612,463	3,241,462	3,853,925
BUSINESS SUPPORT SERVICES	4.0	3.2	327,528	N/A[1]	327,528
BUDGET & EVALUATION	7.0	34.5	7,725	N/A[1]	7,725
CHARLOTTE AREA TRANSIT	4.0	6.2	327,267	329,101	656,368
CHARLOTTE DEPT. OF TRANSPORTATION	5.0	4.6	762,728	836,733	1,599,461
CHARLOTTE FIRE DEPARTMENT	5.0	5.4	186,400	N/A[1]	186,400
CITY ATTORNEY'S OFFICE	1.0	1.5	1,048	N/A[1]	1,048
CITY CLERK'S OFFICE	1.0	0.4	349	N/A[1]	349
CITY MANAGER'S OFFICE	10.0	11.7	246,451	N/A[1]	246,451
CHARLOTTE-MECKLENBURG POLICE	9.0	7.3	191,348	N/A[1]	191,348
CHARLOTTE-MECKLENBURG UTILITIES	9.0	9.1	1,458,032	3,712,966	5,170,999
ENGINEERING & PROPERTY MANAGEMENT	12.0	14.4	2,362,192	3,004,787	5,366,979
FINANCE	7.0	18.9	316,170	N/A[1]	316,170
HUMAN RESOURCES	4.0	5.1	32,412	N/A[1]	32,412
MAYOR'S OFFICE	10.0	24.5	14,681	N/A[1]	14,681
NEIGHBORHOOD & BUSINESS SERVICES	5.0	12.3	228,431	N/A[1]	228,431
PLANNING	8.0	2.5	8,821	N/A[1]	8,821
SOLID WASTE SERVICES	7.0	9.6	187,966	N/A[1]	187,966

1: Denotes KBUs that do not have significant SBE formal contracting opportunities.

Construction Subcontracting Utilization

One finding of disparity existed in construction subcontracting within the five ownership categories.

		Q4		Year End	
OWNERSHIP	**TARGET[2] (%)**	**UTILIZATION (%)**	**UTILIZATION ($)**	**UTILIZATION (%)**	**UTILIZATION ($)**
Asian American	**0.23%**	0.08%	$7,628	0.53%	$276,489
African American	**2.91**	1.40	137,005	2.78	1,450,973
Non-Minority Female	**2.02**	18.51	1,810,863	12.74	6,661,669
Hispanic/Latino	**0.50**	0.44	42,611	1.44	755,161
Native American	**0.15**	0.89	86,987	0.70	367,637
TOTAL			**$2,085,094**		**$9,511,927**

2: Subcontractor Utilization is used to benchmark usage of minority or woman owned firms on construction projects against targets recommended by MGT America 2002 Study.

Minority / Woman Business Utilization

Citywide informal and formal spending equaled approximately $429 million; of this amount roughly **$54.5 million (12.7%)** was spent with minority and/or woman owned firms.

		Q4		Year End	
WORK CATEGORY	**TARGET[3] (%)**	**UTILIZATION (%)**	**UTILIZATION ($)**	**UTILIZATION (%)**	**UTILIZATION ($)**
Architectural & Engineering	**12.82%**	8.95%	$ 1,199,864	10.17%	$5,051,502
Construction under $30K	**15.13**	3.45	58,656	7.57	273,543
Construction over $30K	**15.41**	20.41	9,077,588	16.98	27,375,243
Goods & Supplies	**6.70**	5.24	1,835,670	4.80	4,998,924
Other Services	**9.14**	10.54	4,248,631	12.37	15,880,672
Professional Services	**17.67**	6.91	250,681	5.68	898,979
TOTAL			**$16,671,089**		**$54,478,864**

3: Targets based from 1998/2002 MGT Disparity Study

Public-Private Partnerships

The table below provides a snapshot of the City's major Public-Private partnerships with SBE utilization through June 30, 2010. Please note this table does <u>not</u> include all Public-Private partnership projects for this reporting period.

PROJECT NAME	ESTABLISHED SBE TARGET (%)	SBE UTILIZATION (%)	MET TARGET
Wachovia Cultural Campus	20%[4]	37%[4]	✓
Double Oaks	--	24%[4]	--

4: Combined MWBE/SBE Goal