Small Business Enterprise Utilization Report

JULY 1, 2011 – DECEMBER 31, 2011

FY 2012 | MIDYEAR

CHARLOTTE

NEIGHBORHOOD & BUSINESS SERVICES

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March 28, 2012

The City of Charlotte has long demonstrated a strong commitment to the communities it serves. Part of that commitment is evidenced by the City's support of the Small Business Opportunity (SBO) Program, which assists small businesses located throughout the Charlotte region.

For Fiscal Year 2012(FY12), the City established a Citywide Small Business Enterprise (SBE) Utilization Goal of 5% for combined formal and informal spending. During the first six months of FY12, the City exceeded the 5% Citywide SBE Goal, achieving 7.93% ($15.3 million). Additionally, Citywide spending with Minority and Women Owned Businesses for construction subcontracting totaled 23.10% ($7.63 million), representing an increase of 9.96% over the same period last year.

Disparity Study Update

On September 26, 2011, MGT of America, Inc. presented its Disparity Study Update findings and recommendations to the City Council. MGT concluded that while there is some evidence of significant disparity with certain minority groups, the study's cumulative evidence did not support a legally defensible race and gender conscious program. MGT also recommended ways in which the City's SBO Program could be enhanced.

Since that time, the City Council's Economic Development Committee, with feedback from a citizen-led advisory committee, has worked to better understand the findings, and on February 13, 2012, the City Council approved the Committee recommendation to:

- Direct City staff to explore revising the SBO Program to include all or a portion of MGT's Disparity Study Update recommendations; and
- Direct staff to hire a legal expert to review MGT's findings and recommendations to determine if sufficient data exists to add a Minority Business Enterprise (MBE) component to the SBO Program.

During the coming months, SBO staff will study MGT's recommendations with a focus on supporting our local small businesses so that we may continue to promote an inclusive and diverse business environment in Charlotte.

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Director
Neighborhood & Business Services

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Manager
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Small Business Enterprise (SBE) Citywide Total Spending

For FY2012, the City established a 5% combined SBE Utilization Goal. During this reporting period, citywide informal and formal spending combined equaled $193,282,132; of this amount, $15,333,029 (7.93%) was spent with City certified SBE firms.

FY2012 – Mid-Year			
DEPARTMENT	**Combined Informal & Formal Spending**	**Combined SBE Utilization**	**Combined SBE Utilization %**
Aviation	$35,388,295	$822,971	2.33%
Budget & Evaluation	4,484	2,750	61.33%
Business Support Services	8,418,571	97,419	1.16%
Charlotte Area Transit	10,223,157	228,657	2.24%
Charlotte Dept. of Transportation	20,253,429	425,661	2.10%
Charlotte Fire Department	1,237,423	126,602	10.23%
Charlotte-Mecklenburg Police	10,821,020	424,865	3.93%
Charlotte-Mecklenburg Utilities	40,689,174	3,961,419	9.74%
City Attorney's Office	22,656	6,116	26.99%
City Clerk's Office	24,749	474	1.91%
City Manager's Office	1,258,847	198,330	15.75%
Engineering & Property Management	57,189,006	8,436,520	14.75%
Finance	2,835,553	149,484	5.27%
Human Resources	382,935	36,988	9.66%
Mayor's Office	10,007	4,752	47.49%
Neighborhood & Business Services	4,093,278	337,104	8.24%
Planning	145,824	4,134	2.83%
Solid Waste Services	283,724	68,784	24.24%
Citywide	**$193,282,132**	**$15,333,029**	**7.93%**

Small Business Enterprise (SBE) Informal Spending

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

During this reporting period, citywide informal spending equaled $56,794,314; of this amount, $4,580,568 (8.07%) was spent with City certified SBE firms.

FY2012 – Mid-Year			
DEPARTMENT	**Informal Spending**	**Informal SBE Utilization**	**Informal SBE Utilization %**
Aviation	$3,885,229	$546,865	14.08%
Budget & Evaluation	4,484	2,750	61.33%
Business Support Services	2,814,926	93,982	3.34%
Charlotte Area Transit	3,704,515	182,888	4.94%
Charlotte Dept. of Transportation	6,014,490	324,698	5.40%
Charlotte Fire Department	674,615	123,902	18.37%
Charlotte-Mecklenburg Police	7,310,963	261,246	3.57%
Charlotte-Mecklenburg Utilities	13,412,652	683,314	5.09%
City Attorney's Office	22,656	6,116	26.99%
City Clerk's Office	24,749	474	1.91%
City Manager's Office	996,243	117,803	11.82%
Engineering & Property Management	12,054,914	1,742,049	14.45%
Finance	2,387,570	149,484	6.26%
Human Resources	168,927	36,988	21.90%
Mayor's Office	10,007	4,752	47.49%
Neighborhood & Business Services	2,987,570	294,629	9.86%
Planning	100,370	4,134	4.12%
Solid Waste Services	219,434	4,494	2.05%
Citywide	**$56,794,314**	**$4,580,568**	**8.07%**

Small Business Enterprise (SBE) Formal Spending

The table below denotes all Formal purchases of goods or services more than $100,000 and construction contracts more than $200,000. During this reporting period, citywide formal spending equaled $136,487,818; of this amount $10,752,461 (7.88%) was spent with City certified SBE firms.

FY2012 – Mid-Year			
DEPARTMENT	**Formal Spending**	**Formal SBE Utilization**	**Formal SBE Utilization %**
Aviation	$31,503,066	$276,106	0.88%
Business Support Services	5,603,644	3,437	0.06%
Charlotte Area Transit	6,518,642	45,769	0.70%
Charlotte Dept. of Transportation	14,238,939	100,962	0.71%
Charlotte Fire Department	562,807	2,700	0.48%
Charlotte-Mecklenburg Police	3,510,058	163,619	4.66%
Charlotte-Mecklenburg Utilities	27,276,522	3,278,105	12.02%
City Manager's Office	262,604	80,527	30.66%
Engineering & Property Management	45,134,092	6,694,471	14.83%
Finance	447,983	0	0
Human Resources	214,008	0	0
Neighborhood & Business Services	1,105,708	42,475	3.84%
Planning	45,453	0	0
Solid Waste Services	64,290	64,290	100.00%
Citywide	**$136,487,818**	**$10,752,461**	**7.88%**

**The following City Departments reported no formal spending opportunities at the mid-point of FY12: Budget & Evaluation, City Attorney's Office, City Clerk's Office, and Mayor's Office.*

Minority / Women Business Utilization

Citywide informal and formal spending totaled $193,282,132; of this amount, $18,265,302 (9.45%) was spent with minority and/or women-owned businesses.

FY2012 – Mid-Year				
Work Category	**Target % ***	**M/WBE Utilization (%)**	**M/WBE Utilization ($)**	**Total Dollars Spent**
Architecture & Engineering	12.82	8.31%	$1,099,358	$13,236,439
Construction	15.13	12.85%	6,705,774	52,199,995
Construction under $30K	15.41	12.85%	334,751	2,605,553
Goods & Supplies	6.7	5.93%	2,439,191	41,111,791
Other Services	9.14	8.72%	6,971,671	80,004,233
Professional Services	17.67	17.35%	715,557	4,124,121
Total		9.45%	$18,265,302	$193,282,132

*The Targets identified represent the percent of available firms in the relevant market area, and serve as aspirational goals recommended by MGT of America in the City of Charlotte 2003 Disparity Study. Target numbers for future reports will be updated when Council takes action on the 2010 Disparity Study. Note that for the Construction and Goods and Supplies categories, the City must follow State bidding laws and award contracts to the lowest responsive, responsible bidder. This limits the City's ability to meet these Targets.

Minority / Women Business Utilization

Construction Subcontracting Utilization*

Citywide spending for construction subcontracting totaled $33,038,102; of this amount $7,632,461 (23.10%) was spent with minority and/or woman-owned firms as subcontractors.

FY2012 – Mid-Year			
Ownership	**Target % ****	**M/WBE Utilization (%)**	**M/WBE Utilization ($)**
Asian American	0.23	1.56%	$516,060
African American	2.91	11.41%	$3,769,406
Non-Minority Female	2.02	8.01%	$2,647,494
Hispanic/Latino	0.5	1.55%	$512,929
Native American	0.15	0.56%	$186,571
Total			$7,632,461

*Data reported by Engineering & Property Management, Charlotte-Mecklenburg Utilities, and Aviation.

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