COMMITTEE AGENDA TOPICS

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I. Subject: Business Investment Program Revisions
Action: Staff will continue to seek Committee feedback on potential updates to the Business Investment Program, presenting analysis of comments and questions received at the June 7th ED Committee meeting. No action required.

II. Subject: High Growth Entrepreneur Strategy
Action: Staff will present a draft of the strategy that incorporates Committee feedback from the June 7th ED Committee meeting, and if ready, refer the strategy to Council for consideration at their August 27th Business Meeting.

III. Out of School Time RFP Process
Action: Introduce background regarding history and main components for Out of School Time RFP. No action required.

IV. CMUD Advisory Committee Annual Report
Action: Information Only

V. Next Meeting Date: August 16, 2012, 3:00 p.m. CH-14

COMMITTEE INFORMATION

Present: Warren Cooksey, David Howard and LaWana Mayfield
Absent: James Mitchell and Patrick Cannon
Time: 3:00p.m. – 4:50p.m.

ATTACHMENTS

1. FY12 Update to the Charlotte-Mecklenburg Business Investment Program Presentation
2. Supporting Entrepreneurs and High Growth Enterprises
3. Out of School Time Partners Summary of Funding Levels and Sources, FY2009 to FY2013
4. Out of School time RFP Process Presentation

DISCUSSION HIGHLIGHTS

Subject I: High Growth Entrepreneur Strategy

Councilmember Howard, presiding in the absence of Chairman Mitchell and Vice Chair Patrick Cannon, asked everyone to introduce themselves. He asked Mr. Kimble to explain how they are rearranging the agenda.

Kimble: The request would be from staff that we start with the High Growth Entrepreneur Strategy. That is one that if you are ready to take some action to move the strategy document to Council, that would be your one and only action item and we have a guest and expect some other guests so we thought we would do that one first. Then the Business Investment Program Revisions do that second. We are going to spend some more time talking about the adjustments based on the feedback and review we gave last time, and if you're not ready to move to Council, we will need at least one more bite at the apple and then we want to start briefly on the Out of School Time RFP Process. This is not going through extensively; we will need to do that at the next meeting. This is an introduction of how the RFP process went and what the elements of the RFP process were.

Richardson: I want to draw your attention to the attachment in your packet. There is no presentation and we are going to work off of a three-page short policy document that is in draft form. You've seen this at least once and probably twice before and the version that we are looking at today incorporates the feedback and I'll point a little bit of those things out to you as we go. We consider this to be as close to final as staff will make it so we open it for more feedback from you today, or as Ron said, if you are ready, we would ask for your recommendation to the full Council. When we do a policy document, we like to spend some time on the background and why we are even doing this. There are two things I'll point to in the background section of the paper. Back in May 2011, a little over a year ago, you were presented with a request from a non-profit organization that lived in this space. At the time you said we can't evaluate this without some sort of policy framework and that is what we've been doing, spending time with the University, spending time with Dan Roselli and his team at Packard Place and various other entrepreneurs. We also thought it was important to put some other context in this policy and that is the second paragraph which really talks about something you heard about a year ago from Paul Wetenhall that high growth entrepreneurs account for a disproportionately high amount of new job growth. That is why we think this is important. Many of the new jobs created have been by small businesses and most of them are done by high growth entrepreneurs so we wanted to catalog that in this document.

Finally under the background section, we want to point out that we've always worked in small business support, it is not new to us, and in fact, we have a long good history of that and we've even better things today. We just have not spent much time and energy on this particular aspect of high growth entrepreneurs. The objectives of this policy are at the bottom of the first page, attract and keep high growth entrepreneurs in Charlotte, attract more venture capital into Charlotte based enterprises. One of the problems if you want to use that word that we learned early, there is a lot of venture capital going into the state, most of it goes to Triangle Area, Raleigh, Durham, Chapel Hill and most of it goes out of state to other places. The third objective is over time to increase the amount of federal research dollars. Our University is good, it is not a high growth research University yet and that is what Paul Wetenhall shared with you so we think over time we've got a strategy to grow that and it speaks to a partnership with the University that we will talk about later.

At the top of the next page, I really wanted to point out this is our approach. You don't do things in this City very often without either a non-profit or a private partner so this really speaks to the amount of work that has gone on in the past couple of years and we try to convey a sense of urgency, a sense of momentum and that the City is not acting alone. In fact, when we talk about a matching grant in a few moments, that is the point, we won't be doing this alone and in fact we are doing this in the right place, meaning the private sector is responding and we are partnering. So we've listed several bullets of activities that have gone on in the high growth entrepreneurial space. Then we conclude the policy with the actual recommendations. These are what we consider appropriate roles for the City of Charlotte and they come from a couple of different perspectives. The first one is that we feel we should spend some time, not a long amount of time, it is not a hard to thing to do, but you asked for this as well. Help us understand this better so now we want to help you understand but turn that into a communications plan. There is a role for our staff to develop a communications plan for the Mayor and City Council that does those things we list, promotes our entrepreneurial spirit, raises the profile of Charlotte on this topic so that the attention is in Charlotte as well as deserved in the Triangle. We will use media that we earn and control. We will attract conferences to Charlotte, we will line you guys up to speak and be partners in organizations and events in town. We also want to understand working with Dan, Paul and others what are the regulatory issues that high growth entrepreneurs face and educating you so we can be able to work together with them to enact a change that may be effective.

Howard: When you say communications plan, that sounds like something more that is creating narrative about what we'd like our story to be. What about branding? Does this evolve into some brand that says Charlotte, does this evolve into a brand?

Richardson: I would answer it this way and then we are free to ask others, particularly Dan Roselli who spends more time thinking about this than I might. I don't mean here, I don't think we are suggesting that we create the brand and the City develops the brand for the community. I think in this context we mean working to use our elected leaders, and the Mayor to use the brand as it is developed by the industry or the entrepreneurs in our community. Dan spends a lot of time and Paul does in the Charlotte Entrepreneurial Alliance, the group that you met a couple of months ago. That is what we think their job is what the brand is? Inform us of the brand and let us take that brand and its promise out to the public through the channels that we control and have by virtue of being elected officials.

Howard: The only I reason I bring that up and Dan if you have anything to add I would love to hear what you have to say. The brand to me is kind of what the Chamber does when it tries to position us for whatever we want the story to be that people know about us nationally. That is what I'm talking about. If we are adding to that now and we want to be known as this entrepreneurial central, come here we want you here. That is the part that I'm talking about. Is it the beginning of that conversation or did we not need that?

Roselli: I think I would echo what Brad said, which is the brand is being created by entrepreneurs in the community and I think it has to be created by the entrepreneurs in the community. I think the role of the City and County and State are what are the opportunities to plug into that message and

amplify that message. One of the things that entrepreneurs can't do, we don't have the resources as a national scope to talk outside of the region and one of the areas where we talk about what sectors we are going to be in or how we are going to go forward, getting that message out is hard for any one individual entrepreneurial or entrepreneurial company to deal with and lots of times the Chamber or governmental agency are much more effective at that. That is kind of how I see the partnership.

Howard: That means to me the Chamber should be a part of this conversation as it evolves. It may be too early to talk about that, but I would hope that is the direction this communication plan is taking us, somewhere where we can start talking about being the second largest financial center. That becomes another tagline somewhere that we spend some marketing money on telling people who we are.

Roselli: I'd include the Charlotte Regional Partnership on that.

Howard: I would agree.

Richardson: That is the first of three short-term near term activity to be completed by the end of the year. The second, we talked about this with you before, it is a $500,000 matching grant to the Charlotte Regional Entrepreneurial Foundation, to be used for development, awareness and capacity building for local entrepreneurial organizations, events, programs and/or facilities. It is important to point out this is not for profit educational/promotional fund currently under development and we are not to invest directly into start-up enterprises. I felt it was important to read that because there was some discussion early on about an ask to the City to help fund high growth enterprises and we wrestled with that issue very early on and heard you loud and clear that we don't think this is the right space for public dollars to be invested directly into companies. We do however feel like we have a public purpose and a good role to play in supporting and the top of the next page we talk about ways we've used matching funds before so this is not unusual for you to do this and consider this, but it will provide a nice shot in the arm and some leverage to groups in town beginning this Charlotte Entrepreneurial Fund for promotion, marketing, making the noise, branding the community and we feel like we have an opportunity to participate there. I point out that the funds would have to be matched by private funds; we wouldn't give money otherwise. The potential source that we've identified is our Business Corridor Fund that has an outstanding balance of $16.5 million. We've used that fund before; we've used it to fund the small business web portal, under $130,000. We also used it to help capitalize Grameen Bank's micro financing request. We've also used a similar amount to capitalize the Small Business Enterprise Loan Fund that is in its tenth year that provides a loan pool for small business so that is our recommended source and this is an important piece and an appropriate role for the City to play.

Mumford: One more point to this, what our hope is that this will be for one time we would fund this entrepreneurial fund and then all these various asks that you guys have received over the course of the last couple of years, they would actually go to that fund so we would support a major entity and all the other ones would go to that so that would hopefully clear your debt and ours from having to respond to each and every one of those. Then those smaller requests would be vetted against a broader context of what is happening in the community, which we feel is the appropriate way to do it.

Mayfield: Thinking about what you just mentioned Pat, would that be the creation of another committee that would oversee to ensure those that come to the table or that apply actually have whatever assistance they need to go through the process? It would not be coming through Council, it would be going directly through what is created so would that be creating another committee to overlook that?

Howard: Who is going to underwrite it?

Mumford: It was managed out of the Foundation for the Carolinas. There are actually two parts to this, there is this Foundation and there is really more of a traditional equity fund which will be much bigger and that would be the piece used for companies for start-ups or at-risk money if you will. The Foundation would manage both sides of that.

Mayfield: Would the Foundation be one of the community partners to help toward the matching grants?

Richardson: We don't know yet, probably not at this moment. The ask to the Foundation from the Charlotte Entrepreneurial Alliance is would you be the vehicle by which we begin and start this non-profit fund. I think they have agreed to manage the fund physically, not manage it programmatically. We would image that the fund would be organized, incorporate a board of directors as a non-profit and they would have a review committee to receive requests and prioritize what the need is and giving our landscape they would answer that question. We wouldn't necessarily have to.

Howard: The action, when we do this, you will give us some outline of what we will be looking for this organization to do and we will have a hand in signing off before we give them a check or before they can make loans. They will have a board of directors in place; we'll know what the underwriting is? We will have some assurances before they can start loans?

Richardson: You are right, so our goal, if you approve this for the August 27th Council Meeting or the one in September, they are working right now to formalize that arrangement with the Foundation. Remember our grant would be only payable after they have raised private sector dollars so there would be private sector dollars funded into an account and we would follow, probably in smaller increments, maybe $100,000 raised will trigger a $100,000 payment from the City. But before we would bring this before Council with options, we would ask them to have that worked that.

Mayfield: The Foundation for the Carolinas has a fee associated for any of the accounts that they manage. Is that fee and all of that information going to be provided to us prior to us making a final decision on it?

Richardson: If that is a request that you make of us we would certainly do that. We would ask you today to give us those questions you'd like to have answered before you would feel comfortable, so yes we could certainly ask them to do that.

Richardson: The finial short-term activity is fairly obvious. We think about it a lot in the context of connecting small businesses to government contracts, but one of the things we've listened to and learned over the last year is that the City can also be a customer of local high growth start-ups. We

cite one example here InfoSense was a company that has developed technology that helped our Utility Department find blockages in the sewer line. They saved us a lot of money, demonstrated a new technology and we became a large paying customer to a local small business. Businesses need several things, one of which is customers so at a point when we can be customers of local businesses; this is what we are talking about here. Our goal here would be to spend some time over the next four months developing a catalog of typical areas where the City spends money for opportunities in the community where we can provide some match making. Jeff Stovall, our Chief Information Officer, has been interested in this for a while as well, what technology companies can come in and solve the City's problems. That is what we mean here in this third near term activity.

Howard: One thing I asked when I first got on Council was if we could give preference to local companies in an effort to buy local and I was told a couple times that was not something that we could do. I heard that from the City Attorney's Office. Is that going to be an issue here? Do we have a legal problem with buying local first?

Kimble: Goods are different than services because if the goods you purchase that have to be the lowest responsible bidder and services are procured in most often a different fashion so I would separate from goods versus services.

Howard: I was just wondering because to me doing business locally is a good practice whatever we are spending money on.

Kimble: It is much more difficult to do in-state law with goods.

Mumford: I would also add that these are unique services and these are high growth companies so it is not off the shelf goods.

Howard: When he said that it just kind of brought that back up and every time I can try it, I'm going to keep trying to get us there.

Richardson: We've listed two more that we call future activities to be considered within one or two years. The first speaks to space. We've got buildings all over Charlotte that have high vacancy and are sitting in various forms of disrepair. The idea here perhaps through a business corridor matching grant program to be developed, not ready for you today, but explore how might we incense some old buildings to be renovated temporarily, cheaply, inexpensively to provide one of the things we heard early on in our conversation, probably a year ago, that we've got some good space in town. We've got Packard Place, we've got the Ben Craig Center, not a whole lot and then we've got some things on North Davidson. There is not a whole lot of spread in these throughout the community and young entrepreneurs need a place to get together, collide some ideas off each other, build their business so we are not suggesting anything more than to just about that position that we should support the development of inexpensive collaborative workspace in the business corridors or underutilized City-owned facilities whenever they come up for sale and we've not no better use for them. This is the opportunity here and I mention a potentially matching grant so that we are talking about with the first one. The second is an ideal that was positioned by the City Manager's CIP, was partnering with the Charlotte Research Institute to accelerate its emergence. Remember one of our stated policy goals is increasing the amount of federal research dollars. That is where you drive innovation and start-ups so

this one speaks to in the future considering opportunities of partnering with the University, perhaps in the same way the CIP discussed, but not necessarily, so we weren't descriptive here as well.

Mayfield: So we do have this noted partnership with UNC? We are also keeping this broad enough for the other higher education institutions here to have opportunity to be a part of this process as well, like Central Piedmont or JCSU?

Howard: Why don't we just change that to just higher education?

Richardson: I do recall Paul talking, of all the research dollars that come in, the majority is the University of North Carolina at Charlotte, but he mentioned JC Smith, Queens and others that can compete for these dollars. That is an excellent point and we will reflect that in any formerly adopted.

That concludes walking you through the draft policies and we are happy to take more questions, thoughts or ideas. We can either come back at a subsequent Committee meeting for another look at it, or if you are ready to send this to Council, we will do that as well.

Cooksey: A few things on reading through the role of the City's communication plan, I think there could be room for reference to history as well. I think when you look at Belk and Duke in particular, large companies that started here, this isn't just about the current entrepreneurial environment if we are talking the story of Charlotte and maybe helps a little with the brand. This City has some good history of starting some serious companies that we could talk about as well and to put it into that kind of context. One of the things I'm sensitive to and wanted to avoid is I don't want it opened to the criticism that we are just trying to jump on board because plenty of folks can jump on board at any new trend and entrepreneurial is certainly hot in start-ups, etc. I look back at Charlotte's history and think we've got some of this in our DNA. Let's remind ourselves of it so I think to the extent possible that could be part of the communication plan, not just who is popping now, who were the mentors. We've got some recent ones as well, but you can go on back further than that. Also in communication, I appreciate the participating host of speakers at local start-up events; let's just encourage folks to attend them. I want to drag as many people for a start-up week-end presentation session as possible and let you see what is going on. In terms of the City departments seeking solutions from local start-ups, this is something that has been on my mind for a while and I apologize for bringing it up here, but how easy is it for companies to access RFP's and RFQ's that we send out? The context for the question particular is that after we rolled out the power up website with those little scary things based on a power outlet, the person I met works for a website design company and said why we didn't know that this was an opportunity. We could have designed that, we could have built that and I said a lot of what we do ties into a lot of deeper things because we are a much larger organization than people tend to give us credit for, but still it make we wonder how do people know that we have these opportunities out there. This is an operational matter and this policy guide I don't quite know. Do we just have some kind of basic stuff that people have to find or could we on our Charlottemeck.org or CharlotteBusinessResources, either one have a big button that says sign up here to be on the receiving end of anything that we put out?

Richardson: I believe we do.

Cooksey: I was looking for it earlier before I asked the question and didn't see anything about it.

Richardson: I know that from our small business side we have the notify me and you get an e-mail in your in box when anything is changed or new RFP's are out there. Department by department, we will check that, but I'm hearing you loud and clear and under the encourage the short-term recommendation about solutions; you would like us to convey something about communicating opportunities to do business with the City in a little different way.

Cooksey: See if there are ways we can make it even more open and available to people to know what it is we've got. I'm looking at the CharlotteBusinessResources site right now and I see starting, growing, relocating, financing, contracting. Then I click to local/state and then there is Charlotte. I'm about four clicks in at this point and that takes me to NBS contracting opportunities, City department listings, and I'm not really seeing how to sign up pretty easily. Let me phrase it this way in terms of a request, something that if we as Councilmembers get asked by a local business, how do I find out about this, we can tell them really easily on where to go to sign up. I acknowledge that we aren't out seeking all kinds of services that people provide and sometimes people want to provide us a service that we don't need, but give me something shorter to tell people on, well here is how you go to be notified of the opportunities like a new website that we are doing or anything that we are doing, where can folks find out about that.

Mayfield: How do we make sure that we keep the focus on small business/entrepreneurs to make sure that the water doesn't get muddy down the road by major corporations or larger businesses throwing their name in the hat? Basically how do we make sure we don't lose sight of what is being created?

Richardson: That is a fair question, but I want to be clear that what we are talking about in this policy are Charlotte-based start-up companies that have a little bit of revenue or need a customer. I think we handle the Small Business Opportunity Program carries a lot of the water in the space of helping general small businesses find opportunities to work with a contractor to do a City contract. We think of small businesses fairly broadly in our office and I think also the City, but what we are trying to do in this policy is tailor toward new companies' start-up and that is why we use the word innovative product and services. If you need us to word smith a little bit that is what we are trying to do is say this is a policy that speaks to that very small segment of our community that has potential to grow an enormous amount of jobs. When I talk about a catalog of opportunity that would be a catalog that our staff would help develop in concert with the 14 City departments that is shared with the Charlotte entrepreneurial community. I'm not sure I'm answering your question other than our intent is that.

Mayfield: Basically the same thought process of keeping it very clear and simple in the wording because I can definitely see this being like so many other things that have come out of the City that has been successful, but they are depending on the market because of what is going on and larger companies see a loop hole and figure out a way to take advantage or miss opportunities so we need to make sure that we keep this protected for the reason it is being created because we are stepping outside the box by opening up the door and putting some funding there to say it is okay to fail and from that failure success can happen. We need to make sure that is protected so if we have some very clear language in there as well to make sure the small business and innovative entrepreneurs

that it is clear that this big business that may consider itself innovative that has been around forever, this is not your opportunity to make sure that you just have cash flow coming in.

Richardson: What we are not trying to do here is to waste money, meaning we want to risk the technology, but to go with an unproven company just because they are starting up, that is not what we mean. In fact, if it is better in a certain situation to use a major corporate provider that is doing our enterprise resource, that is probably the best place for it to be, not in the hands of a local start-up. I don't mean to imply that we want to spend or carve out a section of our work and put it at risk. What I'm trying to communicate here is that we want to make available information so local businesses know that I want to compete for that job against the major corporate national in some cases and likely beat them on costs and flexibility. Small businesses, particular really small ones have competitive advantage over large companies; they just don't know that they should be competing.

Mayfield: I think my understanding of when we first started this conversation and the creation of this fund is different than what we are saying right now. My understanding of it was that this was to have a place where we have some funds designated to help that innovative enterprise, but knowing that we have a history of rewarding success, but not really rewarding if the company doesn't do what most start-ups do. Most of them won't, but you have those few that go off and become amazing and I thought the whole point of this incubation system was to help not only Packard Place and that model, but to help move that forward and to expand and be more for companies and start-ups and look at Charlotte as a potential home as opposed to looking at New York or California or someplace other.

Kimble: I think from a legal and a policy/political perspective, it is not feasible for us to be the direct investor in those kinds of companies, so we've had to pull back and figure out what is the right role for the City of Charlotte. Is this full arena of high growth entrepreneurs, and we are finding our niche by being a matching grant into the Charlotte Entrepreneurial Alliance and helping with the administration and operation in terms of running the fund, but not using those funds to invest in those high growth companies, saving that for the private side of the matching grant and then also finding a way where our departments of the City when they can find a marriage of a service provider that is an innovative entrepreneur start-up in the community and that service provided meets a threshold of quality and ability, then we can have the marriage with local companies. We need to be very careful that a public purpose test is met and that we are not investing directly in risky high growth entrepreneur businesses. That would be my response, and yes, it has changed in maybe how we first started to approach this and where we think we need to end up.

Mayfield: Thanks for the background. I just wanted to make sure I wasn't maybe missing something in the conversation.

Richardson: You have given me some good feedback that will warrant us going back and rewriting some of this. There is no hurry on this so don't feel like you need to recommend it unless you are totally comfortable and we will go either way.

Kimble: And you have two members absent.

Howard: Basically what we are doing is supportive a white paper on a direction around something that is of interest to the City. We are not funding the $500,000 with this motion; we are not recommending it yet are we?

Richardson: Could be, that is up to you.

Kimble: Another choice, take the white paper to Council, have them critique it and then come back to Committee and you recommend the $500,000 after it is fully vetted.

Cooksey: I presume we are going to attempt for a Workshop/Dinner type briefing on this prior to Council voting on it. I suggest that the way we structure the schedule is having the next step be from Committee to a Workshop presentation without it being an agenda item that same night, try to do it as a second Monday Workshop briefing with a 4th Monday agenda action item and that would allow Council, if we got more push back or more questions, that would allow for the option of it coming back to Committee, otherwise we know it could go on forward. I think our conversation previously demonstrates that this is an area that requires a good bit of education that I want to get it moving forward. I appreciate that there is no pressure, but I do want to go on and get it forward, but let's do it step by step. Workshop briefing like a second Monday, saying this will be on your agenda at the next business meeting, but if the rest of the Council responds the way we did at our first meeting, we may need to take it back, but if not, then we at least know it is going forward.

VOTE: Cooksey made a motion that the Committee recommend sending this to a Workshop discussion with a future agenda action item unless Council directs otherwise at the Workshop. Mayfield seconded the motion.

Howard: The only change I remember was the one about the higher education institutions instead of just UNCC. Was there something else?

Kimble: We've got a few more that I took notes and comments, and questions from all three of you.

Howard: Nothing major though. I want to make sure we don't get to that meeting and there is something that we have to defend that we didn't know was in there. Would you go over what you've got?

Richardson: Higher educational institutions, the request from Mr. Cooksey to end the communications plan somehow point out, reference allude to the history, and attend events as well as speak/sponsor, right?

Kimble: Maybe one more, how we link RFP's using information sharing of the City services to that community.

The vote was taken on the motion and recorded unanimous. Mitchell and Cannon were absent for the vote.

Howard: I had an opportunity to visit Package Place and I just wanted to commend Dan Roselli publicly. I was very impressed. I actually went to meet with Charles Thomas at Queen City Forward and had a chance to tour the whole facility. I think I'll be hanging out in the café down stairs. It was a very fun space and the energy was great.

Subject II. Business Investment Program

Zeiler: We were back in front of you on June 7th to work through some of the issues that we've been talking about over the last year or so on the Business Investment Program and we are back in front of you today with five objectives that is based on our staff analysis and then taking the feedback into consideration that you folks gave us last month. We really have five objectives coming out of this program update. The first is to update the program geography to reflect current areas of priority. The second would be to increase supplier relationships with local businesses and encourage local hiring. Increase flexibility in the wage requirements, strengthen the program to be more competitive for retention efforts and evaluate a new provision for corporate headquarters.

Our strategy around the updating the geography is to adjust the boundaries to include the current business corridor geography and to include two employment centers that we've noticed have high vacancy rate in the office submarkets and that frequently we get a lot of interest with companies coming to Charlotte but when they look at those sites, they are outside the business corridor geography. We've had a couple where we are getting a lot of activity outside that. You will notice that we are no longer recommending including the areas that we previously identified with the quality of life study. The reasoning behind that is the quality of life study will be changing soon. We are not sure how those definitions are going to be changing in relationship to the BIP and we've also delayed adjusting the boundaries of the business corridor program for those same reasons, so what we are trying to do is get the two programs to overlay with each other. This allows us to do some cross marketing pay besides bringing your company here and getting this benefit, here is the potential for us to work with rehabilitating perhaps an empty building through the business corridor fund, creating that sort of synergy between the two programs. Between the two office park areas with the relatively high vacancies of 26%, this is what our new map would look like. What you see on the left hand side is the existing map; in blue is the current Business Investment Zone with the transit stations identified. On the right, you will see three new additions. You will see a light green that represents the area that is in the Business Corridor Geography that would be added into the geography. You will see down on the lower left hand side the Tyvola submarket; this brings in areas around the old Coliseum site. This is the area that has the 26% vacancy and then you will see in the upper right hand corner the University Research Park area. Both of these are areas with high vacancy and both of these are areas that we already have existing policy initiatives to try to increase activity in those two areas. This begins to align and dovetail all our policies together.

Howard: I live out near Tyvola and I would love to know where Pope and Land is if we know and if we don't need to do that publicly, I'm good with that, but I would love to know. The second thing, it is starting to feel a bit worn and what I'm talking about are those old poles we had, the directional system in place. I think when we had the Arena out there we spent more time in making sure that it looked tidy. It doesn't look as tidy now and I'm sure that is not helping with that vacancy rate. We don't have that large facility over there anymore and it seems that we don't care about the area

anymore or the pieces that we are responsible for. Maybe it is more for Danny, what we plan to do with that whole system now that those poles are not needed. They are kind of sitting out there rusting.

Kimble: On your second question, yes some of that would have been taken care of with the Pope and Land as we were going to do something in concert with it; it was kind of a partnership to do that with the City. Pope and Land has been back to us and probably Peter is more in a position and he's had more of a direct conversation. They obviously, like many others; the economic conditions over the last four years have affected their projects. They are interested in coming back and having a discussion and that item will be referred by Council to this Committee for that kind of discussion to take place at the right time, but their next move is to come back to us with a discussion of what changes they envision based on the changing economy.

Howard: I hear what you are saying Peter, making it eligible for this program helps, but there are some other things going on out there too. That uncertainly on that project and then just kind of the conditions is probably not helping either. We can open it up, but there are some other fundamental things we need to address as well.

Kimble: You have the Daniel Levine in Committee, Elizabeth Avenue, Music Factory has one that is going to come back and Pope and Land.

Zeiler: That would be our proposed geography, again aligning a number of our already existing policies and program. The second objective was increasing supplier relationships with local businesses and also to begin finding ways that we can encourage some local hiring. Our recommendation is that we add some provisions to the BIP contract encouraging rather than mandating grant recipients to utilize local minority and women-owned businesses that can be obtained at competitive costs as well as encourage them to hire Mecklenburg County residents.

Mayfield: Why would we look at encouragement rather than mandating with the hiring of Mecklenburg County? The reason I ask that question is think about conversations we've had earlier this year with some of our service staff, Police and Fire specifically with a provision of what area they need to live in. Why would we not have that in this to make sure because we do have a large increase in people that don't live within the City and don't live within Mecklenburg County, but work here.

Mumford: The next slide will help answer that. We talked a lot about that because we heard you loud and clear from the last meeting. We don't know if the encouragement will help or not so what we are going to suggest on the next slide is that you all give us a year to assess the success of the encouragement clause and our communication with companies. If we find that there are a higher proportion of people being employed from here locally, then we don't have to mandate it.

Schleunes: Just so you don't go too far down the path before I have to reel you back in, Ms. Mayfield, that was a completely different issue with the emergency service providers and there is some case law that says you can do that because of the nature of their jobs. This would be sort of a restriction on employment, which you really can't do legally as far as where people live so I think the encouragement is fine, but mandating it could definitely lead the company itself down a bigger legal path and perhaps us as well for having required it. I agree because I know that issue with the police

and fire has come up very recently, but that took a lot of research and we had to carefully craft that policy to make sure that it fit within what judicial districts around the country had said on that issue.

Mumford: What we didn't want to do was just give you the legal answer which is no, we can't do the mandate. We understand the intent. We work very closely together although from different perspectives.

Mayfield: Thank you for the clarification.

Zeiler: The third reason also is there is some good evidence that placing these sort of restrictions does put programs like this at a competitive disadvantage. Folks are going to come in and say well I need to recruit from a five county region and that is really where my employment base of say these 1,000 machinist live across these six counties or three counties, now you can only recruit from one county, that puts the whole project at a competitive disadvantage for employment recruiting.

Howard: I want to get my hands around what you are saying, utilize locally owned, small minority and women-owned businesses. Is that an up-fitting space or it looks like overall we are asking them to do that?

Zeiler: Goods and services that that particular company needs.

Howard: Operationally going forward and not just up-fitting any space there would have to do? Is there any chance it would be bad to put a goal or have that same system? Can we tie the amount of money to them meeting certain goals? You get more if you tell us you can do this, you get less if you can't do this.

Schleunes: I can help these guys look at that issue, but I think you may bump up against the same problem because you are tying the incentive to them needing to make mandatory residency eligibility criteria.

Howard: I'm talking about doing business with minority venues.

Schleunes: Oh, that is a separate issue. I'll work with these folks.

Howard: That is just a thought and I'm not sure it is one that I want to push, just a thought. I guess that other thing would go into Disparity Study and it sounds like we need to embed it in everything we do so we start as a community to get it.

Mumford: There are two points on that. One is the practical side. We don't know what those business services are and we don't know the availability of those in town which brings me to the second one. What we are really trying to do here is help develop small businesses and that isn't just a one-time pot of money to get something done. It is to build relationships and where we can connect and our database continues to grow small business opportunities with these companies and help them know what is available locally and then we learn what it is that they need and we can in turn take that information back to the small business community. We begin to have something that is sustainable. That is what we are really pushing for, so on the front end to predict an arbitrary percentage or

amount that would be required, would be done somewhat in a vacuum because we really wouldn't understand practically what they needed. That is why we would really like to work hard during this next year to determine sort of a level setting of what is out there in the world. We are after that goal, but we'd like to do it from a little bit more data driven.

Howard: I'm excited that it is even part of the criteria because I don't think it was updated to begin with, but I do want to make sure it is something that we actually set some internal goals of what we want to see happen, so it is more a part of the culture and everything that we do and everything that we say because I think is how we change the disparity.

Mumford: We have found that it is much easier to craft this language and put it on a slide if it sounds good than it is to generally make those connections but we are committed to try to do that.

Zeiler: Our third objective is really to open up the opportunities for job creation through creating flexibility in our wage requirements. Currently, we require that companies pay at or above the regional average wage. What we'd like to do is adjust that to say that companies are paying at the average industry wage so when we think about manufacturing which has a regional average wage of about $33,000 that doesn't qualify because our regional wage is $44,000. It is brought up by banking and other things so a manufacturer coming here wanting to pay $34,000 or $35,000 per year, at or above the regional, would not qualify under our program because they are not hitting the regional average wage. We would like to benchmark this to the regional industry wage.

Howard: What index do you use to do that so that we don't get into a backup with the company that our index is wrong and we should be using somebody else's index?

Zeiler: That is why we are not asking for a recommendation today because we still feel we need to do some research and make sure we understand that fairly well.

Howard: You could even open yourself up to legal stuff with that I would think if you say no, we can't do that, but you don't clearly define that.

Mumford: Industries too, we focus a lot on manufacturing because that is what we've brought to you most recently is business grants that meet every objective except for that wage piece and we tell you, however manufacturing is above the average manufacturing wage. We are going to check other industries to see if they have played here, but it is really meant most we think around manufacturing.

Zeiler: The fourth objective is to strengthen our retention efforts. We need to become more competitive with companies that are here in Charlotte that may have the opportunity to go to another city. One of the things we are noticing, for example, we have a company that has 100 employees and $10 million of investment and they would like to add another 100 employees and another $10 million in investment. Our program can only be based on that new $10 million in investment. However, if they go three miles away across the border into York County, York County, South Carolina can now say you are bringing us 200 jobs and $20 million in investment and can calculate their incentive based off that. That puts us at a competitive disadvantage and opens us open to a lot of quarter hopping back and forth and we've had a couple significant instances of that in the past that are out there right now. We are looking at ways that we can mitigate that. Our suggestion is that we add years for

retention effort that has a legitimate opportunity to go to another city that we add two years to the terms of the BIP for the new investment so we could go from a three year BIP on this hypothetical $10 million to a five-year BIP on the hypothetical $10 million. For a large impact, we could take it from five years to seven years. That gives us the ability to add more incentive value to try to remain competitive with our neighbors across the border. This also allows us to match a higher One North Carolina Grant, which is the primary tool that the State uses in these situations.

Our fifth objective is around corporate headquarters and we had a good robust discussion last time around provisions for a corporate headquarters. What we'd like to do is define major headquarter projects as one that meets the following requirements: corporate, divisional or regional headquarters of a Fortune 1000 company, the weight standard is yet to be determined and we'd likely set that to exclude the salary of the CEO and the direct reports so instead of saying it would be 200% of regional wage, we want to take a little bit of time to understand what happens if you take the CEO and the Executive Vice Presidents out. What does that level set as the actual headquarter wages and what is a reasonable standard for you folks to work with? So we've got a little bit more work to do around that.

Howard: I guess those big salaries skew it too much right now.

Zeiler: This is one that would have to be done on a case by case basis outside of policy guidelines. Each one of these is unique and comes with their own set of conditions. They are also fairly rare. Fortune 1000 companies pick a new 1001 headquarter building for a Fortune 1000 company pops up about once every two years, so every two years one of these Fortune 1000 is looking for a new facility. When you figure how many states and other regions are in competition for those ones that pop up every two years trying to build a policy that has firm guidelines doesn't take into consideration the flexibility we will need to build into those. We will look at the weight standards; we will look at the Fortune 1000 and begin developing that a little further.

Mayfield: Looking at the big picture and thinking about this, a corporation may be considering, we woo them, we give incentives, and we have a five-year, ten-year turnaround period. There are times when we forgive some costs by the time that we get to the end of that ten-year, end of that five-year period. Can we put wording in place to ensure that those monies and that commitment is there because you also have a history where at the end of that five or close to that ten-year, corporations start hopping because they are just looking for who is going to offer the next big incentive. How do we make sure that we are in a financial position where we receive what we put into it plus whatever investment so that it is not a total loss where we are stuck with an empty building as well as the money that we contributed to lure you here?

Zeiler: Each one of our BIP contracts, whether it is a $3 million manufacturing investment or a large headquarters investment has some kind of claw back provision. Typically, our claw back provision for the smaller ones is on a sliding scale over five years. That starts immediately at the end of the term of the BIP, so if it is a three year BIP in year four, we would collect 80% back of whatever we gave to them in terms of the BIP grant. With the two large headquarter projects that we've recently approved, we have stretched that out to a ten-year capture that they need to be here for ten years and we have raised the percentages of what we would capture over time. We have those claw backs

in place if one of these headquarters were to leave after say year 15; we would be getting back 50% of what we are doing in the cash outlay for these two projects. We have claw backs in place on all our BIP projects; our headquarters have significantly stiffer penalties or claw back over a much longer timeframe.

Mayfield: Is there a way for us to have a spreadsheet of pick a time period, the last three to five years or five to ten years, where we see where we've made these investments and that claw back has garnered whatever the agreement was so that we see that it is working and that is a clear model? There is a perception, real or imaginary, that we just write this off. It would be great to have that information to show that no, these claw backs do work and this is how the commitment is coming back to the local area.

Kimble: My memory is there have been only a couple occasions where they didn't meet the threshold so we didn't make a payment. It didn't even get to a claw back stage and they didn't reach the threshold so we never paid.

Zeiler: Over the life of the program about 11 years now, we've given about 45 grants, about ten never performed, which means they never hired the amount of workers they promised, or they never met the investment that they promised, therefore they never received the first payment, anything. We've got about seven that have fully complied, completed, paid and we've completely wrapped those up and then we've got the balance and I think we've got 22 or 23 active accounts right now where we are in some phase of verifying paying, but nowhere in the 11-year history have we ever had to claw back so some companies now we are following in that after math of five years. If they were to close shop or move out of town, we would be due some money back, but we've never had to claw back any funds. What is important to know and I want you to hear this is that before we pay anything, they have to meet the guidelines. If they don't meet the guidelines, they don't get paid that year. If they come back and get reinstated, they can pick up where they were. If they pull the investment out of Charlotte, we are due the money back. We've never had to do that and we've disqualified to use that term about roughly ten companies over the last decade who never met their criteria. We are following this very closely and to answer your first question, we can provide you with any level of detail on this program and every dollar spent for the last 13 years to help you understand it.

Mumford: One more point, you've used the term a couple of times on writing off. These are not loans, we do a lot of loans more in the housing, but these are grants that come after the investment, after the payment has come into the City.

Mayfield: Actually what I was thinking about was a couple of years ago the partnership with Whitewater where some money coming from the City and maybe under a different program. What I'm looking at moving forward is making sure that again with that consistency that we have the wording that says whatever that investment is, we are making sure that we are covering ourselves completely if you come and you stay beyond and grow, we would love for you to grow here, let's open this up to make this possible, but if something were to happen and you choose to leave that we are still protected.

Howard: My concern is about the Fortune 1000. I think we've always kind of taken care of that manufacturer or the one that is going to make a big investment in a property, now we're going to cover the major headquarters. There is a gap in there to me and I'll give you an example of one that came to me, and I'm glad James is not here. The company that James works for, they started buying some banks and when they finished buying these banks, they actually wound up being the largest minority-owned African-American owned bank in the county and they reached out to a couple of people. It was the political folks and they didn't get the attention they needed and they are probably not a Fortune 1000 company, but they had a headquarters situation, they had 200 to 300 jobs. Greenville, South Carolina gave them incentives and they moved their headquarters to South Carolina. We've missed those opportunities when we have this gap between if you make a lot of physical improvements to a building, that is one and then if we set it at Fortune 1000, but it is still 200 jobs. Chiquita brought 300 or 400; I believe and this was still 200 or 300 jobs that South Carolina gave them incentives. We miss that when we do this and that is one of the things I was talking about when we brought this up. I've said it to the Chamber as well, we don't have goals that deal with that gap and if you get enough of those, you are still getting the job growth that you need.

Richardson: That is an interesting point and you are right. You've identified what could be a gap in non-Fortune 1000 headquarters that make a very minimal capital investment. We talked about this at the last meeting and our challenges, how do you fund those grants. They can still qualify for the Business Investment Program and they do, but the amount of the grant that they qualify for because their taxable investment is so small, it would not be very large. In most dynamics, the State of North Carolina's program carries most of the water if the job development investment grant that is often used in those situations very effectively. So the local plays a small role, if at all, and the State program really carries the day. We have difficulties figuring out how to pay for an additional program that doesn't have; we don't know where we would source those funds.

Howard: You make a good point so maybe it is not as much money as much it is just some role in that conversation. It is almost like the document that we are asked to approve, what is our strategy to make sure we don't miss any level. Right now, we kind have a two tier approach which is big investment or big company. We don't have anything that is kind of below that, which I think still helps this economy grow. I don't want an answer. That is the first thing when I get to that one and this is a move forward because at least we now have a strategy for a headquarters, but I still think we are missing an opportunity and James would never tell you that because he works for the company. They are bragging about that all over Greenville and their parent company is still headquartered here in Charlotte.

Zeiler: Our timeframe is of course we would like to come back next month or in September to really wrap this up, get it to a recommendation that you folks are comfortable with. September, we'd like to take this over to the County Commission and give them an update, make sure our partners over there are comfortable with how we are setting up this program. Then hopefully in October Council adoption.

Howard: The only other thing I have is where is the Chamber? The Chamber is a big partner of ours with this program. Have they been brought along the whole time and understand where we are going?

Kimble: They have been attending these meetings. I don't think they could make it today, but they are fully aware and engaged with it.

Howard: I would love to hear how they feel about this too or a sign off after the CIP and I want to make sure what you gather.

Subject III. Out of School RFP Process

Howard: This is the subject that the Chair wants to be a big part of so we'll probably repeat whatever we say today for him when he is here.

Kimble: This is the introduction and we will spend maybe 10 or 15 minutes introducing it today and then we will carry it over to the next ED Committee meeting on August 1st.

Warshauer: We are going to start off by talking about the several unusual situations. This is in two Committees so they are helping to sort of think through what we are talking about in each. Take a look at some of the Out of School Time history, what we did with the RFP proposal this year so you will be more familiar with exactly how that rolled out.

Howard: Have you met with the Budget Committee already?

Warshauer: Yes, one of the handouts we have for you is the information that was provided at the Budget Committee so you all have information they have and they have the information that you have. We are going to take a look at some of the contract monitoring so you will have a sense of what we do as contracts that are entered into for Out of School Time providers and what the difference is between the contract monitoring and the RFP process and then some questions for you to be considering as we go into a lot more detail in August. In the Budget Committee, we are taking a look at the total cap for Out of School Time funding and we are taking a look at where that funding is sourced from, whether it is a total cap or a total cap inside of the funding that comprises the money that we use, whether it is from innovative housing or CDBG funds. In this Committee, we are going to be taking a look at RFP eligibility, RFP standards and evaluation and then agency caps, how you want that funding to roll out to the various agencies so it will be more precise drilled down, not the higher level of funds that are available, the funds that are available per agency and how that funding might be allocated per agency.

The Out of School Time history, we have been providing Out of School Time, After School Enrichment Program, Our of School Time languages more with after school and now we mostly speak about out of school instead of after school because it includes summer programs. We have been doing this for over 30 years and the chart in front of you that we provided the Budget Committee really shows exactly when we began funding different programs, two of them for nearly 30 years. In 2004, we added CMS middle school program and also in 2004 we began to work with Council to develop some national best practice standards for Our of School Time, worked with POST on that, Privatization Committee to take a look at the selection.

Mayfield: Don't we help support Project L.I.F.T. through out of school?

Warshauer: The Bell contract is not one of ours. There may be programs that are running as some of the projects at schools that are supported from us, but otherwise no.

Alexander: I think we have one of the CMS sites is in a project live in zone and we have some other where students may go to school within the projects that we have done.

Mayfield: I mentioned earlier that I had the opportunity to attend Allenbrook Elementary School and participate in the Bell Program that they have. A number of us were there and that would have been a great opportunity for the City logo to be on there to highlight some amazing work that is happening.

Warshauer: As you begin to take a look at the questions at the end and eligibility they were not able to apply this year because they have not been in Charlotte for three years, but they will be able to apply next year if we continue the same formula. They are very well recognized programs that would create some significant competition for some of the Out of School Time providers that we currently fund.

Alexander: Just sort of three years and they intend to apply again next year.

Mayfield: If so they would fall under that CMS?

Alexander: No, that is a completely different application so if they wanted to do services outside of the live zone, some other schools as well.

Warshauer: Taking a look at what we did back in 2006 before many of you were here, but might have been familiar with it, we presented to HAND to talk about hiring an intermediary, but in April 2006, HAND decided not to go with program standards developed by POST and not to approve the Intermediary Vendor Selection. Out of School Time funding has remained flat for about ten years at about $1.2 million until this year. The division last year was 57% from CDBG and 43% from innovative housing, but that is changing over time and that is something that will really be looked at more in the Budget Committee.

Howard: How did the amount this year of $1.6 get started? Is that just an available amount of CDBG that was left over?

Alexander: That was additional funds that you all voted for Greater Enrichment.

Howard: No, I'm talking about how was the number for the RFP?

Warshauer: How was the original RFP set, that's the amount we've done for the last several years. The funding was held flat so there is no increase and no decreases.

Howard: Was that because of the funding source?

Warshauer: It was set because that was the amount that we had funded previously. That is really one of the discussion items for you as the CDBG has been declining.

Howard: So the funds were CDBG?

Warshauer: CDBG and innovative housing, and that is also on this sheet so you can see how that changed over time on the allocation of the funds. The CDBG funding has been declining and innovative housing funding has been going up.

Alexander: With CDBG there is only a certain amount of those funds that can be utilized on these programs.

Howard: I know it wasn't some arbitrary cap that somebody picked; something decided that this is how much we are going to spend.

Warshauer: Looking more specifically at this RFP, last May Council approved the development and issuance of an RFP for the OST services and this was the first RFP released by the City. We tried to go down that path and never quite made it that far. Of course the intent was to develop and approve the allocation of resources for quality OST programs for kids that would be eligible to be served by CDBG, which is 80% and below of median income. In order to develop the RFP, we assembled an RFP development team of people that had participated in the Foundation for the Carolinas OST Task Force to help us take that to a level of detail that we could assemble an RFP for best practices and we began to get to work on that. Importantly, the RFP notification always comes out and in March 2011, prior to the May 9th meeting, Council's ED Committee had a number of meetings where they are discussing the RFP. The OST providers were invited to those meetings and knew about the existence of those meetings and in November 29, 2011, we sent a letter to the current OST providers, making them aware of the RFP process and in February the notice of the RFP was distributed to the current after school financial partners, agencies that requested notification, FFTC's OST Taskforce, Mayor's Mentoring Alliance and it was also posted on the North Carolina Interactive Purchasing System. So it was pretty broadly distributed and people were pretty aware of the RFP process and had been for about a year that we were working in this space because of the nature of the people that had been involved in development of the RFP and all the notices that had been going out to people.

Taking a look at the RFP requirements, based on the national best practices from the National Afterschool Association and the North Carolina Center for Afterschool Programs' standards and they really reflected developing quality programming for OST providers, these are a list of some of those and you've seen some of this information before. I'm not going to go into a lot more detail on it, but these are national best practice standards that are developed for them. We did take a look at the eligibility and these are the eligibility requirements for people that were allowed to apply for the program or were eligible to apply. They had to be licensed to do business in North Carolina. Surprisingly, some people who will apply may not be licensed to do business in North Carolina so we check into things like that. They are 502©3 organizations, they are local education agency or faith based organization. They are located in and providing OST programs in Charlotte for three years. We didn't want to be awarding money to start-ups that had never demonstrated that they could provide a program. We wanted to be able to look at the records of the company to see the kinds of results they were demonstrating for kids. They have to serve a minimum of 50 students, have annual audits, board of director listings and be a real program. There were a lot of attachments they had to give us to show us that they were indeed a real professional program.

The scoring methodology that we developed was a 130 point score. It had ten points to executive summary and 15 points each of these program elements. What is important in looking at this is the way we were scoring the program really got its quality. It was not just the number of kids, but it was guided quality. There were aspects that also got scored, but we were really looking at the quality of the program and the way it was related to us through the RFP, which included not only a written, but also an in face interview with the program staff.

Mayfield: Somewhere in that scoring process, I see the bottom bullet being program budget. Is there a way to add an incentive to reduce that percentage? It was something we discussed in Budget Committee, how we bring these percentages down. If my colleagues will notice on this summary of funding, you see some organizations that are 50% or more of their budget comes out of our supporting their program whereas you have some that are less than 20% of the budget so how do we balance that out for them to look at other partner resources?

Howard: Can I encourage one thing? One of the things the Chair wanted was for us to take this update, but because we are going to have to do this again next month, I want to make sure he gets the benefit of all our discussion. I've had a couple questions I want to ask but I think what we want to do is get an overview today, not necessarily go into the discussion this Committee necessarily wants to have about it. Can we note that?

Warshauer: Our contract monitoring, we also had a number of questions about how do we monitor contracts and how does the contract monitoring get from the RFP process so we wanted to give you a small overview of what contract monitoring looks like. Contract monitoring happens in three ways for us. It is a HUD visit, it looks at audits and makes sure that the money is being spent in a legal manner, that we are really serving the population of kids that are eligible to be served and that we have the records to show it. We have a program compliance officer which is Betty Jackson and she takes a look to make sure that we are also in compliance with the contract, the number of kids that are served, the number of hours they are supposed to have, that we are filling out our paper and providing the work. It is not so much the quality but the existence of the program so we are not looking at outcome as we are looking at the program exists, it is open the hours it is supposed to be open and it is a safe environment. The NBS Financial Partner Scorecard also takes a look at making sure that some of the same information that HUD looks at, but takes a look at making sure that the boards are working, the boards understand what is going on in the agencies they are working on, that they are following their own rules and procedures. So we are taking a look at are they running a tight ship, is a little different from taking a look at actually the quality of the program because we really have been chartered to do that. We've been pretty much giving funds to these agencies and they've been running good programs. They haven't been wasting the money and what our financial analysis and this oversight does is make sure that the money is being spent in the way it is supposed to be spent. As we go forward in this new contract, we are able to do a little bit more so we are beginning to expand, to look at program outcome and to be able to expand the way we look at some of these. We are taking a look now at improved literacy and math skills of participants, participation in service learning. Some of the items that really showed up in our RFP because our RFP began to look at quality and now we have a way of going in and following up, are they delivering the quality they told us there were going to be delivering in the RFP. As we go forward from this year, we will have more quality metrics as we take a look at the programs and how they are being managed.

We are also going to be having some agency self-assessment tools. They will be using SACERS or YPQA to look at themselves because we think it is really important that agencies take a look at what they are doing and understand their own programs. We are also going to be doing surveys of the youth, the youth's parent/caregiver, the agency's partners and volunteers and program staff so we can get a better sense of how the program is actually delivering services and the qualities of the services being delivered by the agencies that we are funding.

The next two slides really get at some of the work that we want to do with you over the next couple of months. The first component here takes a look at the program eligibility and the quality of the program. Are we making eligible the right organizations, are there changes that you want in terms of eligibility? Are we scoring correctly? Are we really meeting your needs and Council's goals, and the community needs in the scoring metrics that we have developed? Should we be considering additional agency outreach regarding the process and goals? If what we did, people feel wasn't enough in terms of that should we be doing more? Should we also consider a new contract schedule? Right now, we fund the summer program through the next year, but our budget cycles don't award money until the summer program is already underway so it is a real problem for the agencies in terms of the current cycle that we use. We are considering moving the cycle to a September cycle so people have time to be able to make plans to recruit for the summer time and to execute a summer program and then have time for whatever deliberations and agency to be prepared for the fall instead of being prepared to change the summer plans which are already well underway. This year, two of our programs were unable to really execute their summer start of their programs because of the late decisions that were made.

Howard: That is something I don't think I knew. The people running the program during the school year and the people who just run a summer program are competing for the same money?

Alexander: We don't fund just summer programs. We give preference to a year-round program in the scoring, but it can either be an after school or a year-round program, but not just summer.

Warshauer: The other benefit if we were to go to this cycle.

Howard: The way to do that is that you could fund past our budget year so you come in the summer.

Warshauer: If we were to go to the September cycle to the end of August, they would be funding their summer program. In September, they would know about that and they could enroll kids throughout the year for the summer program. They would be guaranteed to have it. Other benefits for us this year, sort of two components if we are able to do this is that it gives us a little bit more time to work with you on what our goals are and issuing an RFP. There is some savings for a couple of the agencies that didn't do summer program because we need to take a look at how to fund programs for next summer and there would be some additional funding that would be needed to make that happen in the next budget cycle.

Mumford: Just to be clear, you all would take care of this in your June budget deliberations so we'd have to work through how that works with them, but you would decide in June and then their new money would start in September, but the old money would still trickle in. It is a little bit of money

from two different years somehow going forward. We will figure that out. The point is you do not have to make a decision in September, it would be in June.

Warshauer: There was a financial question that I think Ms. Mayfield had around confirming our allocation mechanism. Do we continue the trust fund allocation mechanism, do we begin to set per agency maximum, do we have a per agency percentage of the agency's budget as a maximum, do we limit reimbursement on admin and overhead, and do we consider explicitly any legacy program treatment? If we do establish the maximum or percentage maximum for some of the programs that we've been funding, do we have that be more gradual, but if you are new program you come in at this point, but if you are an existing legacy program we are going to ratchet you to that point over a period of years to give them some time to move in that direction. We wanted to throw that out that there are a number of opportunities you may have to consider what your funding maximums might be inside those agencies and we want to work with you on considering some of those alternatives. Moving forward, this will be back in front of you on August 16th to really go into that in more detail. Again on September 20th, if we are going to be doing an RFP for next fiscal year in the same way that we have done it before, it should be RFP in October, have proposals back in January and make awards in April so that people would have time to do something for the summer. If we were to move to a different allocation timeline, it may give us some more time to work on that in the fall.

Subject IV: Next Meeting

Howard: The next meeting is August 16th in this same room at 3:00.

Kimble: We wanted to mention that on September 20th, that is one of your September meetings and there are some conflicts with the Chamber out of town planning conference with Chairman Mitchell having something in town with the NLC so he has requested that we consider changing that meeting. We want to talk about moving the 20th of September to September 27th which would cause you then to have back to back meetings, but that is okay because you've got enough items on September 27th and October 4th so you'd have back to back meetings. If you want to make that change now you can and that would be best for us so we could put it on the calendar. Do any of the three of you have a conflict on September 27th that you know of?

Mayfield: One of the reasons we looked at this 3:00 time period was because of my conflict with CMDC, but we've corrected that since then so is there anyone else in our Committee that has a noon conflict? I appreciate the fact that everyone was being accommodating, but if we no longer have to do this 3:00pm, we can go back to noon and we can get back on schedule.

Kimble: We only have one meeting in August, August 16th.

Howard: So in September you want to change to the 27th?

Kimble: Is there a conflict at noon on the 27th?

Cooksey: Yes, I have Transportation.

Howard: I have a meeting that day.

Kimble: So then we can do 3:00pm on the 27th?

Mayfield: But after that look at going back to noon so we can get back on track because I think we are the only ones that have this late afternoon meeting and that was mainly because of my schedule so I appreciate the team allowing that.

Kimble: Are you comfortable taking a vote to say that September 27th at 3:00pm?

VOTE: Motion was made by Mayfield and seconded by Cooksey to change the September ED Committee meeting from September 20th at 3:00 to September 27th at 3:00 p.m. The vote was recorded as unanimous with Cannon and Mitchell being absent.

The meeting was adjourned at 4:50p.m.

Economic Development Council Committee
July 19, 2012 at 3:00pm
Room CH-14

Committee Members: James Mitchell, Chair
Patrick Cannon, Vice Chair
Warren Cooksey
David Howard
LaWana Mayfield

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

I. BUSINESS INVESTMENT PROGRAM REVISIONS – 60 minutes
Staff: Peter Zeiler, Neighborhood & Business Services
Action: Staff will continue to seek Committee feedback on potential updates to the Business Investment Program, presenting analysis of comments and questions received at the June 7th ED Committee meeting. No action required.

II. HIGH GROWTH ENTREPRENEUR STRATEGY – 30 minutes
Staff: Brad Richardson, Neighborhood & Business Services
Action: Staff wil present a draft of the strategy that incorporates Committee feedback from the June 7th ED Committee meeting, and if ready, refer the strategy to Council for consideration at their August 27th Business Meeting.

III. OUT OF SCHOOL TIME RFP PROCESS – 15 minutes
Staff: Tom Warshauer, Neighborhood & Business Services
Action: Introduce background regarding history and main components for Out of School Time RFP. No action required.

IV. CMUD ADVISORY COMMITTEE ANNUAL REPORT – (Information Only - Attachments)

V. NEXT MEETING DATE: August 16, 2012 at 3:00pm, Room CH-14
Future Topics & Tentative Schedule:

- Carolina Theatre (August 16)
- Out of School Time RFP Process (August 16)
- Youth Council (September 20)
- MWSBE Program Update (September 20)
- Business Investment Program Revisions (September 20)

Distribution: Mayor/City Council Curt Walton, City Manager Leadership Team Executive Team

Supporting Entrepreneurs and High Growth Enterprises

July 19, 2012

CHARLOTTE.
NEIGHBORHOOD & BUSINESS SERVICES

Background

In May 2011, City Council directed staff to begin work on a high growth enterprise strategy for their review and consideration. Since that time, staff has worked with community leaders to understand and determine the appropriate role for the City, and to develop a strategy that helps grow the local economy through support of high growth enterprises.

The Kauffman Foundation defines high growth enterprises as those that *"despite their relatively small numbers, nonetheless account for a disproportionate share of job creation*[1]". In a 2010 analysis of high growth firms, Kauffman showed that generally speaking, "*the top-performing one percent of firms generates roughly 40 percent of new job creation. Many of these are fast-growing young firms, between the ages of three and five and comprising less than one percent of all companies, which generate roughly 10 percent of new jobs in any given year*[1]*".*

Historically, the City has focused on small businesses, not specifically high growth enterprises. Past efforts include:

- Administration of the Small Business Opportunity Program, which helps small businesses, many of whom are minority or woman-owned, do business with the City.
- Creation of a Small Business Strategy, which focuses on coordinating the efforts of community resource partners and managing a one-stop web portal for small business information and events (CharlotteBusinessResources.com).
- Administration of lending programs such as the Equity Loan Fund and the Small Business Enterprise (SBE) Mobilization Loan Fund, and participation in community loan pools such as the Charlotte Community Capital Fund, and a micro-lending program with Grameen Bank.

Strategy Objectives

Economists project a long, slow economic recovery, and Charlotte's unemployment rate continues to lag behind state and national averages. This calls for a diverse approach to economic growth. The primary objective of this strategy is to build Charlotte's reputation as a good place to start and grow a business in order to:

- Attract and keep high growth entrepreneurs in Charlotte;
- Attract more venture capital investment into Charlotte-based enterprises;and
- Increase the amount of federal research dollars to our local universities.

[1]*High Growth Firms and the Future of the American Economy, March 2010 – The Kauffman Foundation*

DRAFT

Public/Private Partnerships

Economic development works best when the public sector operates in concert with private sector, universities and local non-profits. Over the past two years, there has been significant activity from our partners to help develop an environment conducive to high growth enterprises, including:

- Packard Place, a community center for high growth entrepreneurs opened.
- The Charlotte Entrepreneur Alliance (CEA) was created by local entrepreneurs to support, coordinate, represent and inspire high-growth enterprises in Charlotte.
- The CEA launched two sector specific incubators for start-up companies: CLT Joules Energy Incubator and a Financial Services Payment Incubator.
- Queen City Forward, a social entrepreneurship model founded in Durham, opened in Charlotte with a full time executive director.
- The Chamber of Commerce included entrepreneurial support on its work program with a goal of gaining private sector support for local start-ups.
- Ventureprise replaced the Ben Craig Center, as UNC-Charlotte's flagship organization to drive entrepreneurial development through a regional approach.
- The Charlotte Venture Challenge, the University's business plan competition, received triple the number of applicants and raised over $100,000 in prize money.
- A proposal for the Charlotte Regional Entrepreneurial Foundation (CREF) was created to raise $25 million to support high-growth enterprises.

The Role of the City

Staff concludes that there are several appropriate ways the City of Charlotte can lead or assist our partners' collective efforts to grow the economy through support of high growth enterprises. These include:

Near term activities to be complete by 12/31/2012:

- Develop a communications plan for the Mayor and City Council that promotes Charlotte's spirit of entrepreneurship, and seeks opportunities to raise the profile of the City on the topic statewide and nationally. The plan will include activities such as:
    - Recognizing successful entrepreneurs at Council meetings and on GOV Channel.
    - Supporting the attraction of angel/venture capital-related conferences and events to Charlotte.
    - Participating as hosts and/or speakers at local start-up events and awards.
    - Advocating for the development and adoption of tax and regulatory changes identified by the entrepreneurial community that foster high growth enterprises.

- Approve a $500,000 matching grant to the Charlotte Regional Entrepreneurial Foundation (CREF) to be used for development, awareness and capacity building for local entrepreneurial organizations, events, programs and/or facilities (such as incubators/accelerators). The CREF is a not-for-profit educational/promotional fund, and will not invest directly into start-up enterprises.

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    - Funds would be matched by private funds, similar in nature to the City's 2003 contribution of $500,000 to the SBE Loan Fund.
    - Potential source is the Business Corridor Fund, which funded the development of the community's small business web portal ($130,000) and a matching grant to help capitalize Grameen Bank's micro-lending fund ($230,000).
    - The Business Corridor Fund has a current unobligated balance of $16,637,881.

- Encourage City departments, where feasible, to seek solutions from local start-ups with innovative products and services. Examples include a recent partnership between Charlotte-Mecklenburg Utilities and InfoSense, Inc., a local start-up that provides sewer line blockage detection services using acoustic technology developed in partnership with UNC-Charlotte.
    - Create a catalog of typical areas of opportunity to use innovative products and services and communicate them to staff citywide.

Future activities to be considered within 1-2 years:

- Support the development of inexpensive, collaborative work space for start-ups in the business corridors or underutilized City-owned facilities. Examples include a potential new matching grant program for improvements to vacant buildings in areas conducive to start-ups to encourage low rent for occupants.

- Partner with the Charlotte Research Institute at UNC-Charlotte to accelerate its emergence as a major research university. Goals include increasing the amount of federally and industrially funded research and development in the Charlotte region, generating new companies or products, and developing new types of knowledge worker jobs in Charlotte

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FY12 Update to the Charlotte-Mecklenburg Business Investment Program

Economic Development Committee

July 19, 2012

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Objectives

- Update program geography to reflect current areas of priority.
- Increase supplier relationships with local businesses and encourage local hiring.
- Increase flexibility in wage requirements.
- Strengthen program to be more competitive for retention efforts.
- Evaluate a new provision for corporate headquarters.

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Objective #1
Eligible Geography

Objective - Update eligible geography to reflect areas of priority.

Recommendation:

- Adjust boundaries to include current Business Corridor Geography.
- Include two employment centers in high vacancy office submarkets
  - University Research Park
    - Northeast submarket – 26.39% vacancy
  - Coliseum/Tyvola Road
    - Southwest submarket- 26.39% vacancy

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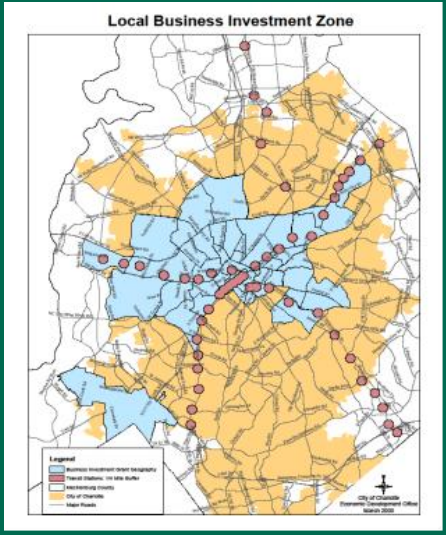
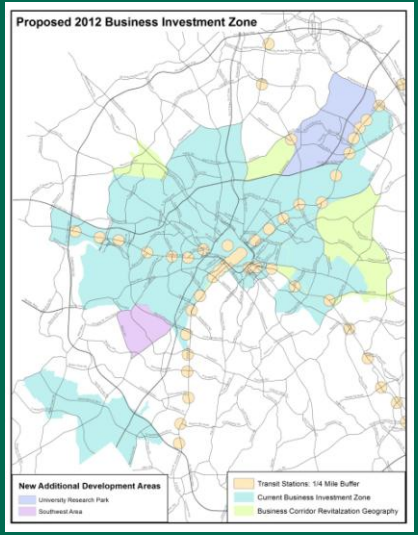
Objective #1
Eligible Geography





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Objective #2
Supplier Relationships/Local Hiring

Objective – Increase supplier relationships with local businesses and encourage local hiring.

Recommendation:

- Add provisions to the BIP contract encouraging, rather than mandating, grant recipients to:
  - Utilize locally owned small, minority and women owned businesses when such goods and services can be obtained at competitive costs.
  - Hire residents of Mecklenburg County.
- Setting mandatory goals may put Charlotte at a competitive disadvantage with other cities.

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Objective #2
Supplier Relationships/Local Hiring

- Requires recipient to engage in conversation with City and County over these aspirational goals.
- Staff recommends monitoring progress for one year prior to return to Committee with an update to determine if additional measures are desired.
  - Staff will identify a third party that can assist with this on a contract basis.

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Objective #3
Flexible Wage Requirements

Objective - Increase flexibility in wage requirements.

Recommendation:

- Lower the wage requirement from the regional average for all job types to the industry average.
  - This provision will allow greater flexibility to attract manufacturing companies.

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Objective #4
Strengthen Retention Efforts

Objective – Strengthen program to be more competitive for retention efforts.

Recommendation:

- Extend BIP terms by two years for existing businesses to address incentive value gaps with competing jurisdictions.

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Objective #5
Corporate Headquarters

Objective: Evaluate a new provision for corporate headquarters.

Recommendation:

- Define "Major Headquarters Project" as one that meets the following requirements:
  - Corporate, divisional or regional headquarters of a Fortune 1000 company.
  - Wage standard will be determined and likely set to exclude the salary of CEO and direct reports.
- Consider grants outside of policy guidelines on a case by case basis.

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Next Steps

- August/Sept– Committee recommendation
- September - County Commission update
- October 8th - Council adoption

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Attachment 1

Out of School Time Partners
Summary of Funding Levels and Sources, FY2009 to FY2013

Agency	Funding Began	FY09 City Contribution	FY10 City Contribution	FY11 City Contribution	FY12 City Contribution	FY13 City Contribution	FY13 Program Budget Provided by City
Bethlehem Center	1978	199,207	199,207	199,207	199,207	170,357	52%
CMS Afterschool	1996	185,576	185,576	185,576	185,576	350,012	2%
Greater Enrichment	1976	605,854	605,854	605,854	605,854	605,854*	81%
Northwest Afterschool Program	2004	60,000	60,000	60,000	60,000	0**	0%
Police Activities League (PAL)	2012	0	0	0	0	282,145	77%
St. Paul Baptist	1994	57,735	57,735	57,735	57,735	70,476	100%
YWCA Scattered Site Daycare	1996	134,546	134,546	134,546	134,546	158,826	17%
Total	-	**$1,242,918**	**$1,242,918**	**$1,242,918**	**$1,242,918**	**$1,637,670***	-
% CDBG funds	-	**65%**	**61%**	**65%**	**57%**	**28%**	-
% City Innovative Housing (PAYG)	-	**35%**	**39%**	**35%**	**43%**	**48%**	-
% General Fund capital reserves	-	**0%**	**0%**	**0%**	**0%**	**24%**	-

*The Request for Proposal process resulted in a recommended funding level of $211,102 for Greater Enrichment. On June 25, 2012, City Council added $394,792 in one-time funding for the Greater Enrichment Program, resulting in a funding total of $605,854.

**$60,000 combined with CMS Afterschool for grand total of $350,012

Note: The above table represents funding levels for current Out of School Time programs. Not reflected in the table are allocations in FY09 and FY10 from the General Fund to the Partners in Out of School Time (POST) organization for $576,768 and $454,414, respectively.

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Out of School Time RFP Process

Economic Development Committee
July 19, 2012

Tom Warshauer
Neighborhood & Business Services

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Outline

- Council Committee Charges
- Out of School Time (OST) History
- FY12 Request for Proposal (RFP) Information
- Contract Monitoring
- Questions for Future Feedback
- Next Steps

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Committee Charges

Budget Committee

Evaluating budget allocations for OST funding, including:

- Total cap for OST funding
- Funding sources

ED Committee

Evaluating OST RFP process, including:

- RFP eligibility
- RFP standards and evaluation
- Agency funding allocation formulas/options

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OST History

- City of Charlotte has provided financial support for five after school enrichment programs; two of the programs for over 30 years
- 2004 - Council added a sixth program, a CMS ASEP middle school pilot
- June 2004 - Council directed staff to work with Partners in Out-of-School Time (POST) to develop quality standards for program improvement based on national best practices; and with the Privatization and Competition Advisory Committee (PCAC) to develop a process for vendor selection.

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OST History

- March 2006 – HAND Committee discussed staff recommendations to hire an intermediary to administer the program on behalf of the City
- April 2006 - HAND Committee voted:
  - Not to approve program standards developed by POST
  - Not to approve the Intermediary Vendor Selection Process
- OST funding has remained flat for 10 years
  - FY2012 after school funding was $1,242,918 - 57% from CDBG and 43% from Innovative Housing

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RFP Background

- May 9, 2011 - Council approved the development and issuance of a RFP for OST services based on evidence-based standards for school age care
- This was the first RFP issued by the City for OST services. Previous years OST organizations applied for funding through the City's budget process
- The intent of the RFP was to improve the allocation of resources and fund quality OST programs for children of low-income families (CDBG requires below 80% Median Family Income)

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RFP Development

- December 2011 - Staff assembled community members to serve on the OST RFP Development Team:
  - Rusty Bryson – Cary Street Partners
  - Brian Collier – Foundation for the Carolinas
  - Jerri Haigler – United Way
  - Brett Loftis – Council for Children's Rights
  - Janet Singerman – Child Care Resources
  - Claire Tate – Partners In Out of School Time
- Members were selected based on to their service on Foundation For The Carolina's (FFTC) Out of School Time Taskforce

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RFP Notification

- March 22, 2011 –agency directors of current OST financial partners invited to attend March 24, April 11, and April 26 ED Committee meetings leading to May 9 vote
- November 29, 2011 – Letter sent to current OST financial partners to advise of RFP process
- February 10, 2012 - Notice distributed to:
  - Current after school financial partners
  - Agencies that requested notification
  - FFTC's OST Taskforce
  - Mayor's Mentoring Alliance membership
- RFP also posted on the North Carolina Interactive Purchasing System

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RFP Requirements

- Standards developed based on the National Afterschool Association and the NC Center for Afterschool Programs' standards for quality programs
- Standards reflect the ability to provide quality OST programming based on:
  - Maintaining an orderly, safe, and healthy environment
  - Retaining a qualified and diverse staff
  - Establishing active family and community partnerships
  - Providing opportunities for improved academic achievement, creativity, and well-being
  - Having appropriate administrative policies and procedures in place

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RFP Eligibility

- Provider Requirements
  - Licensed to do business in N.C.
  - Non-profit 501(c)3 organization, Local Education Agency, or Faith Based organization
  - Organization located in and providing out of school time program in Charlotte for a minimum of 3 years
  - Serve a minimum of 50 students
  - Annual Audits
  - Board of Directors Listing

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RFP Proposal Scoring

- Proposals scored based on quality of service delivery, staffing and professional development, and sustainable, reliable budgeting. The maximum possible score totaled 130.
  - 10 pts
    - Executive Summary
  - 15 pts
    - Staffing & Professional Development
    - Youth Recruitment and Retention Plan
    - Program Schedule and Enrollment
    - Program Goals
    - Program Activities
    - Self-Assessment
    - Parent/Caregiver Engagement
    - Program Budget

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Current Contract Monitoring

Contract monitoring includes:

NBS Financial Partner Scorecard	Program Compliance	HUD Compliance
• Evaluates compliance as a financial partner, ensuring funds are being used appropriately and financial and board policies are in place • Evaluation tool is not utilized to evaluate the quality of program services	• Review of financial records • Review of student files • Classroom visits • Meeting with site coordinators • Does not evaluate child outcomes or quality of service delivery	• Audits programs funded through CDBG funds • Mirrors Financial Partner Scorecard Evaluation • Ensures participants meet income qualification

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OST Contract Goals

- As a result of the RFP process, evaluation of the following components was expanded:
  - Improved literacy and math skills for participants
  - Participation in service learning opportunities
  - Engagement of parents/caregivers and community partners
  - Enrichment activities structured to explore participant interests, engage in experiential learning, and build skills
  - Activities that promote cultural development, health education and physical activity
  - Ability to identify new funding sources

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New OST Assessment Tools

- Agency self assessment utilizing:
  - School Aged Care Environment Rating Scale (SACERS) or
  - Youth Program Quality Assessment (YPQA)
- NBS staff to survey:
  - Youth participants
  - Each youth's parent/caregiver
  - Agency's partners and volunteers
  - Program staff

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Questions for Feedback

ED Committee to consider FY13 RFP components, including:

- Confirm eligibility requirements
- Confirm proposal scoring metrics
  - Do metrics reflect Council's goals and community's need?
  - Continue utilizing in house evaluation team?
- Consider additional agency outreach regarding process and goals
- Consider new contract schedule
  - Move funding schedule to Sept cycle, so summer program less subject to budget discussion

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Questions for Feedback

- **Individual agency funding allocation considerations**
  - Confirm funding allocation mechanism
    - Continue 'trust fund' allocation model
  - Set maximum per agency program funding limit by City
  - Set maximum percentage of agency program funding by City
  - Limit reimbursement for admin and overhead expenses
  - Consider explicit legacy program treatment
    - Set asides, transition goals, separate scoring alternatives that consider contract compliance
-

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Next Steps

- August 16 ED Committee - confirm RFP components
- September 20 ED Committee - finalize any remaining RFP questions
- August Budget Committee - confirm FY14 OST funding recommendation
- October - Issue RFP
- January – Receive proposals
- April – Recommendation to Council

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M E M O R A N D U M
FROM THE
OFFICE OF THE CITY CLERK

DATE: July 5, 2012
TO: Economic Development Committee Members
FROM: Stephanie C. Kelly, CMC, City Clerk
SUBJECT: **Charlotte Mecklenburg Utilities Advisory Committee Annual Report**

The attached report of the Charlotte Mecklenburg Utilities Advisory Committee is being sent to you pursuant to the Resolution related to Boards and Commissions adopted by City Council at the November 23, 2009 meeting. This resolution requires annual reports from City Council Boards and Commissions to be distributed by the City Clerk to both City Council and to the appropriate Committee for review.

This report is also being sent to the Environment Committee as directed in the above referenced resolution.

If you have questions or comments for the board, please convey those to staff support for a response and/or follow-up.

Section 6. **REPORTS OF BOARDS, COMMITTEES, AND COMMISSIONS**

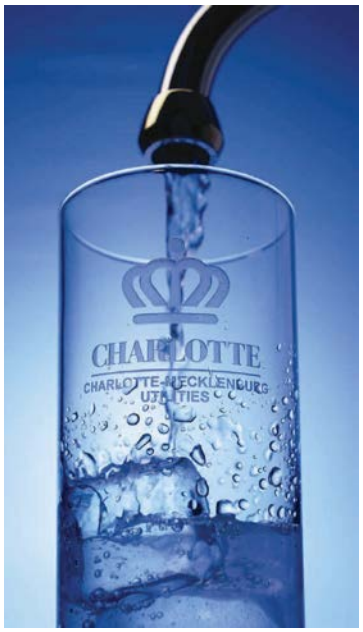
The City Council finds it appropriate to periodically review each standing board, committee, and commission to which they make appointments for the purpose of assessing whether said board, committee, or commission should be renewed, dismantled, expanded or its charge redefined. To this end, each board, committee, and commission that is part of the City, or that was established by the City Council, whether acting alone or in conjunction with one or more other local governments, is required to submit annual written reports that must contain in depth reviews of the body's activities, including goals, objectives, successes, problems, and/or the need for City Council assistance. These reports shall be submitted to the City Clerk and will be staggered through the year according to a schedule established by the City Clerk. The City Clerk shall then provide the Mayor and City Council with copies of the reports and refer the reports to the appropriate Council Committee for the Committee's information.

Boards, committees, and commissions that are not part of the City shall submit reports in accordance with the reporting requirements set forth in their contract, if any, with the City.

In addition to required written reports, the City Council may request on a case-by-case basis that an oral report be made to the Council.

CMUD ADVISORY COMMITTEE

FY12 ANNUAL REPORT



*CMUD has received an **EPA Region IV Safe Drinking Water Act Excellence Award** for consistently exceptional water quality compliance & operations.*

This document describes the work of the CMUD Advisory Committee during the fiscal year ending June 30, 2012, as well as information about CMUD's operating successes and challenges.

The seven-member CMUD Advisory Committee operates under a City-County agreement, with designated roles and duties that include:

- Reviewing & making recommendations to Charlotte City Council regarding annual water & sewer capital improvement programs, proposed changes in water and sewer rate and fee methodologies and proposed changes in the policy for water and sewer extensions.
- Reviewing & making recommendations to City Council through the City Manager regarding requests for: one or more specific water & sewer system extensions that have not been approved within a reasonable time by the Director; and proposed changes to specifications for installing water & sewer facilities that have not been approved by the Director.
- Sitting with City Council in public hearings on any matter required.
- Presenting an annual report on the operations of CMUD and on the activities of the Advisory Committee to Charlotte City Council and the Mecklenburg County Board of Commissioners.
- Reviewing and reporting on matters related to water and sewer service as requested by the Director, City Council or County Commissioners.

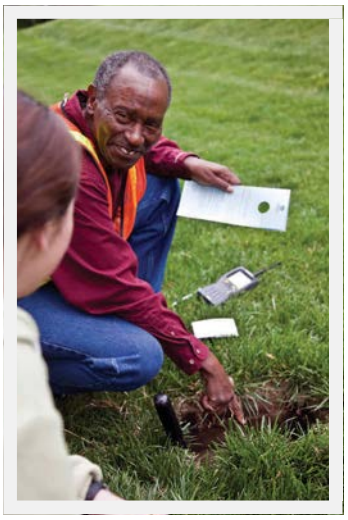
YOUR WATER SYSTEM

Water treatment plant storage capacity increased with completion of the reservoirs upgrade in early 2012.

Charlotte-Mecklenburg's public water and sewer system is funded entirely by customers, not tax revenues. The system includes two drinking water intakes from impounded lakes on the Catawba River (Lake Norman and Mountain Island Lake), three water treatment plants, five wastewater treatment plants, 79 sewage lift stations and a combined total of 8,386 miles of water distribution and wastewater collection pipe. A staff of 746 water professionals operates and maintains the system, and provides customer service to roughly 250,000 metered water accounts (788,000 customers). During the fiscal year ending June 30, 2012, CMUD safely treated and delivered more than 36 billion gallons of drinking water to customers throughout the county. Staff also collected, treated and returned more than 29 billion gallons of wastewater effluent back into our local waterways.

ADVISORY COMMITTEE ACTIVITIES DURING FY12

The Committee met eight times during FY12. Its activities included:



High bill investigations declined this year, thanks in part to more pre-billing quality control and improved communication.

Late Summer/Fall 2011

- Reports on implementation of the **new water and sewer rate structure** that took effect 7/1/11, including new availability fees to help stabilize utility revenues & repay construction debt.
- Discussion of ongoing **customer service improvements**, including the 311 Escalation Team, improved pre- and post-billing business processes and the contracted use of a third party leak detection company to help resolve disputed bills.
- **New meter technology pilot** program updates.
- Discussion with staff on ways CMUD is addressing **billing delinquency**, and researching the concept of a **private plumbing insurance program**.
- Updates on a **debt refinancing** in August 2011 that will save rate payers about $23 million over 16 years.

> Even in the tough economic climate, CMUD maintains competitive rates and earned AAA status last summer from all three bond rating agencies.

- Planning and regulatory updates relative to the future **Long Creek Wastewater Plant** project.
- Ongoing staff updates about the rebuilding of service levels (i.e. faster leak repairs and preventative system maintenance,) through expedited **filling of previously unfunded or frozen vacant positions**.

Winter 2011-2012

- Frequent utility **revenue updates**, and overviews of **water & wastewater improvement projects** in the CMUD FY12-16 Capital Improvements Program including the Irwin Creek WWTP upgrade, the Long Creek plant and Briar Creek sewer line phase 2. CMUD's FY13-17 capital project planning process intentionally started later this year to more strategically align the water/sewer CIP with the City's 5-year CIP proposal for the coming budget season.
- Reports and feedback on a four-month strategy and **program to replace 68,000 water meter transmitters** (at manufacturer expense) as a precaution after CMUD's new quality control efforts identified parts within some transmitter models that are prone to failure. Project completed successfully in April 2012 with minimal customer impacts.

Spring 2012

- Review & support for the Director's **FY2013 CMUD budget/rate recommendation** to City Manager & Council.
- Updates on the new customer rate incentive to install Smart Irrigation technology, which takes effect 7/1/12.
- Continued customer service, operating and financial/budget updates.

CMUD's YEAR IN PICTURES

Technology *continues to bring transformational changes to utility operations and the way we do business. Endpoint Link Pro and Services Suite 8 were key parts of the ongoing 40-point plan to improve billing and customer service processes. The completion of the GIS Foundation Project and new Work & Asset Management (WAM) program now allows real-time online access to more integrated system and work order information as staff plans and performs line repairs and other maintenance tasks.*

Outstanding Performer *Gina Kimble was selected as both CMUD Director's Award honoree & N.C. Water Operators Association Laboratory Analyst of the Year during 2011.*

A ***shift from high growth focus to emphasis on system maintenance*** *continued . CMUD faced a series of water main breaks along a stretch of 24-inch water pipe in south Charlotte, causing significant traffic problems and repair expense. After hydraulic studies deemed most of the 1970's -era pipeline no longer essential to the distribution system (thanks to infrastructure improvements of the past decade), most sections of line were retired from service over the winter.*

A renewed commitment to safety and risk management *continued. CMUD staff racked up 2 dozen N.C. Dept. of Labor Safety Awards in May 2012.*

Growth has not stopped*; CMUD added thousands of new accounts via annexation and saw an uptick in new service connection requests.*

MORE ABOUT THE CMUD ADVISORY COMMITTEE

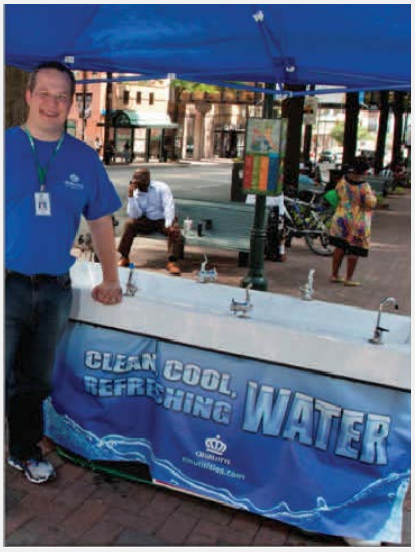
The **Advisory Committee typically meets the third Thursday afternoon each month** at the CMUD Environmental Services Facility, 4222 Westmont Drive in Charlotte. The group's annual meeting schedule is posted at *www.cmutilities.com*.

Committee members are appointed to 3-year terms, and may be appointed for up to two full terms (plus filling an unexpired term).

Three appointments are made by the Mecklenburg County Board of Commissioners, three by Charlotte City Council and one by the Mayor of Charlotte.

Except for a towns representative, advisory committee members must be actively involved in one of these categories:

- real estate developer
- neighborhood leader
- water and/or sewer contractor
- civil engineer specializing in water/ sewer construction; and
- financial expert.



CMUD 'test-drove' a new mobile water dispenser during the uptown Speed Street festival in May 2012, giving a boost to the utility's ongoing community outreach efforts.

This composition of member representation and skill sets was suggested by a 13-member citizen committee that reviewed CMUD policies from April to November 1990. At that time, the citizen committee recommended the five-member *Community Facilities Committee* be transitioned to a seven-member *Utilities Advisory Committee* with these characteristics and qualifications. The change took effect in June 1991.

CURRENT MEMBERSHIP

Member Name	Appointed By	Representative Role	Term Expires
Ralph Messera	City	Towns	6/30/15
George Beckwith	City	Financial	6/30/12
Ron Charbonneau	County	Neighborhood Leader	6/30/13
James Merrifield	County	Developer	6/30/15
Frank McMahon	County	Engineer	6/30/14
James Duke	Charlotte Mayor	Neighborhood Leader	6/30/13
Marco Varela	City	Water-Sewer Contractor	6/30/14