COMMITTEE AGENDA TOPICS

I. Subject: High Growth Entrepreneurship Strategy
Action: The Committee will continue its discussion of a high growth entrepreneur strategy. Staff will provide a draft of the strategy that incorporates feedback from the July 19th ED Committee meeting and the August 27th Council Dinner Briefing, and if ready, refer to Council for consideration at a future Business Meeting.

II. Subject: Business Investment Program Revisions
Action: Staff will present final recommendations of the Business Investment Program revisions, and if ready, refer to Council for consideration at a future Business Meeting.

III. Subject: Disparity Study / MWSBE Program Update
Action: Staff will provide a brief update on the status of the new SBO Program revisions as well as next steps. No action is required.

COMMITTEE INFORMATION

Present: James Mitchell, Patrick Cannon, David Howard, LaWana Mayfield and Warren Cooksey
Time: 3:00p.m. – 5:25p.m.

ATTACHMENTS

1. Draft High Growth Entrepreneur Strategy
2. Charlotte Regional Foundation for Entrepreneurship Letter
3. Charlotte Entrepreneur Alliance Letter
4. FY12 Update to the Charlotte Mecklenburg Business Investment Program Presentation
5. Business Investment Grant Tracking System & Chart
6. Disparity Study/MWSBE Program Update Presentation

DISCUSSION HIGHLIGHTS

Vice Chairman Patrick Cannon opened the meeting and asked everyone to introduce themselves.

I. **High Growth Entrepreneurship Strategy**

Natasha Warren provided an update on the draft High Growth Entrepreneurship Strategy. We're not seeking action today, but will review the three short term strategies that the Committee will be asked to approve on October 18th. She presented two of the three strategies around communications and the City purchasing strategy. Brad Richardson led a discussion on the final activity related to financial support.

Refer to Draft High Growth Entrepreneur Strategy Below

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 leaders in the community 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". In a 2010 analysis of high growth films, 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".

Historically, the City has focused on all 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 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.

Objectives

Economists project a long, slow economic recovery, and Charlotte's unemployment rate continues to be above state and national averages. This requires a diverse approach to economic growth. The intended outcome of this policy is to strengthen Charlotte's position as an ideal 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.

Recent Activities

Over the past two years, there has been significant activity from our partners to help develop an environment conducive to growth, 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.
- Venturprise replaced the Ben Craig Center, as UNC-Charlotte's flagship organization to drive entrepreneurial development through a more regional approach.
- The Charlotte Venture Challenges, the University's business plan competition, received triple the number of applicants and raised over $100,000 in prize money.
- A promotional for the Charlotte Regional Entrepreneurial Foundation (CREF) was created to raise $25 million to support high-growth enterprises.

Challenges & Opportunities

Despite the increased activity in support of high growth entrepreneurs, we have observed the following challenges and opportunities:

- Charlotte remains largely unknown for entrepreneurism and high growth enterprises.
- There is a lack of understanding for entrepreneurism as a driver of job growth.
- Charlotte start-ups would benefit from stronger connections to large corporations.
- There is limited start-up capital in North Carolina and the Charlotte area.
- UNC-Charlotte is emerging as a major research university, but currently receives only a small fraction of the research dollars that come to the State.
- Charlotte has several organizations supporting entrepreneurial development, which struggle with funding.
- There is an opportunity to identify potential office space locations for high growth enterprises in the business corridors, and if opportunity arises, vacant City facilities.

Recommended Activities for the City

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 are outlined in more detail in the following pages.

FY13 Activities:

1. **Communications Strategy:** Develop a communications plan for the Mayor and City Council that promotes Charlotte's history and spirit of entrepreneurship, and seeks opportunities to raise the profile of the City on the topic statewide and nationally. The plan may include activities such as:

- Recognizing successful entrepreneurs at Council meetings and on GOV Channel.
    - Work with City staff and others to identify and tell the stories of entrepreneurs from Charlotte's recent and distant history.
    - Collaborate with economic development partners, such as the Charlotte Chamber, to send a clear and consistent message that start-ups are important to Charlotte's economy.

- Supporting the attraction of angel/venture capital-related conferences and events to Charlotte.
  - Partner with Charlotte Entrepreneur Alliance, economic development partners, Charlotte Regional Visitors Authority, and others to identify appropriate events to invite to Charlotte.
- Attending and participating as hosts and/or speakers at local start-up events and awards or attending business openings and making writing thank-you notes to job creators.
  - City staff will present to Council opportunities, as they arise, where they can show support through donation of time at upcoming events.
- Advocating for the development and adoption of tax and regulatory changes identified by the entrepreneur community that foster high growth enterprises.
  - Maintain dialogue with the Charlotte Entrepreneur Alliance and other partners to understand and prioritize legislative and regulatory challenges for high growth enterprises at all levels of government, and work with the City's Intergovernmental Relations Manager to address these challenges.
  - State and federal tax and regulatory changes identified by the entrepreneur community may include:
    - Improved immigration policies allowing foreign citizens who have the means to start a business in the U.S.
    - Extended student loan deferment
    - Making R&D tax credits more permanent to remove the need to re-authorizing repeatedly
    - Creating simple, fast, and flexible, processes and paperwork
    - Streamlining navigation of government requirements
    - Making it easier to license and use technology
    - Simplifying and accelerate the process of securing patent rights
    - Streamlining exporting processes
  - Local tax and regulatory changes identified by the entrepreneur community may include:
    - Creating simple, fast, and flexible, processes and paperwork
    - Streamlining navigation of government requirements

2. City Purchasing Strategy – Capitalize on the expertise, products and services of local entrepreneurs in City operations. The plan may include activities such as:

- Identify training for City staff, especially purchasing departments, on entrepreneur principles – such as innovation, creating, design, sustainability, experimentation, and inclusiveness – in order to increase understanding of these companies' abilities to create innovative solutions.
- Explore the costs and benefits of an entrepreneur in residence programs to spur innovation, responsiveness, and a proactive approach to problem solving in public service.

- Working with local start-ups to understand the technical products, services and expertise available locally.
  - Leverage the relationship with Charlotte Entrepreneur Alliance (Packard Place, Venturprise, Queen City Forward, etc.) to explore co-sponsoring start-up meet and greets and vendor fairs tailored to public service needs and challenges.
  - Work with partners to create a draft catalog/matrix of typical products or services high growth entrepreneurs provide such as technology, energy, or financing solutions.

- Making it easier for local start-ups to find Requests for Proposals or other areas of opportunity to do business with the City.
  - Post solicitations/opportunities of CharlotteBusinessResources.com website and also publicize them in the website newsletter.
  - Perform targeted outreach to the start-up community when relevant opportunities to do business with the City arise.

3. Financial Support – Partner with the private sector and local institutions to help fund the Charlotte Regional Foundation for Entrepreneurship, which is dedicated to the development, awareness and capacity building for local entrepreneurial organization, events, and programs. The CRFE will be a not-for-profit educational/promotional fund to be managed by the Foundation of the Carolinas.

- On September 24, 2012, the City received a request from the CRFE for a $500,000 grant to assist with the following activities:
  - Establish an ongoing entity that will nurture the development of a thriving entrepreneurial ecosystem in the Charlotte Region.
  - Provide grant funding to qualified non-profit organizations and initiatives dedicated to supporting entrepreneurs and the entrepreneurship infrastructure in the Charlotte Region.
  - Provide research to help the Region formulate policy by sponsoring economic impact studies, conducting business surveys, and convening task force panels and conferences for business leaders, economic experts, public officials and other constituencies concerned with economic development.
  - Act as a champion of entrepreneurship by raising awareness of the entrepreneurial community, and assist with the coordination and facilitation of activities supporting entrepreneurship in the Charlotte Region.
- The CRFE has suggested several performance objectives, including:
  - Increased number of entrepreneurs and startups in the Charlotte Region;
  - Increased job growth in the Charlotte Region;
  - Improved pathways to capital and an increased investment in startups;
  - Increased recognition of the Charlotte Region as having a thriving and dynamic entrepreneurial ecosystem and culture;
  - Increased economic development and positive social impact;
  - Development of strategic clusters with an increased number of corporations engaged and supportive of the Region's startups.
- The CRFE has requested City participation on a governing board of 7-15 members serving 2-3 year terms.
- The City's contribution would be a one-time grant, with a requirement that it be matched by private or institutional funds, similar in nature to the City's $200,000 contribution to Grameen Bank.
- The requested amount is equal to the City's 2003 contribution to the Small Business Enterprise (SBE) Loan Fund, which helped leverage an additional $1.5 million from community partners to capitalize the fund.
- CRFE Funds <u>would not</u> be invested into startups as capital; but rather used to fund organizations, initiatives and events that foster entrepreneurism and job growth.

- If approved, staff recommends use of the Business Corridor Fund, which has a current balance of $16.6 million.

Longer-Term Activities

- Partner with area colleges and universities, with a particular focus on the Charlotte Research Institute at UNC-Charlotte, to accelerate Charlotte as a center of major research and innovation.

- As the need arises, help identify potential facilities that can support high growth enterprises, including sites that align with other Council policies such as the Business Corridor Strategy.

Summation

Mitchell: There is a city that has an office dedicated to this work. I can't recall the name, but wondered if we had done research on other cities and how they were staffed to support this work.

Richardson: Councilmember Mitchell, I believe you're referring to a trip you and Council Member Kinsey took to Savannah, Georgia. We have researched Savannah's effort and learned that they offer training and support to those who would like to open a business in much the same way as we are set up in Charlotte with our small business services function within Neighborhood & Business Services.

Cooksey: I feel that everything we discussed is in line with what I'm looking for. I recommend that staff put a link to contract opportunities on the CharlotteBusinessResources.com web portal, making it easier for businesses to find the information. I also suggest exploring the use of Twitter to broadcast contract opportunities or relevant information through the City's website.

Richardson: Finally, we are meeting with the Foundation for the Carolinas and UNC-Charlotte to see how best to organize the Charlotte Regional Foundation for Entrepreneurship in the coming weeks before we come back with an opinion on whether to support a $500,000 contribution to the Charlotte Regional Fund for Entrepreneurship. Our funds would not be used to support individual companies, rather to support the mission of growing entrepreneurism in Charlotte. Our funds would have to be matched by private or institutional donors. (Referred to the final FY13 financial support component of the policy).

Warren: We have two longer-term activities. The first is to partner with area colleges and universities to accelerate Charlotte as a center of major research and innovation. The second is to identify potential facilities that can support high growth enterprises.

Richardson: We will report back later in October with a request for the Committee to recommend the High Growth Entrepreneur Strategy to the full Council on November 12.

II. Business Investment Program Revisions

The Business Investment Program was begun in 1998 and serves as the primary mechanism used by the City and Mecklenburg County to attract new businesses to Charlotte, It is co-marketed by the Charlotte Chamber of Commerce and Charlotte Regional Partnership. Recent expanded activity in the program and national economic trends has prompted a review of the program and a discussion of what, if any changes or modifications should be made to the program.

Refer to Presentation Outline Below

2012 Update Objectives

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

Objective #1 Eligible Geography

Objective – Update eligible geography to reflect areas of priority.

Recommendations:

- 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

The Committee expressed support for the recommendations.

Objective #2 Supplier Relationship/Local Hiring

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

Recommendations:

- 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.
- Requires recipient to engage in conversation with City and county over these aspirational goals.
- Staff recommends monitoring progress for the 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.

Councilmember Mayfield requested that staff give some thought to how we might offer a sliding scale of incentive to encourage grant recipients to hire locally and/or achieve the community impact goals considered under this objective.

Mr. Richardson stated that the intent would be to monitor performance for a period of one year to see if this was necessary. However, Ms. Mayfield asked if staff could work up a proposal on this for the Committee's review.

Objective #3 Wage Requirements

Objective – Add flexibility into wage requirements.

Recommendations:

- Consider the industry average if the project's average wage falls short of the regional average annual wage rate (currently $44,600.).
  - This provision will allow greater flexibility for:
    - Manufacturers ($33,290)
    - Transportation & logistics firms ($32,880)

Index to the Bureau of Labor Statistics Area Occupational Employment and Wage Estimates

The Committee expressed support for the recommendations.

Objective #4 Strengthen Retention Efforts

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

Recommendations:

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

The Committee expressed support for the recommendations.

OBJECTIVE #5 Corporate Headquarters

Objective: Evaluate a new provision for corporate headquarters.

Recommendations:

- Define "Major Headquarters Project" as one that meets the following requirements:
  - Corporate, divisional or regional headquarters of a Fortune 1000 Company.
  - Average wage equal to 200% of regional average wage, currently $89,200.
- Consider grants outside of policy guidelines on a case by case basis.

Mr. Howard stated that there still seems to be a gap that we are not addressing: the company who does not make a large enough capital investment to qualify for the program.

Mr. Richardson stated that he was correct; but the point of this program is to pay for grants out of an increase in tax base. A low capital investment doesn't allow for a meaningful grant. There are other tools, such as the State's JDIG program that helps in this case with companies that propose to create a large number of jobs but with a low capital investment. There are also small business loans that the City offers.

Mr. Howard asked for staff to provide a "gap analysis" of available local incentives for companies ranging from small to large.

Next Steps

- Request Committee recommendation of program updates to the City Council.
- Prior to Council consideration, staff will send recommended program updates to the County for review and concurrence.

Business Investment Grant Tracking System (City)

	Approval Date	Organization	Total Est. City Pay.	Private Invest.	Ext. Jobs	New Jobs
With-	2/28/2005	Framatome	$ -			
Drawn	4/25/2005	Ferguson Box	$ -			
"	10/10/2005	Nachi Machine	$ -			
"	11/8/2004	General Dynamics	$ -			
"	1/24/2005	SYGMA	$ -			
"	2/28/2005	The Contractor Yard	$ -			
"	5/23/2005	Pulte Mortgage	$ -			
"	1/23/2005	Hewitt Associates	$ -			
"	2/27/2006	Odyssey Logistics	$ -			
"	5/27/2008	Tessera	$ -			
"	5/27/2008	Sencera	$ -			
Complete	2/12/2001	Rooms To Go	$ 283,500	$ 14,000,000	0	200
"	7/28/2003	Celgard	$ 349,220	$ 35,000,000	284	50
"	7/28/2003	Media Evolved	$ 60,943	$ 3,300,000	0	65
"	1/27/2003	Boston Gear	$ 24,248	$ 2,300,000	65	107
"	2/9/2004	King Machine	$ 41,107	$ 3,200,000	45	30
"	11/8/2004	McGrann Paper	$ 22,475	$ 1,550,000	0	40
"	4/24/2006	Pavco, Inc.	$ 21,694	$ 1,500,000	0	25
"	4/13/2009	GMAC	$ 83,098	$ 6,000,000	265	200
Active	5/12/2003	Time Warner 1A	$ 501,415	$27,900,000	0	420
"	5/12/2003	Time Warner 1B	$ 570,805	$36,000,000	0	250
"	7/24/2006	Maersk	$ 148,413	$29,000,000	647	238
"	4/14/2008	Speed Channel	$ 162,575	$34,900,000	79	34
"	8/28/2006	Gerdau Ameristeel	$ 105,000	$26,300,000	266	0
"	5/12/2008	MIAS	$ 38,121	$ 3,200,000	0	41

"	6/8/2009	Siemens 1	$ 790,002	$52,000,000	740	240
"	9/22/2008	Time Warner 2	$1,047,896	$34,000,000	800	200
"	10/12/2009	Coalogix (SCR-Tech)	$ 108,211	$12,000,000	45	61
"	11/9/2009	Premier	$ 183,555	$ 6,000,000	748	182
"	2/8/2010	Electrolux	$ 453,910	$ 8,000,000	0	750
"	2/8/2010	Husqvarna	$ 85,443	$ 8,000,000	165	160
"	2/22/2010	Celgard 2	$ 452,322	$31,000,000	384	80
"	4/12/2010	Siemens 2 (Cardinal)	$4,211,951	$120,000,000	780	825
"	5/24/2010	Clariant	$ 30,188	$ 2,500,000	200	50
"	7/26/2010	CITCO Fund	$ 32,540	$ 3,000,000	0	258
"	5/25/2011	Electrolux 2	$ 222,650	$14,000,000	620	200
"	1/24/2011	SPX	$1,393,988	$133,000,000	255	180
"	1/24/2011	RED F	$ 36,123	3,000,000	30	60
"	3/28/2011	GEO Plastics	$ 37,146	$ 3,000,000	0	30
"	8/22/2011	Time Warner 3	$ 696,000	$131,000,000	950	225
"	12/12/2011	Chiquita	$ 253,817	$ 14,000,000	0	417
"	1/23/2012	MARBACH	$ 28,325	$ 3,000,000	0	30
"	6/25/2012	UTC	$ 254,998	$ 4,000,000	200	325
"	8/27/2012	Genpak	$ 147,723	$ 15,000,000	120	80

Additional ED Grants

	City Council Approval	Organization	Total Est. City Payment	Private Investment	Ext. Jobs	New Jobs
Active	12/12/2011	Chiquita	$875,000	$ 14,000,000	0	417
Active	6/25/2012	UTC	$875,000	$ 4,000.000	200	325

III. Disparity Study MWSBE Program Update

Nancy Rosado began her presentation by providing brief background history on the Disparity Study and the June 25th Council Action that directed staff to draft a new MWSBE Program that utilizes both race and gender neutral and race and gender conscious measures. She stated that to accomplish the task of drafting a new policy, an internal City staff work team was formed, which includes representatives from the SBO Office, City Attorney's Office, Engineering & Property Management, Charlotte-Mecklenburg Utilities, Aviation and CATS.

Regarding the work team's activities reviewing Good Faith Effort's, the City currently offers a menu of 20 GFEs and the revised GFEs with a new program would likely mirror the State's current ten GFEs. A more detailed discussion on GFEs would be presented to ED Committee in October.

Nancy reviewed each of the work team's efforts evaluating the MGT and Tydings & Rosenburg's Program enhancement recommendations and highlighted that one recommendation for consideration provided by MGT titled "Mandatory Joint Ventures" was not recommended for consideration by the work team due to: (1) legal risks presented by Franklin Lee of Tydings & Rosenburg; and (2) concerns raised by the Disparity Study Advisory Committee (DSAC) regarding bonding requirements.

Councilmember Howard asked that the work team not eliminate the mandatory joint ventures recommendation yet and instead asked that the work team obtain more information from the City of Atlanta on how they address the legal concerns raised by Franklin Lee.

Nancy stated that the Disparity Study Update Report identified the Combined Statistical Area (CSA) as the City's relevant market area; the relevant market area is the area the Disparity Study identified as encompassing up to 80% of the City's spending. Consequently, the City will need to expand the new program's geography to include all counties in the CSA. This expansion will result in the addition of five new counties to the SBO Program's current geographic area consisting of eight counties. The counties currently included in the SBO Program are: Anson, Cabarrus, Gaston, Lincoln, Mecklenburg, Rowan, Union, and York (SC). The additional counties to be included in the new program will be: Chester (SC), Cleveland, Iredell, Lancaster (SC), and Stanly.

Councilmember's Mayfield and Mitchell both expressed concerns with the addition of the new counties.

Cindy White, City Attorney's Office, provided a legal explanation for the additional counties and further clarified why these counties were identified by MGT as encompassing the City's relevant market area.

Councilmember Mitchell requested that City staff provide speaking points regarding the addition of these counties.

Nancy reminded ED Committee Members that a couple of months ago Councilmember Mitchell had requested that the work team come up with a new program name and introduced ***"City Business Connections"*** *as the work team's recommendation for the new program name. The work team is very excited about the proposed new program name, which captures the spirit of the Program, which is to connect small, minority, and women-owned business owners to City contracting and procurement opportunities, as well as connect them to the City's Prime vendors and bidders.*

Nancy concluded the presentation by reviewing the work team's next steps for the months of October through January 2013.

Councilmember Mitchell suggested that for the November Stakeholder meetings, the City host one Town Hall Meeting seeking the public's feedback on the new program. He also asked to receive a report from Greg Gaskins on the diversity of vendors utilized within Finance.

Refer to Presentation Outline Below

Agenda

- Background
- Activities to date
- Next Steps

Background

- On June 25th, Council directed staff to draft a new MWSBE Program that utilizes both race and gender neutral measures and race and gender conscious measures.

- Since that time, staff has completed the following:
  - Reviewed similar programs for best practices
  - Reviewed Good Faith Efforts (GFE)
  - Evaluated program enhancements suggested by MGT and Tydings & Rosenburg LLC
  - Reviewed and updated "relevant market area"

Activities to Date

- Similar Programs Review
  - San Antonio; Denver, Atlanta
  - Durham(City/County); City of Raleigh; Asheville' Charlotte-Mecklenburg Schools; Charlotte Housing Authority; NC Department of Transportation; City of Greensboro; Guilford County Schools

  - Hosted a Focus Group to identify best practices

- Good Faith Efforts (GFE) Review
  - Met with NC's Office of Historically Underutilized Businesses (HUB) to discuss Good Faith Efforts requirements and documentation.

  - Issues Currently under review:
    - GFE requirements necessary to comply with NC Statute
    - Documentation for earning GFEs

- Evaluation of program enhancements suggested by MGT and Tydings & Rosenburg LLC.

  ✓ Raising the informal threshold for construction contracts to $500,000

  ✓ Implementing an automated centralized bidder registration system.

  ✓ Identifying opportunities for expanding MWSBE project goals to goods and services.

  ✓ Including RFP language requesting bidders to share their corporate diversity inclusion strategies.

  ✓ Improving program data management.

  ✓ Improving outreach efforts.

  ✓ Encouraging vendor rotation best practices among departments.

  ✓ Tracking of additional performances measures.

- ✓ Mandatory joint ventures (not recommended)

- Review and update "relevant market area"
  - Disparity Study identified the Combined Statistical Area (CSA) as the City's relevant market area.
  - Expand program's geography from current MSA to CSA
  - Counties to be included in program are in yellow
  - Anson, Cabarrus, Chester (SC) Cleveland, Gaston, Iredell, Lancaster (SC), Lincoln, Mecklenburg, Rowan, Stanley, Union, and York (SC).

Next Steps

- Upcoming Topics
  - Goal setting Methodology
    - SBE and/or HUB Project Specific goals
  - City Certification Adjustments for HUB MWBEs
  - Resource needs
  - October 18 – GFE discussion with ED Committee
  - October 23 – Disparity Study Advisory Committee
  - November - Stakeholders meetings
    - Metrolina Minority Contractors Association; Hispanic Contractors Association; NAWBO, AGC, Metrolina Native American Indian Organization
  - December 6 – Present key policy and program modifications to ED Committee.
  - January - Final draft of program complete.

Mitchell: Our next meeting is scheduled for October 4th at Noon in Room CH-14.

Meeting Adjourned: 5:25p.m.

Economic Development Council Committee
September 27, 2012 at 3:00pm
West Service Center, 4150 Wilkinson Boulevard

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

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

I. HIGH GROWTH ENTREPRENEURSHIP STRATEGY – 30 minutes
Staff: Natasha Warren, Neighborhood & Business Services
Action: The Committee will continue its discussion of a high growth entrepreneur strategy. Staff will provide a draft of the strategy that incorporates feedback from the July 19th ED Committee meeting and the August 27th Council Dinner Briefing, and if ready, refer to Council for consideration at a future Business Meeting.

II. BUSINESS INVESTMENT PROGRAM REVISIONS – 30 minutes
Staff: Peter Zeiler, Neighborhood & Business Services
Action: Staff will present final recommendations of the Business Investment Program revisions, and if ready, refer to Council for consideration at a future Business Meeting.

III. DISPARITY STUDY/MWSBE PROGRAM UPDATE – 15 minutes
Staff: Nancy Rosado, Neighborhood & Business Services
Action: Staff will provide a brief update on the status of the new SBO Program revisions as well as next steps. No action is required.

IV. NEXT MEETING DATE: October 4, 2012 at Noon, Room CH-14
Tentative Schedule:
- Out of School Time RFP
- Youth Council

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

Supporting Entrepreneurs and High Growth Enterprises

September 27, 2012

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 leaders in the community 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]*".*

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- 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).
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Objectives

Economists project a long, slow economic recovery, and Charlotte's unemployment rate continues to be above state and national averages. This requires a diverse approach to economic growth. The intended outcome of this policy is to strengthen Charlotte's position as an ideal 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

Recent Activities

Over the past two years, there has been significant activity from our partners to help develop an environment conducive to growth, 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.
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- Ventureprise replaced the Ben Craig Center, as UNC-Charlotte's flagship organization to drive entrepreneurial development through a more 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.

Challenges & Opportunities

Despite the increased activity in support of high growth entrepreneurs, we have observed the following challenges and opportunities:

- Charlotte remains largely unknown for entrepreneurism and high growth enterprises.
- There is a lack of understanding for entrepreneurism as a driver of job growth.
- Charlotte start-ups would benefit from stronger connections to large corporations.
- There is limited start-up capital in North Carolina and the Charlotte region
- UNC-Charlotte is emerging as a major research university, but currently receives only a small fraction of the research dollars that come to the state.
- Charlotte has several organizations supporting entrepreneurial development, which struggle with funding.
- There is an opportunity to identify potential office space locations for high growth enterprises in the business corridors, and if opportunity arises, vacant city facilities.

Recommended Activities for the City

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 our outlined in more detail in the following pages.

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FY13 Activities:

1. **<u>Communications Strategy:</u>** Develop a communications plan for the Mayor and City Council that promotes Charlotte's history and spirit of entrepreneurship, and seeks opportunities to raise the profile of the City on the topic statewide and nationally. The plan may include activities such as:

- Recognizing successful entrepreneurs at Council meetings and on GOV Channel.
  - Work with City staff and others to identify and tell the stories of entrepreneurs from Charlotte's recent and distant history.
  - Collaborate with economic development partners, such as the Charlotte Chamber, to send a clear and consistent message that start-ups are important to Charlotte's economy.
- Supporting the attraction of angel/venture capital-related conferences and events to Charlotte.
  - Partner with Charlotte Entrepreneurs Alliance, economic development partners, Charlotte Regional Visitors Authority, and others to identify appropriate events to invite to Charlotte.
- Attending and participating as hosts and/or speakers at local start-up events and awards or attending business openings and making writing thank-you notes to job creators.
  - City staff will present to Council opportunities, as they arise, where they can show support through donation of time at upcoming events.
- Advocating for the development and adoption of tax and regulatory changes identified by the entrepreneur community that foster high growth enterprises.
  - Maintain dialogue with the Charlotte Entrepreneur Alliance and other partners to understand and prioritize legislative and regulatory challenges for high growth enterprises at all levels of government, and work with the City's Intergovernmental Relations Manager to address these challenges.
  - State and federal tax and regulatory changes identified by the entrepreneur community may include:
    - Improved immigration policies allowing foreign citizens who have the means to start a business in the U.S.
    - Extended student loan deferment
    - Making R&D tax credits more permanent to remove the need to re-authorizing repeatedly
    - Creating simple, fast, and flexible, processes and paperwork
    - Streamlining navigation of government requirements
    - Making it easier to license and use technology
    - Simplifying and accelerate the process of securing patent rights
    - Streamlining exporting processes
  - Local tax and regulatory changes identified by the entrepreneur community may include:
    - Creating simple, fast, and flexible, processes and paperwork
    - Streamlining navigation of government requirements

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2. **<u>City Purchasing Strategy</u> -** Capitalize on the expertise, products and services of local entrepreneurs in City operations. The plan may include activities such as:

   - Encouraging City departments, where feasible, to seek solutions from local start-ups with innovative products and services.
     - Identify training for City staff, especially purchasing departments, on entrepreneur principles - such as innovation, creativity, design, sustainability, experimentation, and inclusiveness - in order to increase understanding of these companies' abilities to create innovative solutions.
     - Explore the costs and benefits of an entrepreneur in residence program to spur innovation, responsiveness, and a proactive approach to problem solving in public service.
   - Working with local start-ups to understand the technical products, services and expertise available locally.
     - Leverage the relationship with Charlotte Entrepreneur Alliance (Packard Place, Venturepriseprise, Queen City Forward, etc.) to explore co-sponsoring start-up meet and greets and vendor fairs tailored to public service needs and challenges.
     - Work with partners to create a draft catalog/matrix of typical products or services high growth entrepreneurs provide such as technology, energy, or financing solutions.
   - Making it easier for local start-ups to find Requests for Proposals or other areas of opportunity to do business with the City.
     - Post solicitations/opportunities on CharlotteBusinessResources.com website and also publicize them in the website newsletter.
     - Perform targeted outreach to the start-up community when relevant opportunities to do business with the City arise.

3. **<u>Financial Support</u> -** Partner with the private sector and local institutions to help fund the Charlotte Regional Foundation for Entrepreneurship, which is dedicated to the development, awareness and capacity building for local entrepreneurial organizations, events, and programs. The CRFE will be a not-for-profit educational/promotional fund to be managed by the Foundation for the Carolinas.

   - On September 24, 2012, the City received a request from the CRFE for a $500,000 grant to assist with the following activities:
     - Establish an ongoing entity that will nurture the development of a thriving entrepreneurial ecosystem in the Charlotte Region.
     - Provide grant funding to qualified non-profit organizations and initiatives dedicated to supporting entrepreneurs and the entrepreneurship infrastructure in the Charlotte Region.
     - Provide research to help the Region formulate policy by sponsoring economic impact studies, conducting business surveys, and convening task force panels and conferences for business leaders, economic experts, public officials and other constituencies concerned with economic development.
     - Act as a champion of entrepreneurship by raising awareness of the entrepreneurial community, and assist with the coordination and facilitation of activities and initiatives supporting entrepreneurship in the Charlotte Region.
   - The CRFE has suggested several performance objectives, including:

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- Increased number of entrepreneurs and startups in the Charlotte Region;
- Increased job growth in the Charlotte Region;
- Improved pathways to capital and an increased investment in startups;
- Increased recognition of the Charlotte Region as having a thriving and dynamic entrepreneurial ecosystem and culture;
- Increased economic development and positive social impact;
- Development of strategic clusters with an increased number of corporations engaged and supportive of the Region's startups.

- The CRFE has requested City participation on a governing board of 7-15 members serving 2-3 year terms.
- The City's contribution would be a one-time grant, with a requirement that it be matched by private or institutional funds, similar in nature to the City's $200,000 contribution to Grameen Bank.
- The requested amount is equal to the City's 2003 contribution to the Small Business Enterprise (SBE) Loan Fund, which helped leverage an additional $1.5 million from community partners to capitalize the fund.
- CRFE funds <u>would not</u> be invested into startups as capital; but rather used to fund organizations, initiatives and events that foster entrepreneurism and job growth.
- If approved, staff recommends use of the Business Corridor Fund, which has a current balance of $16.6 million.

Longer-term Activities

- Partner with area colleges and universities, with a particular focus on the Charlotte Research Institute at UNC-Charlotte, to **accelerate Charlotte as a center of major research and innovation**.

- As the need arises, **help identify potential facilities** that can support high growth enterprises, including sites that align with other Council policies such as the Business Corridor Strategy.

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Charlotte Regional Foundation for Entrepreneurship

September 24, 2012

Brad Richardson
Economic Development Manager
City of Charlotte
Charlotte-Mecklenburg Government Center
600 E. Trade Street, Suite 300
Charlotte, NC 28202

Re: Funding Request to the Charlotte City Council

Dear Economic Development Committee,

Economic prosperity is directly linked to entrepreneurialism. According to the Bureau of the Census Data, firms with fewer than 20 employees created nearly 72.1% of net new jobs, while the remaining net new jobs are split between larger firms with 20-499 employees (16.0%) and large firms with more than 500 employees (12.0%)[1]. In addition, ADP[2] states that 82.9% of U.S. employment is in businesses with fewer than 500 employees. To ensure Charlotte capitalizes on the economic opportunities of high growth, high-impact entrepreneurs, the region needs an organized body such as the Charlotte Regional Foundation for Entrepreneurship (CRFE) to facilitate and coordinate efforts to advance entrepreneurship in the Charlotte Region.

The CRFE's mission is to create a dynamic and thriving entrepreneurial ecosystem in Charlotte serving as an engine for innovation, economic job growth and development. The CRFE is unique in our region, there are no other organizations in Charlotte dedicated to providing community funding to support the growth of the entrepreneurial ecosystem.

Although unique in our region, the CRFE is based upon proven models in other cities such as Jumpstart (http://www.jumpstartinc.org/) serving northeast Ohio and the New York City Partnership Foundation (http://www.nycif.org/foundation.html). Both of these organizations, since their inceptions, have been significant in improving their regions entrepreneurship ecosystem increasing job growth, investment capital for startups, and building a stronger, connected entrepreneurial culture. Since 2005, Jumpstart catalyzed the creation and

[1] "An Analysis of Small Business and Jobs" by Brian Head, Office of Advocacy, SBA, March 2010.

[2] *Automatic Data Processing, Inc. (NASDAQ: ADP), with about $10 billion in revenues and approximately 570,000 clients, is one of the world's largest providers of business outsourcing solutions. ADP offers a wide range of human resource, payroll, tax and benefits administration solutions and publishes regular National Employment Reports.*

PHONE EMAIL
Paul Solitario, Cerium Capital (704) 953-0451 paul@ceriumcapital.com

retention of 1544 jobs, the generation of $512 million dollars in risk capital and in 2011 generated $220 million dollars in economic impact. The CRFE will drive similar economic growth in the Charlotte Region.
The Charlotte Regional Foundation for Entrepreneurship requests $500,000 in match funding from the City of Charlotte to provide the seed money to start the foundation. The city's money will be spent executing the following objectives:

1. Establish an ongoing entity that will nurture the development of a thriving entrepreneurial ecosystem in the Charlotte Region.
2. Provide grant funding to qualified non-profit organizations and initiatives dedicated to supporting entrepreneurs and the entrepreneurship infrastructure in the Charlotte Region.
3. Provide research to help the Region formulate policy by sponsoring economic impact studies, conducting business surveys, and convening task force panels and conferences for business leaders, economic experts, public officials and other constituencies concerned with economic development.
4. Act as a champion of entrepreneurship by raising awareness of the entrepreneurial community, and assist with the coordination and facilitation of activities and initiatives supporting entrepreneurship in the Charlotte Region.

The Charlotte Regional Foundation for Entrepreneurship is dedicated to ensuring the following measurable outcomes:

- Increased number of **entrepreneurs** and **startups** in the Region
- Increased **job growth** in the Charlotte Region
- Improved pathways to **capital** and an increased investment in startups
- Develop the Charlotte Region's entrepreneurial **ecosystem and culture** to be recognized nationally and internationally as thriving and dynamic
- Increased economic development and positive social impact
- Developed strategic **clusters**
- Increased number of corporations engaged and supportive of the Region's startups

The CRFE will be managed by the Foundation for the Carolinas (FFTC). Under the auspices of the FFTC, the fund will be managed by an all-volunteer advisory committee to minimize costs and ensure funds are disbursed according to the CRFE's strategic objectives. At this time an interim advisory committee has been created who's primary mission is the creation of the organization, the raising of the initial funding to create the organization, and the appointment of a longer term advisory committee to be made up of donors, entrepreneur and community leaders, along with city representation. The yet-to-be-named "permanent" CRFE Advisory Committee will consist of 7-15 members serving 2-3 year terms. The advisory committee, in collaboration with the Foundation for the Carolinas, will meet monthly to review funding application and select grants recipients, and execute the strategic objectives of the fund. The advisory committee will also be responsible for governance and fundraising.

In addition, to the funding provided by the City, the CRFE is raising funds from private corporations and donors. The initial goal is to raise $1M of public and private monies with the long-term goal of raising $5 million to provide the foundation the startup capital for full operation.

Now is the time to act to diversify our economy. The City's support and funding of the Charlotte Regional Foundation for Entrepreneurship solidifies a public private partnership and vision to create a nationally recognized entrepreneurial ecosystem serving as an engine for innovation, job growth and economic prosperity in our Region.

Sincerely,

J. Paul Solitario
Charlotte Regional Foundation for Entrepreneurship Advisory Board

Charlotte Entrepreneurship Alliance

September 24, 2012

To Whom It May Concern:

The Charlotte Entrepreneurship Alliance enthusiastically supports the Charlotte Regional Entrepreneurship Foundation and their efforts to raise funding to support Charlotte's entrepreneurship ecosystem.

The Charlotte Regional Foundation for Entrepreneurship (CRFE) is a non-profit foundation dedicated to building the capacity for a thriving entrepreneurial ecosystem in the Charlotte Region. The CRFE administered by the Foundation for the Carolinas (FFTC) provides grants to high impact non-profit organizations and initiatives dedicated to supporting the long-term growth and capacity of early stage, high growth entrepreneurs in the Charlotte region. The mission of the CRFE aligns with the Charlotte Entrepreneurship Alliance and our efforts to support, coordinate, represent and inspire high-growth business at all stages of development in the Charlotte region.

It is well documented that entrepreneurs and startups drive job growth and economic development. The CRFE's focus on supporting the region's entrepreneurship ecosystem is a critical component in Charlotte's strategy to increase employment by fostering a successful environment for entrepreneurs. The Charlotte Entrepreneurship Alliance supports the CRFE's role in catalyzing economic and entrepreneurial growth in our region.

Sincerely,

Dan Roselli
Charlotte Entrepreneurship Alliance

Charlotte Entrepreneurship Alliance (CEA)
Formed in 2011, the CEA supports a comprehensive view of Charlotte's Entrepreneurial Eco-System by supporting local entrepreneurs of all sizes by providing a network of like-minded local professionals, access to Charlotte's entrepreneurial community and by representing the community's interests to governmental entities. The CEA's focus is to support, coordinate, represent and inspire high-growth business at all stages of development with an emphasis on technology, energy, finance and social ventures.

CEA members represent the following organizations:

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FY12 Update to the Charlotte-Mecklenburg Business Investment Program

Business Advisory Committee

September 27, 2012

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2012 Update Objectives

- Update program geography to reflect current areas of priority.
- Increase supplier relationships with local businesses and encourage local hiring.
- Add flexibility into 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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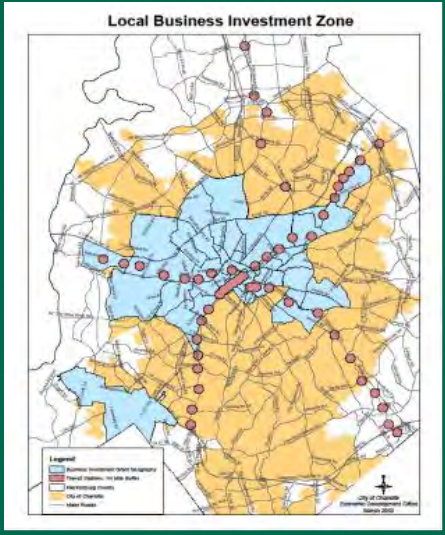
Objective #1
Eligible Geography



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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
Wage Requirements

Objective - Add flexibility into wage requirements.

Recommendation:

- Consider the industry average if the project's average wage falls short of the regional average annual wage rate (currently $44,600).
  - This provision will allow greater flexibility for:
    - Manufacturers ($33,290)
    - Transportation & logistics firms ($32,880)
  - Index to the Bureau of Labor Statistics Area Occupational Employment and Wage Estimates

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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.
  - Average wage equal to 200% of regional average wage, currently $89,200.
- Consider grants outside of policy guidelines on a case by case basis.

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Next Steps

- Request Committee recommendation of program updates to the City Council.
- Prior to Council consideration, staff will send recommended program updates to the County for review and concurrence.

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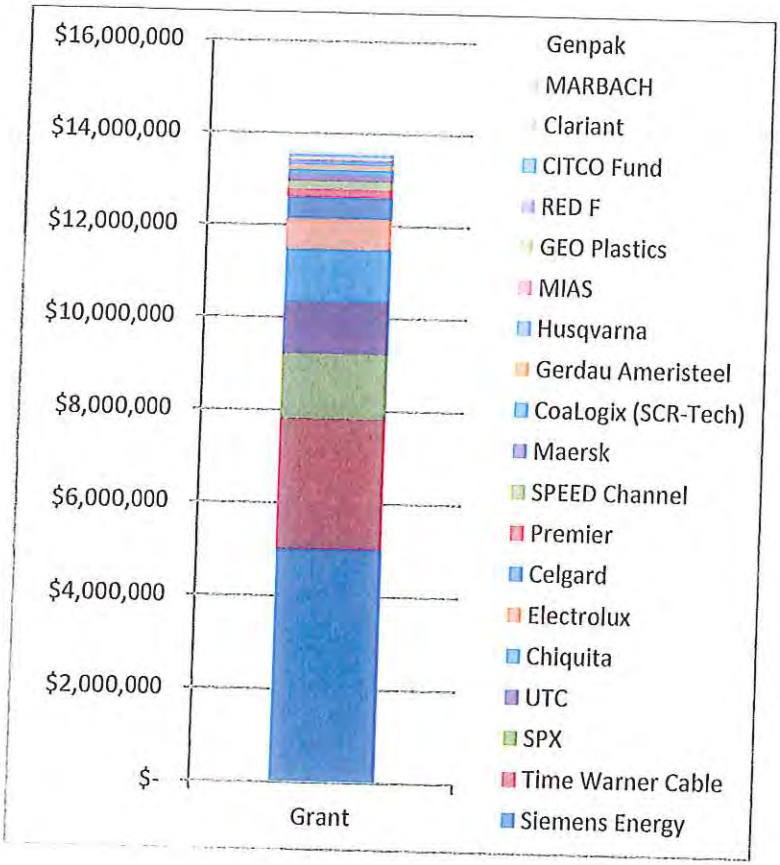
Business Investment Grant Tracking System (City)

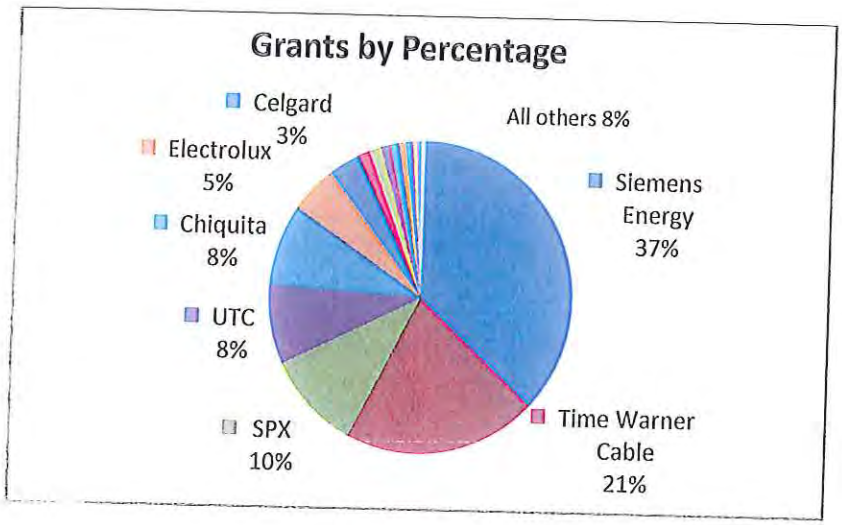
	Approval Date	Organization	Total Estimated City Payment	Private Investment	Existing Jobs	New Jobs
WITHDRAWN	2/28/2005	Framatome	$ -			
	4/25/2005	Ferguson Box	$ -			
	10/10/2005	Nachi Machining	$ -			
	11/8/2004	General Dynamics	$ -			
	1/24/2005	SYGMA	$ -			
	2/28/2005	The Contractor Yard	$ -			
	5/23/2005	Pulte Mortgage	$ -			
	1/23/2005	Hewitt Associates	$ -			
	2/27/2006	Odyssey Logistics	$ -			
	5/27/2008	Tessera	$ -			
	5/27/2008	Sencera	$ -			
COMPLETE	2/12/2001	Rooms To Go	$ 283,500	$ 14,000,000	0	200
	7/28/2003	Celgard	$ 349,220	$ 35,000,000	284	50
	7/28/2003	Media Evolved	$ 60,943	$ 3,300,000	0	65
	1/27/2003	Boston Gear	$ 24,248	$ 2,300,000	65	107
	2/9/2004	King Machine	$ 41,107	$ 3,200,000	45	30
	11/8/2004	McGrann Paper	$ 22,475	$ 1,550,000	0	40
	4/24/2006	Pavco Inc.	$ 21,694	$ 1,500,000	0	25
	4/13/2009	GMAC	$ 83,098	$ 6,000,000	265	200
ACTIVE	5/12/2003	Time Warner IA	$ 501,415	$ 27,900,000	0	420
	5/12/2003	Time Warner IB	$ 570,805	$ 36,000,000	0	250
	7/24/2006	Maersk	$ 148,413	$ 29,000,000	647	238
	4/14/2008	SPEED Channel	$ 162,575	$ 34,900,000	79	34
	8/28/2006	Gerdau Ameristeel	$ 105,000	$ 26,300,000	266	0
	5/12/2008	MIAS	$ 38,121	$ 3,200,000	0	41
	6/8/2009	Siemens 1	$ 790,002	$ 52,000,000	740	240
	9/22/2008	Time Warner 2	$ 1,047,896	$ 34,000,000	800	200
	10/12/2009	CoaLogix (SCR-Tech)	$ 108,211	$ 12,000,000	45	61
	11/9/2009	Premier	$ 183,555	$ 16,000,000	748	182
	2/8/2010	Electrolux	$ 453,910	$ 8,000,000	0	750
	2/8/2010	Husqvarna	$ 85,443	$ 8,000,000	165	160
	2/22/2010	Celgard 2	$ 452,322	$ 31,000,000	384	80
	4/12/2010	Siemens 2 (Cardinal)	$ 4,211,951	$ 120,000,000	780	825
	5/24/2010	Clariant	$ 30,188	$ 2,500,000	200	50
	7/26/2010	CITCO Fund	$ 32,540	$ 3,000,000	0	258
	5/25/2011	Electrolux 2	$ 222,650	$ 14,000,000	620	200
	1/24/2011	SPX	$ 1,393,988	$ 133,000,000	255	180
	1/24/2011	RED F	$ 36,123	$ 3,000,000	30	60
	3/28/2011	GEO Plastics	$ 37,146	$ 3,000,000	0	30
	8/22/2011	Time Warner 3	$ 696,000	$ 131,000,000	950	225
	12/12/2011	Chiquita	$ 253,817	$ 14,000,000	0	417
	1/23/2012	MARBACH	$ 28,325	$ 3,000,000	0	30
	6/25/2012	UTC	$ 254,998	$ 4,000,000	200	325
	8/27/2012	Genpak	$ 147,723	$ 15,000,000	120	80
			$ 12,879,403	$ 830,650,000	7,688	6,053

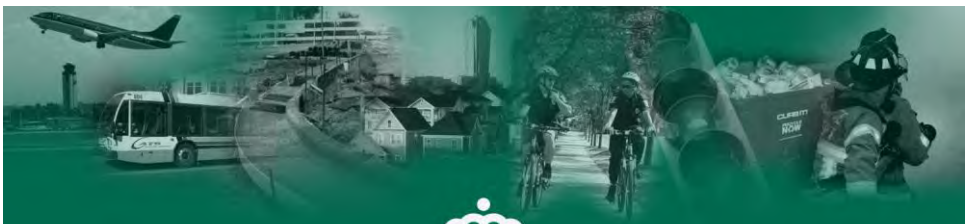
Additional ED Grants

	City Council Approval	Organization	Total Estimated City Payment	Private Investment	Existing Jobs	New Jobs
Active	12/12/2011	Chiquita	$ 875,000	$ 14,000,000	0	417
Active	6/25/2012	UTC	$ 875,000	$ 4,000,000	200	325

Business Investment Grants







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NEIGHBORHOOD & BUSINESS SERVICES

Disparity Study/MWSBE Program Update

Economic Development Committee
September 27, 2012

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Agenda

- Background
- Activities to Date
- Next Steps

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Background

- On June 25th Council directed staff to draft a new MWSBE Program that utilizes both race and gender neutral measures and race and gender conscious measures.
- Since that time, staff has completed the following:
  - Reviewed similar programs for best practices
  - Reviewed Good Faith Efforts (GFE)
  - Evaluated program enhancements suggested by MGT and Tydings & Rosenburg LLC
  - Reviewed and updated "relevant market area"

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Activities to Date

- Similar Programs Review
  - San Antonio; Denver; Atlanta
  - Durham (City/County); City of Raleigh; Asheville; Charlotte-Mecklenburg Schools; Charlotte Housing Authority; NC Department of Transportation; City of Greensboro; Guilford County Schools
  - Hosted a Focus Group to identify best practices

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Activities to Date

- Good Faith Efforts (GFE) Review
  - Met with NC's Office of Historically Underutilized Businesses (HUB) to discuss Good Faith Efforts requirements and documentation.
  - Issues currently under review:
    - GFE requirements necessary to comply with NC Statute
    - Documentation for earning GFEs

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Activities to Date

- Evaluation of program enhancements suggested by MGT and Tydings & Rosenburg LLC.
  - ☑ Raising the informal threshold for Construction Contracts to $500,000.
  - ☑ Implementing an automated centralized bidder registration system.
  - ☑ Identifying opportunities for expanding MWSBE project goals to goods and services.
  - ☑ Including RFP language requesting bidders to share their corporate diversity inclusion strategies.

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Activities to Date

- ☑ Improving program data management.
- ☑ Improving outreach efforts.
- ☑ Encouraging vendor rotation best practices among departments.
- ☑ Tracking of additional performance measures
- ☒ Mandatory Joint Ventures (not recommended)

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Activities to Date

- Review and update "relevant market area"
  - Disparity Study identified the Combined Statistical Area (CSA) as the City's relevant market area
  - Expand program's geography from current MSA to CSA
  - Counties to be included in program are:
    - Anson, Cabarrus, Chester (SC), Cleveland, Gaston, Iredell, Lancaster (SC), Lincoln, Mecklenburg, Rowan, Stanly, Union, and York (SC)

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Next Steps

- Upcoming Topics
  - Goal Setting Methodology
    - SBE and/or HUB Project Specific Goals
  - City Certification Adjustments for HUB MWBEs
  - Resource Needs

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Next Steps

- October 18 – GFE discussion with ED Committee
- October 23 – Disparity Study Advisory Committee
- November - Stakeholder Meetings
  - Metrolina Minority Contractors Assn; Hispanic Contractors Assn; NAWBO, AGC, Metrolina Native American Indian Organization
- December 6 – Present key policy and program modifications to ED Committee.
- January – Final draft of program complete.

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