

# SMALL BUSINESS ENTERPRISE UTILIZATION REPORT

FY 2009 Year-End Report (July 2008 — June 2009)



# BUSINESS

OPPORTUNITY • INVESTMENT • GROWTH



**CHARLOTTE**<sup>™</sup>

NEIGHBORHOOD & BUSINESS  
SERVICES

The City of Charlotte's Small Business Opportunity (SBO) Program continues to grow and develop small businesses in the Charlotte Regional Area. Through the Small Business Enterprise (SBE) Certification, the SBO Program identifies, tracks, and reports SBE utilization within City purchasing. Additionally, the SBO Program remains focused on building strong business environments through our outreach, partnerships, and auxiliary services.

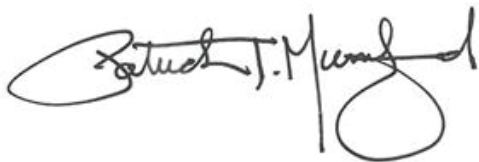
During Fiscal Year (FY) 2009<sup>1</sup>, staff spent significant time correcting a discrepancy within the City's internal SBE reporting system. The discrepancy included certain transactions not being reported in previous quarterly reports. This concern was highlighted in the FY2009 Mid-Year SBE Report. Further improvements will be ongoing throughout FY2010.

The following report highlights the City's efforts in meeting targeted performance measures for FY2009, one of which includes a 10% Citywide Informal SBE Utilization goal. The addition of missing transactions in FY2009, along with City-wide budget reductions, significantly impacted discretionary spending across Key Business Units. While the City fell short of the 10% SBE target, other achievements were realized, including:

- SBE payments on Informal and Formal contracts totaled \$15.25 million, an increase of 4.42% compared to FY2008
- Spending with minority/women-owned construction subcontractors totaled \$17.1 million
- No findings of disparity in construction subcontracting existed within any of the ownership categories

The City remains dedicated to promoting small, minority and women business participation on City-funded Public-Private development projects. To date, the Wells Fargo Cultural Campus project has yielded \$40.7 million (46.25%) in payments to small, minority and women businesses. Additionally, payments to date to SBEs on the NASCAR Hall of Fame total \$20.0 million (12.57%).

The SBO Program and the City of Charlotte are committed to continuous improvement in our service delivery. By consistently evaluating our management processes against best practices in the industry we will continue to improve our efficiency, effectiveness and flexibility so we may continue to foster small business growth in the Charlotte Regional Area.



Patrick Mumford, Director  
Neighborhood & Business Services



Nancy Rosado, Manager  
Small Business Opportunity Program

<sup>1</sup> FY2009 begins July 1, 2008 and ends June 30, 2009.

**Organizational Commitment.** The success of the SBO Program relies heavily on the collective commitments of our Key Business Units (KBU). Many SBEs provide goods and services, from catering to technology solutions to construction services, and KBUs continue to explore ways to engage SBEs within their procurement efforts.

For the Fiscal Year ending June 30, 2009, city-wide Informal spending totaled \$93.9 million (\$54.4 million from January thru June 2009). Of this amount, \$7.8 million or 8.33% of purchases were spent with Certified SBEs.

## Informal SBE Utilization (July 2008 – June 2009)

KBU Breakdown of Informal Purchases (Construction contracts less than \$200,000 and all other Contracts less than \$100,000)

| KBU                                | SBE Goal %    | FY 2009 SBE 2nd Half |                  | FY 2009 SBE Year-End |                  | FY 2008 SBE Year-End |                    |
|------------------------------------|---------------|----------------------|------------------|----------------------|------------------|----------------------|--------------------|
|                                    |               | (%)                  | (\$)             | (%)                  | (\$)             | (%)                  | (\$)               |
| Aviation Department                | 11.00         | 4.47                 | 388,126          | 4.78                 | 633,195          | 10.16                | 565,196            |
| Budget & Evaluation                | 7.00          | 1.94                 | 3,651            | 12.15                | 26,051           | 6.87                 | 662                |
| Business Support Services          | 4.00          | 2.71                 | 159,735          | 2.13                 | 224,242          | 0.75                 | 62,903             |
| Charlotte Area Transit System      | 4.00          | 12.52                | 296,603          | 10.15                | 525,409          | 4.39                 | 173,915            |
| Charlotte Dept. of Transportation  | 5.00          | 7.18                 | 386,204          | 6.12                 | 554,046          | 11.35                | 634,841            |
| Charlotte Fire Department          | 5.00          | 5.52                 | 79,528           | 4.26                 | 148,225          | 5.69                 | 191,782            |
| Charlotte-Mecklenburg Police       | 9.00          | 4.84                 | 66,389           | 5.70                 | 143,584          | 9.95                 | 338,705            |
| Charlotte-Mecklenburg Utilities    | 9.00          | 7.45                 | 1,142,095        | 9.54                 | 2,387,861        | 16.31                | 3,901,761          |
| City Attorney's Office             | 1.00          | 1.79                 | 265              | 1.45                 | 906              | 1.71                 | 3,877              |
| City Clerk's Office                | 1.00          | 1.92                 | 1,143            | 1.37                 | 1,429            | 0.11                 | 117                |
| City Manager's Office <sup>1</sup> | 10.00         | 8.56                 | 77,390           | 7.54                 | 174,227          | 14.18                | 213,362            |
| Engineering & Property Management  | 12.00         | 15.65                | 1,187,263        | 16.17                | 2,241,786        | 15.75                | 1,895,043          |
| Finance Department                 | 7.00          | 20.91                | 146,832          | 21.26                | 250,653          | 23.46                | 234,404            |
| Human Resources                    | 4.00          | 2.10                 | 11,584           | 2.18                 | 18,406           | 1.32                 | 6,528              |
| Mayor / Council                    | 10.00         | 10.61                | 3,462            | 15.62                | 7,412            | 12.15                | 10,843             |
| Neighborhood Development           | 5.00          | 5.34                 | 165,051          | 7.18                 | 318,019          | 6.36                 | 227,925            |
| Planning Department                | 8.00          | 8.75                 | 14,804           | 8.57                 | 26,993           | 8.07                 | 28,495             |
| Solid Waste Services               | 7.00          | 7.57                 | 50,063           | 4.83                 | 67,909           | 22.32                | 313,028            |
| <b>Citywide Totals</b>             | <b>10.00%</b> | <b>7.80</b>          | <b>4,241,263</b> | <b>8.33</b>          | <b>7,811,428</b> | <b>11.74%</b>        | <b>\$8,803,386</b> |

<sup>1</sup> All divisions under City Manager's Office are reflected within this figure (311, CIO, Corp. Comm., CRC, ED, and Internal Audit)

# Citywide Formal SBE Utilization (July 2008—June 2009)

(Construction contracts more than \$200,000 and all other Contracts more than \$100,000)

| Work Category              | FY 2009 2nd Half    | FY 2009 Year -End   | FY 2008 Year-End    |
|----------------------------|---------------------|---------------------|---------------------|
| Architecture & Engineering | \$ 973,196          | \$ 2,496,633        | 1,803,813           |
| Construction Related       | \$ 1,753,671        | \$ 2,952,725        | 2,158,034           |
| Goods and Supplies         | —                   | \$ 6,327            | —                   |
| Other Services             | \$ 478,293          | \$ 1,513,416        | 677,864             |
| Professional Services      | \$ 341,355          | \$ 471,702          | 1,070,225           |
| <b>Total Utilization</b>   | <b>\$ 3,546,515</b> | <b>\$ 7,440,802</b> | <b>\$ 5,709,936</b> |

| Ethnicity                | FY 2009 2nd Half    | FY 2009 Year-End    | FY 2008 Year-End    |
|--------------------------|---------------------|---------------------|---------------------|
| African American         | \$ 163,664          | \$ 959,491          | 717,326             |
| Asian American           | \$ 137,710          | \$ 530,238          | 911,302             |
| Hispanic American        | \$ 10,125           | \$ 462,911          | 646,417             |
| Non-Minority Female      | \$ 937,452          | \$ 1,460,429        | 1,419,995           |
| Non-Minority Male        | \$ 2,297,564        | \$ 4,027,734        | 2,014,896           |
| <b>Total Utilization</b> | <b>\$ 3,546,515</b> | <b>\$ 7,440,802</b> | <b>\$ 5,709,936</b> |

## Citywide Minority / Women Business Participation

### Informal and Formal Purchases (July 2008 — June 2009)

Citywide Informal and Formal spending totaled more than \$506 million for the Fiscal Year ending June 30, 2009. (\$250 million in 2nd Half activity). Of this amount, \$51.38 million or 10.14% of purchases were spent with minority and/or women-owned firms as "prime contractors" (\$23.04 million or 9.20% in 2nd Half activity). For FY 2009, the City met the availability goals in two of the six categories analyzed.

| Work Category               | Availability Target Goal % <sup>1</sup> | FY 2009 2nd Half |                   |          | FY 2009 Year-End |                   |          | FY 2008 Year-End |                   |          |
|-----------------------------|---|------------------|-------------------|----------|------------------|-------------------|----------|------------------|-------------------|----------|
|                             |   | Utilization (%)  | Utilization (\$)  | Met Goal | Utilization (%)  | Utilization (\$)  | Met Goal | (%)              | (\$)              | Met Goal |
| Architectural & Engineering | <b>12.82</b>                            | 7.69             | 2,270,923         |          | 8.73             | 4,460,009         |          | 10.53            | 3,644,617         |          |
| Construction Under \$30K    | <b>15.13</b>                            | 12.35            | 287,281           |          | 15.42            | 563,104           | ✓        | 26.18            | 1,251,034         | ✓        |
| Construction Over \$30K     | <b>15.41</b>                            | 8.57             | 7,844,431         |          | 11.54            | 23,069,186        |          | 16.42            | 28,096,897        | ✓        |
| Goods and Supplies          | <b>6.70</b>                             | 3.66             | 1,988,469         |          | 4.12             | 3,999,762         |          | 8.62             | 4,269,495         | ✓        |
| Other Services              | <b>9.14</b>                             | 15.96            | 10,075,204        | ✓        | 13.16            | 18,166,972        | ✓        | 15.73            | 12,590,295        | ✓        |
| Professional Services       | <b>17.67</b>                            | 5.97             | 575,931           |          | 6.65             | 1,122,381         |          | 19.94            | 2,751,238         | ✓        |
| <b>Total</b>                |   |                  | <b>23,042,239</b> |          |                  | <b>51,381,415</b> |          |                  | <b>52,603,575</b> |          |

<sup>1</sup> Availability is based on the 1998-2002 MGT Disparity Study. Disparity is analyzed for minority and women-owned companies.

## Construction Subcontracting Utilization

For FY 2009, there was no finding of disparity in construction subcontracting<sup>1</sup> for any of the five minority owner categories.

| Ownership           | Availability Target Goal % | FY 2009 Year-End |                      |          | FY 2008 Year-End |                      |          |
|---------------------|----------------------------|------------------|----------------------|----------|------------------|----------------------|----------|
|                     |                            | Utilization (%)  | Utilization (\$)     | Met Goal | Utilization (%)  | Utilization (\$)     | Met Goal |
| African American    | <b>2.91</b>                | 3.11             | 3,171,857            | ✓        | 6.86             | 4,048,996            | ✓        |
| Asian American      | <b>0.23</b>                | 0.37             | 377,030              | ✓        | 0.37             | 216,264              | ✓        |
| Hispanic American   | <b>0.50</b>                | 1.33             | 1,353,809            | ✓        | 1.47             | 870,276              | ✓        |
| Native American     | <b>0.15</b>                | 3.90             | 3,974,668            | ✓        | 1.69             | 1,000,315            | ✓        |
| Non-Minority Female | <b>2.02</b>                | 8.07             | 8,223,729            | ✓        | 9.22             | 5,411,806            | ✓        |
| <b>Total</b>        |                            |                  | <b>\$ 17,101,093</b> |          |                  | <b>\$ 11,577,657</b> |          |

<sup>1</sup> Due to staffing and technology constraints, the data figures above may not include all FY2009 construction subcontractor payments. While there is no reason to believe that the omitted payments would significantly impact these utilization figures, city staff will be initiating process improvements to ensure data reliability.

## Public-Private Development Projects

In FY 2009, the Small Business Opportunity Program continued to encourage small, minority and women business participation on Public-Private projects. Through June 30, 2009 private developers committed nearly \$76 million to S/M/WBEs and spent more than \$23 million with SBEs.

| Project Name                     | SBE / MWBE Goal | S/M/WBEs                      |                    |                             |                                 | SBEs only                     |                    |                           |                                 |
|----------------------------------|-----------------|-------------------------------|--------------------|-----------------------------|---------------------------------|-------------------------------|--------------------|---------------------------|---------------------------------|
|                                  |                 | Committed Amount <sup>1</sup> | % of Total Project | SMWBE Payments to Date (\$) | Utilized to date % <sup>2</sup> | Committed Amount <sup>1</sup> | % of Total Project | SBE Payments to date (\$) | Utilized to date % <sup>2</sup> |
| Wells Fargo Cultural Campus      | 20%             | -                             | -                  | 40,752,873                  | 46.25 %                         | -                             | -                  | 1,156,761                 | 1.31 %                          |
| NASCAR Office Tower              | 12.5%           | -                             | -                  | 5,783,352                   | 18.38 %                         | -                             | -                  | 2,140,719                 | 6.81 %                          |
| NASCAR Hall of Fame <sup>3</sup> | 16%             | -                             | -                  | -                           | -                               | \$ 26,803,278                 | 20.46 %            | 19,984,040                | 12.57 %                         |
| Double Oaks                      | 15%             | -                             | -                  | 2,536,632                   | 3.56 %                          | -                             | -                  | 96,594                    | 0.31 %                          |

<sup>1</sup> Committed Amounts provided represent dollars committed to date for each respective project.

<sup>2</sup> Utilized to date % is a calculation of (Payments to date) divided by (Total amount paid to all contractors to date).

<sup>3</sup> The NASCAR Hall of Fame project has an SBE goal only.



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