

Executive Summary

Minority, Women, and Small Business Enterprise Program

August 27, 2013



I. History and Core Services:

For over 20 years, the Minority, Women, and Small Business (MWSBE) Office has proactively worked to increase the participation of minority, women and small businesses through inclusive procurement activities. Results are achieved through fairness, integrity and strict adherence to the law to maximize MWSBE participation. The MWSBE Office consists of five core service areas:

- Marketing and Outreach
- Certification
- Utilization
- Monitoring and Reporting
- Training and Technical Assistance

The MWSBE Office is staffed by one administrator and one compliance coordinator who work primarily on construction-related projects. Under Capital Program Services, staffing levels fluctuate based on the number of bond-funded projects allowing for maximum flexibility. This arrangement is unique because it combines existing Charlotte-Mecklenburg School (CMS) employees with outsourced staff and other consultants under one umbrella to manage and carry out the activities of Capital Program Services.

Marketing and Outreach

The MWSBE Office marketing and outreach efforts engages the community and shares information through bid notifications via various mediums, one-on-one and group new vendor orientations, tradeshow/vendor meetings, technical assistance classes, and leveraged relationships with other entities.

Certification

CMS does not certify Minority, Women, or Small Business Enterprises. CMS accepts certification from any bona fide certifying entity. The MWSBE Office actively engages all MWSBE firms doing business with the school system to provide proof of certification. Businesses interested in becoming certified are referred to recognized certifying agencies.

Utilization

A proactive approach provides MWSBEs equal opportunity to participate in all aspects of CMS contracting and purchasing activities, including, but not limited to participation in procurement contracts for equipment, leases, professional and other services contracts, and construction. The MWSBE Office works closely with design managers to identify packages or areas of opportunity that will enhance utilization in construction related projects, routinely consults with Procurement Services and others regarding use of the MWSBE vendor sourcing system, participates in proposal evaluations, and reviews all bids/requisitions above \$5,000 through the Finance Department Lawson financial

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management system. Non-compliance of MWSBE notification procedures can result in the rejection of a bid/requisition and additional solicitations may be required.

Monitoring and Reporting

Clear, concise and accurate reporting is the foundation of our program. The MWSBE Office monitors all contracts to determine whether contractors achieve the ranges of participation set forth on the MWSBE identification forms submitted by contractors. All written statements, affidavits or intentions made by the bidder become a part of the agreement between the contractor and CMS. Failure to comply with any of these statements, affidavits or intentions or with the MWSBE program guidelines shall constitute a breach of contract. In determining whether a contractor has made good faith efforts, CMS will evaluate all efforts made by the contractor and will determine compliance in regard to quantity, intensity, and results of these efforts.

On a monthly/quarterly/annual basis, the MWSBE Office provides utilization reports to the Charlotte-Mecklenburg Board of Education, North Carolina Department of Administration Historically Underutilized Business Office, Bond Oversight Committee, City of Charlotte Small Business Program and Carolinas Minority Supplier Development Council. Compliance coordinators conduct site visits of various construction-related projects, attend owner/architect/contractor meetings, review pay application/tax statements, attend pre-bid meetings, and serve as a vendor sourcing reference for the contracting community.

Training and Technical Assistance

In an ongoing effort to provide the contracting community with the necessary technical skills, the MWSBE Office routinely partners with other entities by offering a variety of topics targeted to increase capacity of minority, women and small business owners. The series of interactive workshops taught by experienced professionals allows participants to obtain real-life, hands-on experience in the areas of bidding, estimating, procurement, marketing and presentation skills development, understanding bid/contract documents, and contract negotiation/dispute resolution. We also offer "How to do Business" orientation sessions for new vendors.

Staff meets quarterly with small business technical assistance providers to discuss current business development needs in the community, available venture capital funding, Small Business Assistance (SBA) loans, workforce development programs, and credit repair options for start-up firms.

II. Governance:

In implementing programs and services around the five core areas, the MWSBE Office develops and administers MWSBE rules and statutes. This is aimed at ensuring full and equal access to system-wide procurement opportunities in accordance with the following Board of Education policy and North Carolina general statutes:

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- CMS Policy DJA
Minority-owned, women-owned and small business enterprises (collectively MWSBE) as well as other responsible vendors shall have a fair and reasonable opportunity to participate in CMS business opportunities
- General Statute 143-48
Purchase and Contract: cooperation in promoting the use of small contractors, minority contractors, physically handicapped contractors and women contractors
- General Statute 143-48.4
Statewide uniform certification of historically underutilized businesses (HUBs)
- General Statute 143-128
Requirements for certain building contracts
- General Statute 143-128.1
Construction Management at Risk contracts
- General Statute 143-128.2
Minority Business Participation Goals (defines good-faith efforts and the full scope of the law)
- General Statutes 143-128.3
Administration (Public Entity Responsibilities)
- General Statutes 143-128.4
Historically Underutilized Business (2007 Amendment Definition)
- General Statutes 143-131
Informal Bidding: scope of applicable law for construction projects less than \$500,000 (increased from \$300,000 in 2007 legislation)
- Senate Bill 914, Session Law 2001-496 December 2001
To enhance and improve good-faith efforts to recruit and select minority businesses for participation in public construction contracts
- House Bill 1035, Session Law 2010 – 148
Increase the Performance and Payment Bonding Requirements for Construction Project Contracts Awarded by State Departments, State Agencies, and the University of North Carolina that exceed \$500,000
- NC Administrative Code – 301.0101 Minority Business Participation Goals
Rules governing minority participation goals and responsibilities of owners, HUB office, designers, contractors, HUB contractors and state construction office

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III. Budget:

	Actual 2012-2013 Expenditures	Actual 2011-2012 Expenditures
Expenditures		
Salaries & benefits	\$ 101,839	\$ 79,372
Purchased services	\$ 15,766	\$ 7,434
	<u>\$ 117,605</u>	<u>\$ 86,806</u>

IV. 2012 – 2013 Goals:

CMS has implemented an MWSBE program that includes annual aspirational goals for use in proportion to the availability of vendors in particular areas of procurement. The aspirational goals are based on an analysis of factors such as size and scope of the contract and the availability of MWSBEs to perform various elements of the contract.

Category	MBE Goal	WBE Goal	SBE Goal	MWSBE Goal
Construction	10%	6%	5%	21%
Architecture, engineering and surveying	4%	7%	5%	16%
Contracted services (other than construction)	5%	4%	5%	14%
Goods	3%	3%	5%	11%

V. Performance Results:

Performance is measured based on community engagement, overall MWSBE utilization in dollars and percent, year-over-year percent increase, notification of opportunities, internal/external program compliance, and capacity building activities.

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Marketing and Outreach:

Goal: Increase internal/external customer knowledge of MWSBE program

The MWSBE Office participated and/or sponsored the following community outreach sessions throughout the 2012-2013 school year:

- Carolinas Minority Supplier Development Council Business Opportunity Conference
- Charlotte Minority Enterprise Development Week
- CMS Contractor Information Session for Construction Manager at Risk Projects (Garringer High School, Independence High School, Myers Park High School, and Ranson Middle School)
- North Carolina Minority Economic Development Institute Change Maker Summit
- Carolinas Minority Supplier Development Council MBE Summit
- Latin American Chamber of Commerce monthly meetings
- Metrolina Minority Contractors Association monthly meetings
- Information Technology Senior Management Forum IT Symposium
- E-Women Network Meeting
- NC Minority and Women Business Enterprise Coordinators Network Quarterly Meetings
- Charlotte School of Law Diversity & Inclusion Symposium
- Charlotte Chamber of Commerce Business Showcase
- Dream Builders Youth Symposium
- State Construction Conference
- North Carolina Institute of Minority Economic Development Executive Network Conference
- BMW Tier One Supplier Diversity Matchmaker Conference
- JE Dunn Construction Minority Contractor's Business Development Class Graduation
- National Association of Minority & Women Owned Law Firms Outreach Session
- United Minority Contractors of North Carolina Annual Conference
- Hispanic Contractors Association Trade Fair
- Pride Magazine Small Business Week
- Sonoco Reverse Tradeshow
- Triad Coalition MWBE Outreach
- Carolinas Healthcare Symposium

In addition, the MWSE Office shared best practices with:

- New Orleans School District
- City of Greensboro
- St. Paul Minnesota School District
- Richland District One, SC
- Kansas City Public Schools

Utilization:

Goal: Provide MWSBEs equal opportunity to participate in the various procurement opportunities

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Procurement Services is ultimately responsible for all procurement related-activities. However, school and administrative departments have the authority to purchase certain commodities and contracted services. Procurement greater than \$90,000 are advertised in local newspapers, on the North Carolina Interactive Purchasing System, E-Procurement, or through direct contact (i.e. phone, fax, or email). In addition, the MWSBE Office maintains a database of MWSBEs and other firms that have expressed an interest in doing business with the school system.

All formal construction-related bid opportunities are advertised and emailed to the entire MWSBE construction database. In addition, the MWSBE Office sends out a listing of the general contractors bidding on each formal project, contact information for each general contractor bidding, and a listing of available subcontracting opportunities. Follow-up emails regarding pre-bid meeting dates and bid due dates are also sent. Over 14,000 notification emails were sent out for fiscal year 2012-2013. In addition, over 487 new firms were added to the MWSBE construction database. The database now consists of 1,183 firms:

MWSBE Database	ABE	BBE	HBE	NBE	WBE	SBE	Non-MWSBE
1,183	11	192	58	6	170	31	715

Definitions:

ABE: Asian-Owned Business Enterprise

HBE: Hispanic-Owned Business Enterprise

WBE: Women-Owned Business Enterprise

BBE: Black-Owned Business Enterprise

NBE: Native American-Owned Business Enterprise

SBE: Small Business Enterprise

In addition, bid notifications are sent to the following community partners for database distribution:

Association of General Contractors

City of Charlotte

Metrolina Minority Contractors Association

University of North Carolina at Charlotte

Charlotte Housing Authority

Hispanic Contractors Association

United Minority Contractors of NC

Monitoring and Reporting:

Goal: Provide clear, concise and accurate reports

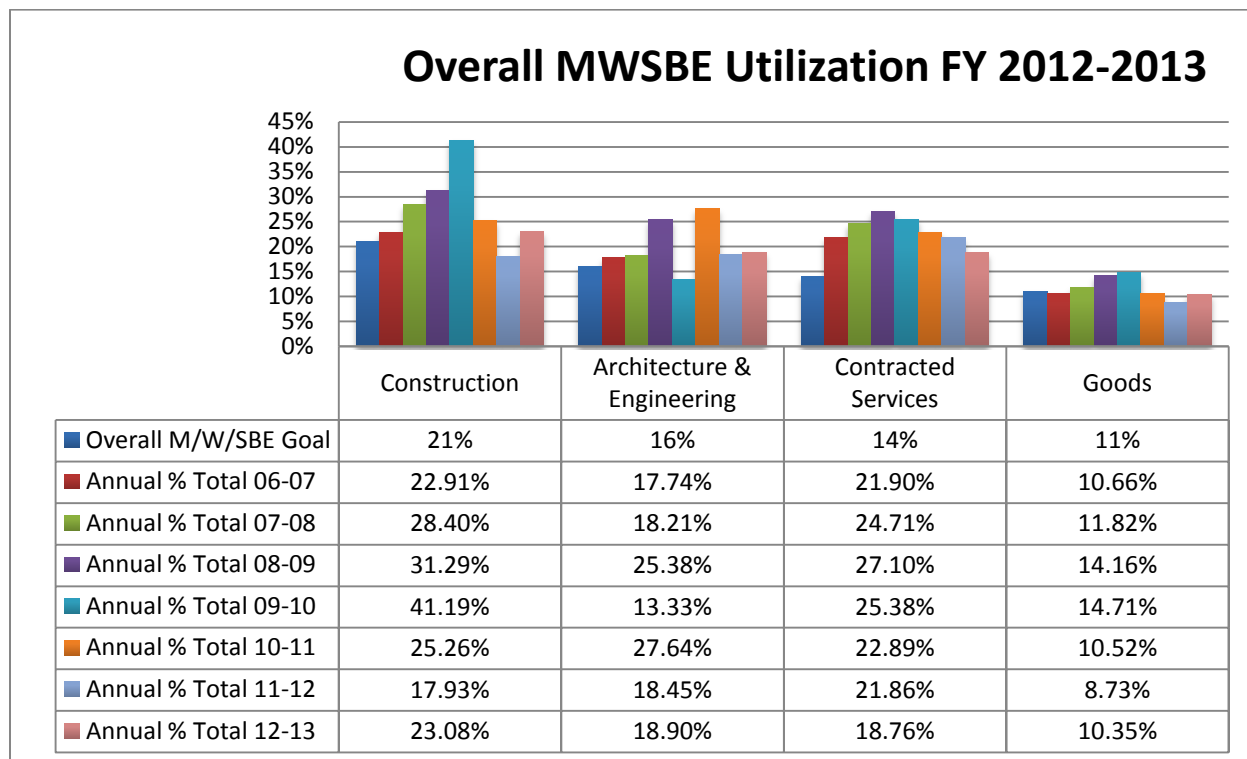
Overall, \$252.4 million eligible expenditures for fiscal year 2012-2013 were analyzed with \$39.2 million or 15.5 percent spent with MWSBE firms. Of the \$39.2 million, CMS spent 43 percent with non-minority females, 31 percent with minority firms and 26 percent with small businesses. Overall spend with minority businesses increased by \$4.7 million and women-owned firms by \$7.7 million primarily due to construction-related projects.

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The following chart summarizes utilization in Construction, Architecture/Engineering, Contracted Services, and Goods:



CMS exceeded the overall MWSBE aspirational goals set for Construction, Architecture & Engineering and Contracted Services. The increase is primarily due to extensive use of MBE firms in Construction, Architecture & Engineering and Contracted Services.

VI. Challenges

The MWSBSE Office has worked very closely with departments and others regarding the various opportunities within the school system. MWSBEs continue to express interest in doing business with the school system resulting in an increase in utilization. The school system has experienced great success in most areas; however, the following challenges have been identified:

- Increase in the number of private sector contractors competing for formal/informal public contracts
- Availability of MWSBE contractors to bid as a prime or first tier contractor
- Limited availability of MWSBE subcontractors in the various construction trade divisions
- Collaborative opportunities

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VII. Major Initiatives:

In an ongoing effort to provide contractors with the necessary technical skills, the MWSBE Office participated in Phase II of the Charlotte Minority Economic Development Initiative (CMEDI) sponsored by the Charlotte Chamber of Commerce and the Carolinas Minority Supplier Development Council. CMEDI is a business accelerator designed to create a competitive advantage for the Charlotte region by intentionally equipping corporate supplier development excellence.

Nineteen minority firms gained exposure to corporations in addition to professional and technical support focused on building capacity for increased growth and expansion. Capacity building sessions included: Strategic Planning, Market Research, Taxes and Tax Planning, Business Development, Joint Ventures, Mergers and Acquisitions, Strategic Alliances, Cloud Computing, Marketing, Public Relations, and Human Resources.

The 12 participating corporations improved and fast tracked their supplier diversity programs through benchmarking and best practices sharing resulting in increased understanding of the business case for minority business development. Best practice topics included: Goal Setting, Strategic Sourcing, Monitoring and Reporting, Second Tier Programs, and Internal/External Communications.

The CMEDI Cumulative Phase II Performance Summary (January - June 2013):

Referrals & Introductions	19
Total Request for Proposals/Request for Quotes	23
Opportunities Converted with Corporations	36
Opportunities Converted with MBE to MBE	9
Value of Awarded Contracts	\$15.2 million
Economic Impact: Jobs Added	140

Note: Value of CMEDI contracts awarded by Charlotte-Mecklenburg Schools - \$7.5 million

VIII. Next Steps:

To further expand utilization for minority, women and small business enterprises, the MWSBE Office will:

- Continue to participate in Phase II of the Charlotte Minority Economic Development Initiative
- Complete merger of Carolinas and Virginia Minority Supplier Development Council
- Implement new Charlotte-Mecklenburg Schools Paper Contract Review Process
- Continue to review procurement plans and meet with key stakeholders regarding utilization of MWSBEs
- Continue to expand debriefing process for unsuccessful suppliers/contractors to improve competitiveness
- Continue to participate in Carolinas Minority Supplier Development Council MBE Industry groups