Asheville Business Inclusion (ABI) Program Update & Next Steps

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Discussion Outline

- Recent Changes to HUB in NC and Asheville's Approach
- Peer Cities and Small Business Enterprise (SBE) Considerations
- 2023 Disparity Study findings and SBE recommendations
- Small Business Enterprise Program Development for Asheville
- Building on the Small Business Ecosystem/Entrepreneurial Support Infrastructure in Asheville and WNC
- Next Steps and SBE Program Initiative Timeline

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Recent Changes to HUB in NC and Asheville's Approach

- Recent state-level legislation repealed North Carolina's Historically Underutilized Business (HUB) provisions, dissolved the HUB office, and ended the state's HUB certification program.

- These legislative changes create operational and legal uncertainty surrounding the City's current Asheville Business Inclusion (ABI) policies.
    - In response, the City intends to pause race- and gender-conscious goal-setting in order to minimize legal risk while allowing critical procurement to continue uninterrupted.

- This pause also provides the necessary runway to develop a policy proposal for a Small Business Enterprise (SBE) framework– a framework that was included in the recommendations of the City's 2023 Disparity Study.

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Peer Cities and SBE Considerations

Municipality	Previous Action / Program	New Race- & Gender-Neutral Strategy
City of Charlotte	Discontinued race/gender goals under Charlotte Business INClusion (CBI).	Transitioned to SBE certification and race-neutral goals based on business size, personal net worth caps ($750,000), local CSA presence, and commercially useful function requirements.
City of Greensboro	Discontinued race-conscious MWBE goal setting.	Leverages the Office of Business Opportunity to operate a sheltered SBE market where small firms compete directly against peer small businesses.
City of Raleigh	Ceased MWBE subcontracting goals on municipal projects.	Channeled resources into the Business Engagement and Opportunities Program (BEOP), focusing on technical assistance, workshops, and lowering barriers to entry.
City of Durham	Stopped race- and gender-conscious participation goals.	Pivoted procurement strategies toward small, local, and emerging business frameworks while expanding capacity-building initiatives.

2023 Disparity Study SBE Findings/Recommendations

- According to the 2023 Disparity Study, establishing a highly structured SBE program will build the capacity of local and micro businesses.
  - Over 92% of local minority- and women-owned businesses operate with under 20 employees and $500,000 in annual revenue—meaning the vast majority of target vendors will remain fully eligible under an SBE framework.

- To build this program, staff will explore programmatic opportunities, such as:
  - Establishing a local SBE Certification program
  - Exploring the legal opportunities and constraints of a “Sheltered Market” program, targeting local Asheville businesses
  - Exploring the expansion of our City of Asheville MSA (Metropolitan Statistical Area) for industry-specific procurement and contracting to increase local access to opportunities.

Small Business Enterprise Program Development for Asheville

- **Program Development:** The pause allows for the ABI manager to research program requirements and best practices and integrate these changes with relevant information and recommendations from the 2023 Disparity Study. Related work to include:
    - Gain a deeper understanding of legislative impacts and clarify the legal framework. This includes the active monitoring and evaluation of the landscape from our Legal Team along engagement with the NC School of Government.
    - Develop program objective considerations, such as program effectiveness, utilization rates, program reach, and program costs.
    - Develop budget options, including an approach to achieve cost savings and program support through reallocation of future disparity study costs.
    - Creating a triaged approach to update policies, procedures, and workflows to accommodate a Small Business Enterprise program.

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Building on the Small Business Ecosystem/Entrepreneurial Support Infrastructure in Asheville and WNC

- Small Business Development and Technology Center (SBTDC)
- Western Women's Business Center, SCORE
- North Carolina Department of Administration(NCDOA- houses the Small Business Enterprise Program in the Division of Purchasing and Contracting
- Prosperity by Design(NC MWBE Coordinators Network)
- Asheville Chamber of Commerce
- Local Colleges/Universities: UNC Asheville, A/B Tech Small Business
- Center for Entrepreneurial Leadership at Mars Hill University
- SBA (Bonding Support for Construction, Professional Services)
- SBE Funding:Dogwood Trust, Mountain BizWorks, MCCF, Institute Capital

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Next Steps and SBE Initiative Timeline

- Asheville will temporarily pause race- and gender-conscious MWBE goal-setting through December 31, 2026, as we evaluate legal considerations and develop a policy proposal to transition to a size- and income-based SBE model.

- Timeline and Next Steps:
  - Staff will develop a robust policy proposal to build a Small Business Enterprise (SBE) program for City Council's consideration that promotes small business resiliency, equips businesses to successfully compete in the marketplace, and provides match-making opportunities within the City's procurement of goods and services.
  - January 2027 Manager's Report: Staff will return to Council at the conclusion of the pause to present final policy recommendations and a long-term roadmap.

Questions?

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