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"Rebuilding Urban America Through Economic Inclusion – Making Money While the Sun Shines"

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While the signature skylines of many of our nation's cities are closely identified with the distinctive architecture and towering edifices of corporate offices and headquarters, the true indicia of the health of an American city's economy cannot be found in a mere head count of how many gargantuan Fortune 500 company headquarters are located there. Rather, the prospects for healthy economic growth can best be measured by a critical assessment of the strengths and weaknesses of the small business communities that populate cities like Baltimore. It is within these urban crucibles where the twin elements of ingenuity and entrepreneurship have historically been forged to fuel the formation of vibrant small business communities. Often, these small business communities have boldly pioneered emerging high-growth industries in the face of enormous risks and uncertainty.

In full recognition of the pivotal role that small and minority / women businesses play in the economic health and vitality of this City, in July 2012, Mayor Stephanie Rawlings-Blake established the Mayor's Advisory Council on Minority and Women-Owned Business Enterprises. In doing so, the Mayor gave this body a clear directive to make bold innovative recommendations in reforming the current approaches for assisting small, minority, and women-owned businesses. Despite the fact that the City of Baltimore has managed to maintain one of the nation's strongest minority business subcontracting goals programs for over thirty years in the face of ever-increasing judicial hostility to affirmative action in public contracting, several sad truths have emerged. According to the Greater Baltimore Committee's ground-breaking report, "Bridging the Gap: An Analysis of Baltimore's Minority and Women-Owned Business Communities":

- Relative to the minority and women owned business communities in other major U.S. metropolitan areas, the minority and female-owned business community in Baltimore is smaller at both the macro and micro levels.
- Both categories of business are under-represented in the marketplace relative to Baltimore's overall population demographics.
- Moreover, the average minority and women-owned business in Baltimore is smaller than its average counterpart in most other leading metropolitan areas.

The findings of this study reveal that enormous gaps exist between current measures of M/WBE availability and the number and relative size of minority / women-owned firms that you would expect to exist in this region given the underlying demographics of the Baltimore area. These gaps are not without severe consequences for the economic health of the region as a whole. This under-representation of M/WBE firms results in a Baltimore area economy that is estimated by economist Dr. Anirban Basu to register $5 billion less in annual sales activity than it otherwise would. Not only is this deficit a detriment to the non-mainstream business community, but the analysis further suggests

that an adequately-sized M/WBE business community would allow mainstream businesses to increase their sales by roughly $1.8 billion/annum.[1]

As has also been observed in numerous cities and townships across the nation, despite many strongly positive economic indicators in the Greater Baltimore Region, Baltimore City's local economy is also characterized by a series of 'economic deserts' in many of its neighborhoods located beyond the boundaries of the traditional downtown and inner harbor areas where considerable public and private investment and successful economic development initiatives traditionally have been focused. These economic deserts are characterized by predominantly minority populations that are experiencing higher rates of unemployment and underemployment that are compounded by lower rates of business formation and wealth accumulation. Not surprisingly, these negative key economic indicia are accompanied by many of the social ills so frequently identified with inner city neighborhoods across America (e.g., drug addiction, higher crime rates, health disparities, and lower standardized test scores among public school student populations). Even as areas like Inner Harbor East, Canton, Federal Hill and Central Downtown successfully emerge from the deep recession, the troubling persistence of economic deserts in surrounding communities continues to be a drag upon the City's burgeoning renaissance, and cries out for new strategies and new solutions that can have a broader, more inclusive effect.

There is increasing evidence that economic impacts of this historical scourge of racial exclusion are not limited to our cities alone, but are increasingly affecting the economic strength of our nation as a whole, even as America's population becomes browner and browner over time. There is a growing consensus that a region's economic development is tied to the economic well-being of all the region's cities and neighborhoods. The significance of this phenomenon was highlighted in a World Economic Forum Report. Its annual survey of over 11,000 business leaders in 125 countries revealed a drop in the United States' standing from first place in 2005, to sixth place in 2006, in the economic Global Competitiveness Index. These trends continue to be accelerated by dramatic demographic changes in this country that have already established non-white populations for the first time ever are greater in number than white populations in California, Hawaii, Maryland, New Mexico, and Texas, and are projected to represent the "new majority" as a whole in the United States by 2050.[2] For the U.S. to remain a leader in the global economy, its metropolitan regions that house the greatest concentrations of non-white populations must find a way to strengthen and maintain their competiveness.

However, this may be easier said than done. Too many older metropolitan cities such as Baltimore are confronted with diminishing populations, reductions in per capita

[1] Moreover, the under-representation of M/WBE businesses leaves mainstream businesses with less dense supplier networks and the heightened need to locate suppliers outside this region. Anirban Basu, *"Bridging the Gap: An Analysis of Baltimore's Minority and Women-Owned Business Communities" (2004) at p. 6."*

[2] R. Clay, "*The Business of Color: Strengthening the Regional Economy;* Focus, Joint Center for Political and Economic Studies (March/April 2007) at p. 16.

wealth, expanding demands for improvements to aging infrastructure, and a shrinking tax base. The shrinking tax base is further exacerbated by tax rate structures that far exceed the norm for surrounding competing communities. These dynamics place many urban communities in a catch-22 conundrum in which if they raise taxes in an attempt to balance structural budget deficits, they will drive more residents away to surrounding jurisdictions where the tax rate is far less, thereby further shrinking the tax base and reducing tax revenues. Alternatively, if they reduce personnel and downgrade municipal services in order to balance the budget, the City infrastructure and rubric of its already frayed and tattered social safety net will fall into even greater disrepair, further diminishing the population and also further reducing tax revenues.

Cities appear to be taking one of two broad strategies in an effort to get out of this conundrum:

(1) Sell off land and other revenue producing assets in an effort to balance the budget today and survive until better economic times arrive in the future; or

(2) Hold the line or reduce taxes, and find a way to grow the local economy organically by investing in, and positioning, indigenous minority and women-owned businesses for mainstream participation in emerging high growth industries, and establishing a business-friendly climate to attract new businesses and residents alike to the urban marketplace.

We may well have already observed the end-game of the former strategy in the case of Detroit. Eventually, the city runs out of assets to sell and must file for bankruptcy. Baltimore has recently embarked upon the latter approach of trying to find ways to grow the local economy organically and in inclusive fashion, while also establishing a more favorable environment for long-term business growth.

Traditional Minority Business Enterprise Programs: Thirty Years in the Rearview Mirror

For over thirty years now, Baltimore has been a strong public policy leader in providing significant government contracting opportunities to minority and women-owned businesses through its M/WBE Program. Since the earliest Executive Order issued by Mayor William Donald Schaeffer in 1976, Baltimore has had an affirmative action program for contracting imposing non-discrimination and affirmative action requirements on contractors doing business with the City. In subsequent ordinances, the City has established annual subcontract participation goals ranging between 20 and 27 percent for MBEs and between 3 and 10 percent for WBEs. Despite numerous legal challenges, the City has managed to maintain a policy for over thirty years to promote greater utilization of M/WBE firms on City contracts.[3]

[3] *Associated Utility Contractors v. City of Baltimore*, (Civil No. AMD 98-4060), 83 F.Supp.2d 613 (D. Md., Feb. 16, 2000) and 218 F.Supp.2d 749 (D. Md., Sep.9, 2002) Plaintiff Associated Utility Contractors of Maryland ("AUC") filed a complaint challenging Baltimore City Ordinance 610 as enacted in 1990 which established an annual numerical set-aside goal for MBEs and WBEs applicable to a wide range of public

To date, there have been at least three disparity studies providing factual predicates for Baltimore's M/WBE programs. In each of these disparity studies, strong evidence of "substantial disparities" between relative availability and utilization of M/WBE firms has persisted.[4] Yet, even as many new firms have successfully gained a foothold in the marketplace as a result of this longstanding public policy initiative, few, if any, of these M/WBE firms have emerged to a level of market dominance or even mainstream competitive viability. Enhanced City subcontracting opportunities clearly have not been enough to eliminate identified disparities in the broader marketplace and to place minority-owned businesses firmly in the economic mainstream. As a result, the population segments from whence these firms have emerged continue to suffer to a significant extent under the stagnation that is endemic to the economic deserts embedded within the City.

Clearly, a more comprehensive and holistic approach is in order. While the City's public policies and administrative practices aimed at providing subcontract opportunities

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contracts, including construction subcontracts. The Ordinance was supported by a factual record of unlawful discrimination properly remediable through race- and gender- based affirmative action. While a facial challenge to the constitutionality of the City's MBE program was dismissed, partial Summary Judgment was granted on the grounds that the Ordinance was not narrowly tailored as applied. The City filed an appeal to the 4th Circuit Court of Appeals challenging the partial summary judgment and sought a stay of the Summary Judgment pending appeal. Although further discovery and proceedings were originally contemplated, Judge Davis decided on February 16, 2000, that no further proceedings were necessary or appropriate due to City's apparent inability to produce any pre-enactment evidence whatsoever to support the constitutional basis for its affirmative action program. Moreover, the City failed to offer any contemporaneous justification for the 1999 set-aside goals it had adopted pursuant to the Ordinance. Judge Davis rejected the City's argument that Summary Judgment should be stayed until its disparity study update was completed. Inasmuch as the injunction of the enforcement of the 1999 goals awarded complete relief to the plaintiff, and any effort to adjudicate the issue of whether the City will adopt revised set-aside goals on the authority of the Ordinance upon the conclusion of the disparity study would be speculative, Judge Davis dismissed the matter without prejudice. The City's Mayor subsequently issued an Executive Order setting an M/WBE goal of 35 percent. The City also adopted a new Ordinance based upon its recently completed disparity study. AUC then challenged the new ordinance and executive order. The federal district court denied the City's motion to dismiss and granted AUC's standing to file suit. This second lawsuit was subsequently settled by the parties.

[4] Numerous municipalities have been less successful than Baltimore in maintaining traditional race-conscious MBE programs in the face of such a legal onslaught. See, e.g., Washington, DC -- *O'Donnell Construction Co. v. District of Columbia*, 762 F. Supp. 354 (D.D.C. 1991), *rev'd*, 295 U.S. App. D.C. 317, 963 F.2d 420 (D.C. App. 1992), *on remand*, 963 F. Supp. 420 (D.D.C., Dec. 22, 1992); and Philadelphia, PA -- *Contractors Association of Eastern Pennsylvania, Inc. v. City of Philadelphia*, 735 F. Supp. 1274 (E.D. Pa., April 5, 1990), 945 F.2d 1260 (3rd Cir. 1991), 6 F.3d 990 (3d Cir. 1993), 893 F. Supp. 419 *on remand* (E.D. Pa., Jan. 11, 1995), 91 F.3d 586 (3rd Cir., 1996), *cert. denied* 519 U.S. 1113 (1997). Moreover, when other cities have been successful in defending such programs from legal challenge, it has often been at considerable effort and expense. See, e.g., *Concrete Works of Colorado, Inc. v. City and County of Denver*, 823 F. Supp. 821 (D. Co., Feb. 26, 1993), 36 F.3d 1513 (10th Cir., Sep. 23, 1994), *cert. denied* 514 U.S. 1004 (1995), *on remand* 86 F. Supp.2d 1042 (D. Co., Mar. 7, 2000), *rev'd* 321 F.3d 950 (10th Cir., Feb. 10, 2003) *cert. denied* 540 U.S. 1027 (2003). Denver spent an estimated $2.5 million dollars in producing a 10,000 page trial record in support of its MBE program, and in defending numerous appeals over the course of nine years of litigation.

as a point of entry for underutilized small and minority businesses are certainly a part of the solution, the Mayor's Advisory Council also recognized that there was also room for considerable improvements to those policies and practices. Moreover, the Mayor's Advisory Council was also compelled to acknowledge the inherent limitations of these kinds of subcontracting goal-oriented efforts. Guided by a broader understanding of history and the City's economic framework, the Mayor's Advisory Council for Minority and Women Business Enterprises set forth a new set of recommended strategies aimed at transforming the foundation of Baltimore's local economy to be organically inclusive of those communities and people of color that have previously been relegated to being spectators along the shores of the economic mainstream.

Irrigating the Desert

Our nation's economic history is rich with examples of public policy and government action facilitating the spirit of entrepreneurship and directly contributing to the success of capitalism. At critical junctures throughout the industrialization of America, the federal government has proactively re-directed the flow of commerce and, in effect, has launched the birth of countless new giants of American industry. From the issuance of federal land grants that were essential to spurring the growth of railroads and to breathing life into the telegraph and telephone industries,[5] from the granting of licenses and broadcasting frequencies to radio and television companies, and from the construction of the federal highway system[6], to the creation of the aviation and aerospace programs, the government has been a willing partner in forging a path for new industries. For example, the adoption of "air mail" as the primary mode of transportation for the U.S. Postal Service, coupled with USPS's subsequent assignment of airmail transport contracts to a number of fledgling airlines, placed many of them on a sustainable path that ultimately led to a burgeoning private passenger airline industry.[7] More recently, with the building of the global infrastructure for the internet by the Defense Advanced Research Projects Agency (DARPA), the federal government has been instrumental in establishing a fertile environment for the launching of an enormous global information technology industry.[8] In each of these instances, government has often directly accelerated the growth and success of well-recognized corporate giants.

Locally, as early as 1918, the then newly formed Washington Suburban Sanitary Commission (WSSC) established a "day labor" program in order to develop private pipe contractors that could become proficient in new construction methods required for installing new iron pipes to replace the rotting wooden pipes that encircled the District of

[5] Federal land grants were essential to the growth of companies such as B&O Railroad, American Telegraph & Telephone (AT&T).

[6] The American automobile industry owes much of its early success to the federal government's willingness to invest in the construction of an elaborate national network of highways.

[7] Well-known airlines such as United Airlines first grew in profitability by transporting large quantities of U.S. Mail on behalf of the U.S. Postal Service long before they became successful passenger airlines.

[8] DARPA invested hundreds of millions of dollars in laying the groundwork for establishing internet protocols that are routinely used to this day by such internet giants as Amazon, Apple, Google, and Time Warner.

Columbia at that time. The WSSC invited local contractors to be trained at job sites (free of charge) through hands-on demonstrations of how to operate heavy equipment for digging trenches and laying the new ductile iron pipe. At the end of the demonstration training projects, the WSSC then donated its heavy construction equipment to the new pipe contractors so they could bid on future projects. With this valuable new government-donated construction equipment buttressing their balance sheets, many of those contractors went on to become some of most successful pipe contractors in the region for decades to come.

The most obvious downside from much of this historical government intervention and direct assistance to the private sector has been that so much of it occurred at a time in history when people of color were not allowed in the room as equal participants, and were presumed to be unqualified and unfit to compete in business. Is it a mere coincidence that the 'color' of Baltimore's own economic deserts today mirrors the segregated history of its past? Are the fruits of past patterns of investment and the societal effects of past economic exclusion limited to the generation in which they occurred? We think not. The reason we think not is because in all of the ensuing years, never once has there been a concentrated, purposeful effort to re-direct the flow of commerce to irrigate those deserts, to enrich the arid soil, and to establish a fertile environment or "eco-system" for business formation and growth to truly flourish within these communities. Without such intervention, the trade winds of the economic climate have been painfully slow to evolve. In all likelihood, a significant degree of the persistent racial economic inequalities that we continue to observe in our society today are most likely a lasting stain that Jim Crow's legacy of racial exclusion has left upon our economy.

Recommendations: A New Day, A Better Way

When Mayor Rawlings-Blake assembled many of the City's more successful small business owners and small business 'thought leaders' to serve on this Advisory Council, she challenged them to re-think the strategies and solutions of the past, and to develop bold new recommendations that address many of the fundamental structural impediments in the City's economic framework that have been thwarting the integration of small, minority, and women-owned firms into the mainstream of our regional economy.

The final report of the Advisory Council[9] established a transformational agenda for the Mayor and City government for re-building Baltimore's local economy through purposeful economic inclusion of all segments of its business population. This agenda as described below through a series of detailed recommendations that were organized under the following four broad categories:

[9] *"A New Day, A Better Way: Rebuilding A Stronger Baltimore Through Economic Inclusion,"* Mayor Stephanie Rawlings-Blake's Advisory Council on Minority and Women-Owned Business Enterprises (April 24, 2014)

Category I – A Wider Gateway to Prosperity: Public Policy and Administrative Reforms

These recommendations included amendments to existing M/WBE policies to make them more effective, adoption of innovative new policies and model procurement laws, and administrative reforms to reflect the best practices for enhancing mainstream access to public sector and private sector markets for small, minority, women, and local business firms. Among these recommended innovative solutions were a voluntary minority distributorship development program that would incentivize manufacturers that sell goods to the City to enhance their distribution networks by authorizing new competitive minority distributorships and dealerships on a non-discriminatory basis to represent and sell their products to public and private sector markets alike; improvements to prompt payment provisions to enhance cash flow for prime contractors, subcontractors, and vendors alike; and a powerful new race-neutral contracting tool to maximize the utilization of small, local business enterprises across all industries on City contracts.

Category II – Transforming the Culture: A Business-Friendly City Government

The Advisory Council determined that if Baltimore is ever to achieve the objective of becoming a mecca for entrepreneurship, and of attracting new businesses, whether they are small, large, minority, or women-owned, there will have to be fundamental changes in the culture of City government to become more business-friendly. Such changes are essential to providing a fertile environment for business creation and sustainable growth. Among the key recommendations in this category were: executive orders holding department heads accountable for developing action plans to promptly evaluate and resolve business constituent complaints and issues; administering an annual "customer satisfaction" survey to city vendors, including small, minority, and women business enterprises, asking them to identify procedural impediments and service breakdowns in the bureaucracy that make it more difficult to do business with City departments; and to also identify exceptional performance by City departments that is worthy of special recognition and reward for the manner in which business constituent complaints and issues have been resolved. In addition, these recommendations focused upon ways to: (a) use technology to establish efficient communications with prospective City vendors regarding upcoming contract opportunities; (b) establish transparency in reporting the status of prime contract and subcontract payments; and (c) establish a "one-stop shop" referral system for various available resources for small, minority, women, and local business enterprises.

Category III – Entering the Mainstream: M/WBE Capacity-Building Initiatives

These recommendations addressed a variety of long-standing impediments to M/WBE growth and competitive viability ranging from bonding initiatives to enhanced access to working capital, mentor-protégé programs, and prompt payment solutions. In addition, these recommendations urged support for innovative state legislation that would provide seller tax credits to facilitate more rapid growth in M/WBE capacity through M/WBE acquisition of ongoing business ventures.

Category IV – A New Day, A Better Way: Economic Development Initiatives to Rebuild Baltimore Through Economic Inclusion

This final category of recommendations represented the most forward-thinking, high-impact part of the Advisory Council's multi-pronged strategy. These recommendations were founded upon the firm belief that purposeful re-direction of the flow of commerce to include those segments of the business community that had previously been left out of the mainstream of the City's economic development opportunities was critical to the transformation of the economic deserts within the City. Through purposeful economic inclusion of M/WBE firms into the center of these emerging high-growth industries, they too will be positioned to become industrial giants of the next generation.

As engines of mainstream business formation, job creation, livable wages, and sustainable wealth generation and accumulation, such economic development initiatives hold the greatest promise for obliterating the economic deserts that have so long plagued and undermined the economic vitality of this region. There are five economic development pilot projects or initiatives that the Advisory Council urged the Mayor to aggressively pursue as ideal vehicles for enhancing the competitive viability of M/WBE firms, and for positioning them for mainstream participation in emerging high-growth industry segments for decades to come. They are, in order of priority:

(1) Green, Healthy, and Sustainable Homes Project;

(2) An Urban Solar Power Initiative (Pilot Project);

(3) Embracing Baltimore's Cultural Diversity As a Magnet for Tourism and Conventions;

(4) Technology Workforce / Entrepreneurship "Digit All Star Program;" and

(5) An Innovation Cluster Initiative

Through a combination of aggressive outreach, joint venture incentives, prequalification criteria that include inner city training and hiring commitments, and multi-prime selection methods similar to job order contracting models, each of these economic development initiatives can serve as excellent vehicles to position M/WBE firms firmly in the mainstream of emerging high growth segments of new technologies and new industries.

The Green, Healthy, and Sustainable Homes Project

With 5,000 "shovel-ready" home renovation / weatherization projects already identified and funded, this Project is primed to have immediate impact. But this time around, special recruitment efforts will be undertaken to ensure that M/WBE firms are included in weatherization training and certification programs so that they can be included on an approved contractor list for residents to hire for this work. Residents in

low and middle income neighborhoods will directly benefit from significantly reduced utility bills. In addition, certified M/WBE contractors will be collaborating with a number of workforce development organizations that will recruit and train residents (many from these very same communities) for careers in performing this work within many of the City's communities that are located in "economic deserts".

The Urban Solar Initiative (A Pilot Project)

This initiative will pave the way to transform Baltimore into the City that makes money while the sun shines. As potentially the most impactful of all five proposed economic development initiatives, the Mayor has already established a Task Force that is undertaking a feasibility study to recommend three or four Pilot Project Action Plans for the Mayor's administration to implement utilizing the best Public / Private Partnership Models for fully financing and promoting large-scale installation of Solar Photo-Voltaic (PV) Panel Arrays in private residential and commercial developments located in the City, and on City-owned buildings, facilities, and properties. Among the approaches to be examined by the Task Force are models wherein the proceeds from the sale of Municipal Revenue Bonds are used to finance 100% of the large-scale installation of rooftop and ground-mounted solar panel arrays in specially-zoned communities. The Metrics for Success for these Pilot Projects include the reduction of net monthly electric utility costs by a minimum of 50% for City residents and commercial tenants in these designated solar zones, and creation of a stream of positive cash flow for participating developers and pioneering new residents in the early stages of development.

Similarly, as the City has already identified suitable surface area on City-controlled sites and facilities that is capable of generating at least 50 MW of electric power per year, through municipal revenue bond financing of large-scale solar power panel arrays, and with negligible impact on the City's budget, the City can also establish a new, much needed, recurring revenue stream without raising taxes, and without adversely affecting the quality of life in the City. As with the previously-described Green, Healthy, and Sustainable Homes Project, special efforts will be made to include qualified M/WBE developers and solar panel installation firms in central roles in these urban solar initiative pilot projects, and establishing strong incentives for the use of existing workforce development organization trainees for these livable wage jobs averaging $40,000 per year.

Embracing Baltimore's Cultural Diversity as a Magnet for Tourism and Conventions

This recommendation calls upon the Mayor to establish a Task Force or Work Group to work in consultation with Visit Baltimore and the Baltimore Convention and Visitors Bureau to develop an Action Plan containing detailed strategic marketing recommendations for the Mayor on how best to expand the residual economic impact of such convention and tourism trade well beyond the traditional downtown core and into Baltimore's greatest treasure and best-kept secret -- the heart and soul of its historical and ethnically diverse neighborhoods.

Among issues to be considered and addressed by this Work Group in making strategic marketing recommendations to the Mayor are new approaches for the following:

(1) Enhanced coordination of existing modes of public transportation to transport large groups of conventioneers or tourists to and from culturally diverse points of interest located in the Baltimore region, but outside of the inner harbor / downtown corridor (e.g., Circulator buses, water taxis, light rail shuttle buses, hotel / restaurant shuttle buses, and private tour companies). Also consider cost-effective means of enhancing the overall transport experience (e.g., the addition of music / video content, live Charm City tour guide coordinators, interactive automated tour guides provided through smart phone apps);

(2) Establishing protocols for continual updating of listings of new diverse business establishments in Visit Baltimore marketing materials and web site at nominal cost. Enhanced coordination and/or marketing of tours, visits to culturally diverse points of interest, restaurants, retail establishments, and entertainment venues for various prospective conventions based upon convention demographics and the expressed interests of convention organizers;

(3) For the more adventurous tourists, establish a series of self-directed tours of culturally diverse points of interest designed for individual visitors that include such possible features as the use of QR code / smart phone – enabled scanning that provides the visitor with audio / video programming of historical narratives about various places of interest, suggested public transportation options with GPS-enabled prompts identifying points of departure, directions for transfers in mode of transportation; and

(4) Establish a "Charm City Multi-Cultural Channel" for broadcast online, by podcast, and on hotel TV info channels that provides a daily or weekly calendar for entertainment and cultural venue events and exhibitions taking place in and around the City (e.g., live music, comedy, dance, theater, museum exhibitions, and ethnic festivals).

Technology Workforce Development / Entrepreneurship "Digit All-Star Program"

Information technology is one of several market segments considered to be a primary potential engine for economic growth in the Baltimore region. However, to take full advantage of the growth opportunities presented by this dynamic high-growth market segment, Greater Baltimore's education and training providers must be able to nimbly adapt their curricula around the specific skill sets that those high-growth market employers require, and in doing so, must also provide the necessary educational bridges to address widely varying basic skill levels found among the City's student and under-employed older worker populations. In addition, to better position themselves in a globally competitive market, Baltimore's minority and women-owned information technology firms must forge new strategic alliances with the institutions engaged in such

workforce development to provide ongoing job placement opportunities, as well as long-term mentoring relationships with re-trained workers and information technology students. Such mentoring relationships will serve to better identify the brightest student / worker prospects for M/WBE tech firms, while simultaneously exposing those re-trained student- worker prospects to the value of entrepreneurship and business ownership through the eyes of experienced minority / women business executives. This recommendation calls for the Mayor to establish a Work Group or Task Force to convene interested stakeholders to formulate a comprehensive workforce development / job placement / mentoring program and implementation strategy that the Mayor can promote as part of the City's broader economic development initiatives, and as a means to firmly position M/WBE firms in the mainstream of future IT sector growth in Baltimore.

An Innovation Cluster Initiative

This recommendation calls for the Mayor to provide leadership in the formation of an Innovation Cluster that would represent a collaboration of regional entities in sharing ideas and resources to promote the commercialization of intellectual property (technology) within a specific field or discipline. Affirmative efforts will be undertaken by the City to ensure diversity among each category of participants within the Innovation Cluster. Participants in the Innovation Cluster would include inventors, academic researchers and institutions, investors, regional public sector economic development agencies, non-profit scientific research organizations, non-profit workforce development organizations, and for-profit corporations that have vested interests in particular kinds of technological innovations (as either producers or end users of the new product). The Innovation Cluster represents all elements of the food chain that are necessary to take innovative new product ideas through all the various stages of development, including, but not limited to, refinement of product conceptualization, business modeling, various stages of funding, production design, product manufacturing, and product distribution. The Innovation Cluster is designed to accelerate the commercialization process and the pairing of new technological innovations with the appropriate end user in the marketplace.

Each of these five special economic development initiatives and pilot projects will be used in a manner that jumpstarts Baltimore's local economy across all of its demographics. This economic inclusion strategy for rebuilding Baltimore City is also intended to address a number of the City's previously identified broader economic challenges and objectives including:

- Attracting new residential development of affordable energy-efficient housing.
- Attracting new tax-paying middle income residents to live in re-developed and previously blighted communities.
- Encouraging commercial enterprises to re-locate their offices, warehouses, and facilities to the City.
- Improving the quality of life by making City living more affordable and less costly for commercial tenants and residents alike.

- Accelerating the creation of livable wage jobs with sustained high-growth potential that will help to combat chronic high unemployment (and under-employment) particularly among African-American and other economically disadvantaged populations in the City.[10]
- Establishing new streams of revenue for the City without raising taxes, but by *improving* the quality of City life; by expanding the City tax base through attraction of new businesses and residents as a result of significant reductions in energy costs (i.e., 50%); and through the sale of surplus electric power that is generated from City-owned solar PV panel arrays.

The choice could not be clearer for many cities. Grow or perish. This time, more than at any other time in our nation's history, it is imperative that such growth include those segments of our population that have heretofore been left on the outside looking in. Rebuilding through economic inclusion may not only be the "right" thing to do. It may well be the only strategy with a viable shot at success.

[10] In its November 8, 2012, online newsletter, the U.S. Department of Energy reported that U.S. solar industry jobs continue to expand at a double-digit annual growth rate, demonstrating further that efforts to grow the solar market and make the solar industry more accessible to all Americans are working. According to DOE, the "solar industry continues to be an engine of job growth – creating jobs six times faster than the overall job market." The latest figures show a 13 percent growth in high-skilled solar jobs spanning installations, sales, marketing, manufacturing, and software development, bringing total direct jobs in this industry sector to 119,000. The Energy Dept. anticipates this robust growth pattern will continue. SunShot Vision Study projections estimate that by 2030, more than a quarter million highly-skilled solar workers will contribute to the U.S. economy.

Franklin M. Lee is a partner in the Baltimore-based law firm of Tydings & Rosenberg LLP. Prior to entering private practice in 2002, he served sixteen years as Chief Counsel for the Minority Business Enterprise Legal Defense & Education Fund, Inc. ("MBELDEF"), a national non-profit public interest law firm founded by Maryland Congressman Parren J. Mitchell to defend the class interests of the minority business community. As Chief Counsel of MBELDEF, Mr. Lee was directly involved in the preparation of pleadings and briefs in Supreme Court cases in opposition to constitutional challenges to minority business programs. These high profile court cases included J.A. Croson v. City of Richmond, Adarand Constructors, Inc. v. Pena, and Adarand Constructors, Inc. v. Mineta. More recently, his duties have included providing state and local governments with MBE program litigation defense, policy review, and policy development services to bring minority business programs into compliance with the law, and to implement innovative strategies for enhancing the growth trajectory and competitive viability of minority-owned businesses. Mr. Lee is a national authority on commercial nondiscrimination and MBE policies and has authored such legislation for several local governments including the Palm Beach County School District and the cities of Baltimore; San Diego; San Antonio; Columbia, SC; and Charlotte, NC. Most recently, his legislation was enacted by the State of Maryland making it the first state in the nation to adopt a commercial nondiscrimination policy. In addition, from 1980 through 1986, Mr. Lee served as a general antitrust litigation attorney for the Federal Trade Commission. He has also served on the Governor's Commission for MBE Reform and three other Maryland Legislative Task Forces on Centralized Bidder Registration, Lending Equity, and MBE Program and Investment Equity Capital. Mr. Lee holds an undergraduate degree from the University of Chicago and a Juris Doctorate from the University Of Maryland School Of Law.