


**OFFICE OF MANAGEMENT AND BUDGET**

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**MEMORANDUM**

November 16, 2020

**TO:** Board of County Commissioners

**FROM:** Norman Foster, Director *Norman Foster*  
Office of Management and Budget

**SUBJECT:** Fiscal Impact Statement Re: Proposed Ordinance Amending Sections 1-81.1 and 1-81.3 of the Broward County Code of Ordinances, Relating to County Business Enterprise Reserve Procurements Under the Broward County Business Opportunity Act of 2012

**Summary**

The proposal amends section 1-81.1 and 1-81.3 of the Broward County Code of Ordinances, relating to County Business Enterprise (CBE) Procurements under the Broward County Business Opportunity Act of 2012. Under the current ordinance, a contract may be reserved for CBEs when the Director of the Office of Economic and Small Business Development, after consultation with the Purchasing Director, determines that establishing such a reserve is appropriate to create opportunities for CBEs to gain experience as prime contractors. In the case that a CBE reserve has been established for a solicitation, the work is awarded to the CBE with the lowest responsive and responsible bid, or with the highest-ranked responsive and responsible proposal, provided the CBE has the capacity to perform the work.

Under this proposal, the CBE with the lowest responsive and responsible bid, or the highest-ranked responsive and responsible proposal, would be awarded the contract only if: (1) in the case that the bid or proposal amount is less than \$3 million, the bid or proposal does not exceed the lowest responsive and responsible bid, or the total amount of the highest-ranked responsive and responsible proposal, from a non-CBE by more than 10%; or (2) if the bid or proposal amount is more than \$3 million, the bid or proposal does not exceed to lowest responsive and responsible bid, or the total amount of the highest-ranked responsive and responsible proposal, from a non-CBE by more than 5%.

In addition, in the case of a competitive solicitation in which proposals are assigned point totals, a CBE with the highest-ranked responsive and responsible proposal would be awarded the contract only if the total points assigned to the CBE are no more than 20% less than the total points assigned to the highest-ranked responsive and responsible non-CBE.

**Fiscal Impact**

During 2019, 12 CBEs were awarded contracts through the CBE reserve process (see table below). All of the bids for these contracts were less than \$3 million, so under the proposed ordinance the CBE would only be awarded the contract if its bid more no more than 10% higher than the lowest responsive and responsible bid from a non-CBE.

Of the 12 contracts awarded through the CBE reserve process in 2019, one (denoted as "L") is an outlier, where the Non-CBE Bid is very much lower than the CBE Bid. Of those remaining 11 contracts, the CBE that was awarded the contract was the Lowest Bidder in two instances and the CBE was Within 10% of the lowest non-CBE bid in an additional three instances. In the remaining six instances, the CBE that was awarded the contract bid Greater Than 10% higher than the lowest non-CBE bid. The CBE bids for these contracts totaled \$8.4 million while the lowest non-CBE bids totaled \$7.0 million, a different of \$1.4 million or 16.7%. If the proposed ordinance had been in effect in 2019, these contracts would have been awarded to non-CBEs at a cost of \$1.4 million less to the County.

<b>Bid</b>	<b>Non-CBE Bid</b>	<b>Non-CBE Bid +10%</b>	<b>CBE Bid</b>
<b>CBE Lowest Bidder</b>			
A	\$ 868,703	\$ 955,573	\$ 643,001
B	\$ 2,556,910	\$ 2,812,601	\$ 1,246,410
<b>Subtotal</b>	<b>\$ 3,425,613</b>	<b>\$ 3,768,174</b>	<b>\$ 1,889,411</b>
<b>Within 10%</b>			
C	\$ 503,184	\$ 553,502	\$ 527,868
D	\$ 1,472,696	\$ 1,619,966	\$ 1,549,905
E	\$ 546,262	\$ 600,889	\$ 571,080
<b>Subtotal</b>	<b>\$ 2,522,142</b>	<b>\$ 2,774,357</b>	<b>\$ 2,648,853</b>
<b>CBE Greater Than 10%</b>			
F	\$ 467,263	\$ 513,989	\$ 528,598
G	\$ 1,815,000	\$ 1,996,500	\$ 2,196,610
H	\$ 1,590,000	\$ 1,749,000	\$ 1,949,250
I	\$ 1,062,390	\$ 1,168,629	\$ 1,308,035
J	\$ 75,593	\$ 83,152	\$ 174,790
K	\$ 2,001,180	\$ 2,201,298	\$ 2,268,987
<b>Subtotal</b>	<b>\$ 7,011,425</b>	<b>\$ 7,712,568</b>	<b>\$ 8,426,269</b>
L*	\$ 27,500	\$ 30,250	\$ 1,038,000

\*OESBD reports a partial bid by Non-CBE

NOTE: It should be noted that, when a CBE reserve has been established for a solicitation, bids by non-CBEs are not evaluated for responsiveness and responsibility. To the extent that the lowest non-CBE bidders in these solicitations may not have been responsive or responsible, the savings that could result from the proposed ordinance would be lower. Conversely, the proposed changes to the ordinance will encourage additional non-CBEs to submit bids for CBE reserve solicitations which could make the bidding process more competitive and possibly result in lower award amounts.

No comparable data exist to assess the impact of the proposed ordinance on competitive solicitations in which the proposals are assigned point totals.

NF:cm