

Item #5₍₅₎

**ADDITIONAL MATERIAL
2:00 P.M. PUBLIC HEARING
APRIL 8, 2014**

**SUBMITTED AT THE REQUEST OF
OFFICE OF MANAGEMENT AND
BUDGET**




OFFICE OF MANAGEMENT AND BUDGET

115 S. Andrews Avenue, Room 404 • Fort Lauderdale, Florida 33301 • 954-357-6345 • FAX 954-357-6364

MEMORANDUM

April 7, 2014

TO: Board of County Commissioners

FROM: Kayla Olsen, Director
Office of Management and Budget 

SUBJECT: Revised Fiscal Impact Statement Re: Proposed Ordinance Creating Section 1-52 of the Broward County Code of Ordinances, Relating to Workforce Investment

Summary

The revised proposed ordinance requires that entities seeking covered County contracts, as a matter of responsibility, indicate that it agrees to be bound to contractual obligations under the covered contract, if awarded to the bidder or proposer, requiring it to use good faith efforts to meet both the "First Source Referral Goal" and the "Qualifying New Hires Goal" as defined in the proposed ordinance. There are also various documentation and reporting requirements as well as potential penalties and incentives related to performance associated with the proposed ordinance.

Fiscal Impact

There are a variety of factors to consider in assessing the potential fiscal impact of this ordinance. If this ordinance had been in place for the last fiscal year it would have been applicable to 45 contracts valued at approximately \$290 million. The most clear cut fiscal impact is that there is a potential cost for additional compensation of up to a maximum of \$2,500 per contract related to exceeding the Qualifying New Hires Goal. Therefore, the maximum cost of this provision, assuming 45 covered contracts, would be \$112,500. Conversely, there are potential penalties that would be deducted from the contract of \$500 for each newly hired employee by which the contractor fails to meet the Qualifying New Hires Goal. The total maximum reduction in contracting costs to the County as a result of this provision is impossible to quantify at this time, as it depends upon the number of vacancies in each of the covered contracts and the vendors' compliance with the Qualifying New Hires Goal in each instance.

There also will be a cost to monitor and enforce the provisions of this complex ordinance for the county agencies that it impacts. It is likely that in some agencies with a high volume of contracts, additional project managers or contract administrators would be necessary based on the cumulative increase in workload. The exact number of positions is unknown at this time but the estimated cost per position would be approximately \$90,000.

The most difficult to estimate potential fiscal impact of the ordinance is a hypothetical one. It is possible that some contractors may not consider bidding on the covered contracts due to the requirements associated with this ordinance. A reduced number of bidders may inhibit competition and drive up prices.

KO: