



OFFICE OF MANAGEMENT AND BUDGET

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MEMORANDUM

April 12, 2019

TO: Board of County Commissioners

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

SUBJECT: Fiscal Impact Statement Re: Proposed Ordinance Pertaining to the Broward County Construction Apprentice Program

Summary

The proposed ordinance would require that 12% of labor hours on construction projects funded by County dollars be performed by apprentices. This requirement would only apply to construction projects costing \$2,000,000 or more that involve the process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvements of any kind to any real property owned or under the control of the County for which the County has entered into a construction contract with a contractor. If a contractor is unable to achieve or maintain the required percentage, the contractor must demonstrate and document the good faith efforts made to achieve or maintain the required percentage. The County would determine whether the contractor made all required good faith efforts by evaluating the contractor's submitted documents. Contractors that fail to comply with the proposed ordinance would be subject to debarment or suspension from consideration for the award of future contracts and termination of the contract.

When responding to solicitations for construction projects, bidders would be required to certify that they or their subcontractors participate in an apprentice program that is registered with the Florida Department of Education (DOE) or the U.S. Department of Labor (DOL), that the bidder or its subcontractors commit to participating in an apprenticeship program approved by the Florida DOE or the U.S. DOL, or that there are no registered apprenticeship programs for any type of work to be performed on the construction project, but the contractor or its subcontractors will use a person participating in a company-sponsored training program to perform that type of work on the construction project.

The proposed ordinance would not apply if it is prohibited by, or in conflict with, federal or state law or the terms of a federal or state grant applicable to the construction project or the Board of County Commissioners determines that applying the ordinance is not in the best interests of the County. The proposed ordinance

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would also not apply to subcontractors that are County business enterprises (CBEs) if the total compensation to be paid under the applicable subcontract is less than \$1,000,000, including labor and materials. Additionally, the County can reduce the percentage of labor hours on a construction project that must be performed by apprentices if any of the following apply: (a) the contractor has demonstrated that there is an insufficient number of apprentices available to meet the required percentage; (b) the County determines that there exists a disproportionately high ratio of material costs to labor hours, which makes infeasible the required percentage of apprentice participation; or (c) the County determines that the ratio of apprentice to worker required by Florida law does not make the required percentage feasible.

The proposed ordinance would require contractors to prepare and submit, on a quarterly basis, records identifying the name, address, trade classification, whether the worker is an apprentice, the labor hours of all workers used by the contractor and each subcontractor on the construction project, and the cumulative number of hours worked on the project to date by apprentices. Contractors would require that all subcontractors prepare and maintain similar information.

The proposed ordinance would require county staff to prepare an annual report including the dollar value of awards of construction projects, the number of apprentices hired for construction projects, the number of apprentices working on construction projects, the number of hours worked by apprentices on construction projects, and the total labor hours expended on construction projects.

Fiscal Impact

The proposed ordinance may increase County costs by increasing the cost of construction projects funded by County dollars and by increasing the monitoring and reporting duties of county staff. With regards to the cost of construction projects, the use of apprentices may increase the overall cost of projects if additional workers must be hired to supervise the apprentices. The amount by which construction costs could increase would vary by project size and type and cannot be estimated at this time. The ordinance would also impose additional reporting and training requirements on contractors including: (a) a quarterly report including the names, addresses, trade classification, apprentice status, and labor hours of all workers used by the contractor and each subcontractor; (b) documentation that the contractor has made a good faith effort to achieve or maintain the required percentage in the case that the contractor has been unable to achieve or maintain that percentage; and (c) operation of a company-sponsored training program if there are no apprenticeship programs registered with the Florida DOE or the U.S. DOL for any type of work to be performed on the construction project. These additional reporting and training requirements may increase the bids submitted to the County by contractors. However, due to the competitive nature of the bidding projects, these additional requirements may have a minimal effect on overall process costs.

The proposed ordinance would also impose additional monitoring and reporting duties on County staff. County staff would be required to review documents submitted by contractors who have been unable to achieve or maintain the required percentage to determine if the contractor has made a good faith effort to achieve or maintain that percentage. County staff would also be required to review the quarterly reports submitted by each contractor and subcontractor to determine compliance with the ordinance and to prepare an annual report. The proposed ordinance also allows the County to reduce the percentage of labor hours that must be performed by apprentices in certain circumstances. County staff would be required to review

projects to see if a lower percentage could apply. To the extent that these additional duties cannot be performed by existing staff, additional staff may need to be hired.

NF:ep