

Memorandum



Date: January 12, 2018

Agenda Item No. 2(B)1
April 10, 2018

To: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Report on the Local Preference Legislation, Local Business Outreach
Workgroup, and Response to Resolution No. R-1010-15 – Directive No. 152266

This report provides responses to questions posed by the Board regarding local preference, updates the Board on the status of the County's ongoing efforts to promote contracting opportunities with local businesses, and provides a partial response to Resolution No. R-1010-15, directing the County Mayor or County Mayor's designee to provide a written report identifying any County practices and/or procedures that may impede the creation of new local businesses and strategies that will address such impediments.

I. Local Preference Legislation

At the October 10, 2017 Government Operations Committee meeting, Commissioner Sosa requested clarification on the impact of recently adopted legislation that amended the County's local preference. Miami-Dade County has established a preference for businesses located within its geographical limits as reflected in the County Code and as further described by various resolutions adopted by the Board. A summary of legislation encouraging or otherwise pertaining to local business participation is outlined in the table below.

Local Business Legislation	Summary	Implementation
Section 2-8.5 of the Code	Establishes a preference for local businesses and locally headquartered businesses. Provides additional opportunities for local businesses to compete in County solicitations when applicable.	Applied to all County solicitations except where prohibited by funding source.
Ordinance 16-112	Amended 2-8.5 to require a local business to own or lease a local business location and to show that such location served as the place of employment for one employee.	Applied in accordance with the Ordinance, except as otherwise amended by Ordinance 17-48.
Ordinance 17-48	Amended 2-8.5 to increase the minimum number of employees from one to three a vendor must employ in a local business location to qualify for the local preference.	Applied in accordance with the Ordinance.
R-1011-15	Directs the Mayor to include local business address in any memorandum to Board recommending contract award.	Applied to all contract award recommendations to the Board.
R-1083-14	Amended Implementing Order 3-38 to require appointment of local competition advocate to ensure procurements do not place local businesses at a competitive disadvantage.	Appointed ISD Procurement Management Services Division Director as a local competition advocate.
R-422-15	Establishes preference for the purchase of goods produced or manufactured in Miami-Dade County, including agricultural products.	First applied to County's Fresh Produce Prequalification Pool, No. 6296-0/16.

R-146-17	Directs the Mayor to advertise Requests for Proposals and Requests for Qualifications on Miami-Dade TV.	Solicitation advertisements on MDTV began on June 16, 2017.
----------	---	---

Pursuant to Section 2-8.5 of the County Code, Local Preference is applied to all County solicitations except where prohibited by the funding source. The preference provides local businesses a second opportunity to compete during a solicitation process. In the case of an Invitation to Bid, if the low bidder is non-local, a local business is afforded the opportunity to enter into a Best and Final Offer if its initial bid is within 10 percent of the low bidder. In a Request for Proposals, which is evaluated based on best value, if the highest-ranked proposer is non-local, a local business is recommended for negotiations if it receives a score within five percent of the highest ranked proposer. This preference was previously afforded to eligible businesses located in Broward County. However, the County's reciprocity agreement with Broward County expired as of September 30, 2017 and is not in effect at this time.

Section 2-8.5 of the Code was recently amended by the Board. On October 4, 2016, the Board adopted Ordinance 16-112, which amended the definition of a local business to require a local business to own or lease a local business location and to show that such location served as the place of employment for one employee. Most recently, the Board adopted Ordinance 17-48 on July 6, 2017, which increased the minimum number of employees, from one to three, a vendor must employ in a local business location to qualify for the local preference.

While the Local Preference legislation does not guarantee an award to a local business, it does provide an additional opportunity for the local business to stay in the competition. In order to accomplish the Board's objective of increasing contracting opportunities with local businesses, the Administration continues to focus on increased outreach efforts to those specific industries where there is no local presence, the removal of impediments to local business participation and increased competition from local businesses through the use of prequalification pools.

II. Local Business Outreach Workgroup Update

This year, the Internal Services Department initiated a Local Business Outreach Workgroup to 1) identify impediments to local business participation in County contracts and 2) collaboratively develop and execute an aggressive communications plan to promote contracting opportunities to local businesses. The Workgroup included representatives from the Beacon Council, the Miami-Dade County School Board and the Greater Miami Chamber of Commerce, along with staff from the Internal Services and Communications Departments. A report was previously submitted to the Board on January 30, 2017 outlining the objectives of the Workgroup. An update to the Board of the Workgroup's efforts is below.

A survey was distributed by the Communications Department to approximately 20,000 businesses in an effort to obtain feedback and recommendations from the local business community. The County received 876 valid survey responses, a majority of which were from businesses not currently performing work on a County contract. Survey respondents were asked to identify barriers that discouraged their business from participation in County contracting opportunities. The top four barriers identified are summarized below:

- 1) the difficulty and length of time associated with the County's procurement processes;
- 2) financial barriers such as capacity, low contract values resulting from market competition, and bonding and insurance requirements;
- 3) perceived corruption; and
- 4) failure to receive contract awards after previous attempts to participate in competitions.

The responses also indicated a strong desire on behalf of survey respondents to have access to additional outreach events, online tutorials to assist with the County's electronic bidding systems and website, and training opportunities. Staff participated in 28 vendor outreach and training events since the beginning of Fiscal Year 2016-17 and will begin implementing these recommendations through a series of additional industry-specific workshops throughout the next fiscal year.

Additional surveying and direct outreach was conducted by participants in the Mayor's Executive Leadership Program, which recommended clarification on the use of commodity codes and enhancements to the County's web interface for vendor registration as additional opportunities to improve the procurement process and thus increase local vendor participation in bidding opportunities. The efforts to implement these recommendations are ongoing.

The Workgroup developed and is implementing a targeted communications plan in an effort to reach local businesses for increased participation in the County's open prequalification pools. Targeted industries include information technology, building maintenance and repair, educational materials, animal related goods and services, auto equipment and services, chemicals, food, professional services, and office supplies.

The communication plan may include focused content published in community periodicals, a marketing website created specifically to guide local businesses to County contracting opportunities, direct e-mail marketing, blogs, and an enhanced social media outreach strategy. In accordance with Resolution No. R-146-17, Request for Qualifications and Requests for Proposals are also advertised locally on Miami-Dade TV. The communication plan will be implemented in phases based on availability of funding and other resources.

Staff will reach out to your offices to join our efforts, including requesting your assistance with directing constituents to contracting opportunities available on our website and at events.

III. Local Business Creation

On November 3, 2015, the Board adopted Resolution No. R-1010-15, directing the County Mayor to identify any County practices or procedures that may impede the creation of new local business and to develop strategies that will address such impediments and encourage the growth of local business. While the creation of new businesses is primarily a function of the for-profit sector, various County departments encourage the opening of new businesses through programming and funding opportunities while also supporting the growth of existing business entities through contracting opportunities.

The impediments to the creation of new business in Miami-Dade County are similar to those impediments experienced by new businesses in general. Impediments typically include access to capital, financial literacy and planning, protection of intellectual property, employee retention, and high costs associated with the purchase of equipment, leases, insurance, legal and accounting services, marketing, and advertising. There may be additional costs associated with local, state, and federal regulatory requirements. However, such costs can only be determined on a case-by-case basis.

While impediments exist to new business creation, the County continues to identify cost-effective programs to support new business creation with available resources. For example, the Miami-Dade County Library System recently opened YOUmake Miami Coworking Centers in select County libraries to provide enterprising library users with a place to telecommute, conduct

business, and grow as entrepreneurs. These spaces provide freelancers, small business owners, and innovators a collaborative space in County libraries and may help defray some costs incurred by new businesses.

As another example, the Public Housing and Community Development Department supports new business development through its administration of the federal Community Development Block Grant (CDBG) program. Non-profit agencies providing free services to new businesses in the areas of microenterprise lending, technical assistance, and business incubation to low- and moderate-income communities are eligible for financial assistance through this program. The CDBG program provides funding to support the non-profit sector's efforts to eliminate impediments to new business creation in the County.

The Internal Services Department continues to support the growth of existing local businesses through the promotion of County contracting opportunities and participation in the Small Business Enterprise programs. These efforts will be enhanced with the implementation of the communications plan described above. Ongoing efforts will continue to identify additional initiatives to support local business creation and growth.

Pursuant to Ordinance No. 14-65, this report will be placed on the next available Board agenda.

Should you have any questions or require additional information, please do not hesitate to contact Tara C. Smith, Internal Services Department Director, at (305) 375-5893.

c: Abigail Price-Williams, County Attorney
 Geri Bonzon-Keenan, First Assistant County Attorney
 Office of the Mayor Senior Staff
 Tara C. Smith, Director, Internal Services Department
 Inson Kim, Director, Communications Department
 Christopher Agrippa, Director, Clerk of the Board Division
 Eugene Love, Agenda Coordinator
 Cathy Jackson, Interim Commission Auditor