

Memorandum



Date: July 8, 2022

To: Honorable Chairman Jose “Pepe” Diaz
and Members, Board of County Commissioners

From: Daniella Levine Cava *Daniella Levine Cava*
Mayor

Subject: Report Regarding Creation of a Mid-Level Small Business Enterprise Construction Services Program – Directive No. 220454

This report is in response to Resolution No. R-333-22, sponsored by Commissioner Danielle Cohen Higgins, and adopted by the Board of County Commissioners (Board) on April 5, 2022, directing the County Mayor or County Mayor’s designee to create a Mid-Level Small Business Enterprise – Construction Services (SBE-CON) program for firms that have graduated from the SBE-CON program within the last three years, and bring forth an ordinance to codify the program structure, components, and requirements within 60 days of the effective date of the resolution. The resolution further directed that graduated firms should be able to participate in the program for that period of time they continue to submit cumulative gross revenue and bonding capacity information to Small Business Development (SBD) after graduation from the SBE-CON program and that the program does not compete with the Miscellaneous Construction Contract (MCC) program.

Summary

This report outlines how the Mid-Level program will be established and implemented. To ensure the program was attainable, and would meet the requirements of the directive, data on firms that graduated during the period of 2019 to 2021 was analyzed and considered. Additionally, SBD sought the input of various stakeholders, including the advisory boards that provide oversight to the three Small Business Enterprise (SBE) programs. The report further details how the proposed Mid-level program objectives will be met, by considering size standards as part of the certification process as well as contracting participation levels.

Background

The objective of the SBE-CON Program is to assure that not less than 10 percent of the County's total annual expenditures for construction are expended with SBE-CON contractors. This is accomplished by reserving portions of contracts or entire contracts for participation by Small Business Enterprises. A firm's eligibility to participate in the SBE-CON program and the contracting participation level at which it will participate are determined based on the three-year average gross revenues of the firm and their associated businesses which cannot exceed:

- \$10,000,000 for Standard Industry Code (SIC) 15 - Building Construction, General Contractors and Operative Builders;
- \$6,000,000 for SIC 16 - Heavy Construction, other than Building Construction; or
- \$5,000,000 for SIC 17 - Specialty Trade Contractors.

The SBE-CON provides for contracting participation levels for its set-aside contracts. The current participation levels are:

- Level I—Three-year average gross revenues of \$0 to \$2,000,000
- Level II—Three-year average gross revenues from \$2,000,000.01 to \$5,000,000
- Level III—Three-year average gross revenues from \$5,000,000.01 to \$10,000,000

The participation levels were created to ensure smaller SBE-Con firms would receive work by not allowing higher level SBE-Con firms to bid on contracts set-aside for the lower-level firms.

Recommendations

From 2019 to 2021 a total of sixteen firms graduated from the SBE-CON program because the three-year average gross revenues exceeded the size standard for the Standard Industry Code (SIC) in which they were certified. To keep Mid-Level firms within the SBE-Con Program, the size standards for each SIC Code should be increased to allow firms that have graduated within the last three years to re-enter the program and extend the participation of those that are scheduled to graduate. New participation levels, Level III and Level IV, should be created to extend the participation of the Mid-Level firms in the SBE-CON program. If the proposed size standard existed for the firms that graduated in 2019, 2020 and 2021, those firms would have remained in the program. (See Attachment A).

The existing and proposed certification and contracting participation levels are as follows:

Size Standard	Current	Proposed
SIC 15 - Building Construction, General Contractors and Operative Builders	Up to \$10M	Up to \$15M
SIC 16 - Heavy Construction, other than Building Construction	Up to \$6M	Up to \$12M
SIC 17 - Specialty Trade Contractors	Up to \$5M	Up to \$8M

SIC-15 - Contracting Participation Levels / Average Gross Revenues	Current	Proposed
Level I	\$0 – 2,000,000	\$0 – 2,000,000
Level II	\$2,000,000.01 - \$5,000,000	\$2,000,000.01 - \$5,000,000
Level III	\$5,000,000.01 - \$10,000,000	\$5,000,000.01 - \$10,000,000
Level IV	Does not exist	\$10,000,000.01 - \$15,000,000.00
SIC-16 - Contracting Participation Levels / Average Gross Revenues	Current	Proposed
Level I	\$0 – 2,000,000.00	\$0 – 2,000,000.00
Level II	\$2,000,000.01 - \$5,000,000	\$2,000,000.01 - \$5,000,000.00
Level III	\$5,000,000.01 - \$6,000,000	\$5,000,000.01 - \$8,000,000.00
Level IV	Does not exist	\$8,000,000.01 - \$12,000,000.00
SIC-17 - Contracting Participation Levels / Average Gross Revenues	Current	Proposed
Level I	\$0 – 2,000,000.00	\$0 – 2,000,000.00
Level II	\$2,000,000.01 - \$5,000,000.00	\$2,000,000.01 - \$5,000,000.00
Level III	Does not exist	\$5,000,000.01 - \$8,000,000.00

It is recommended that the proposed increase of size standard and additional Level/Tier also be applied to both SBE- Architectural & Engineering and SBE-Goods & Services programs in a similar manner. Detailed recommended changes to SBE- Architectural & Engineering and SBE-Goods & Services, are described in Attachment B. SBD has presented this recommendation to the respective advisory boards for each of these programs to notify them of the size standards changes and contracting participation related to their industry. All the advisory boards were in agreement with adding the fourth tier.

Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners
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Pursuant to Ordinance No. 14-65, this report will be placed on the next available Board agenda. Should you require additional information, please contact Alex Muñoz, Director, Internal Services Department, at 305-375-5893.

Attachments

c: Geri Bonzon-Keenan, County Attorney
Gerald K. Sanchez, First Assistant County Attorney
Jess M. McCarty, Executive Assistant County Attorney
Office of the Mayor Senior Staff
Department Directors
Alex Muñoz, Director, Internal Services Department
Jennifer Moon, Chief, Office of Policy and Budgetary Affairs
Yinka Majekodunmi, Commission Auditor
Basia Pruna, Director, Clerk of the Board
Eugene Love, Agenda Coordinator

**Small Business Development
SBE-Construction Firms Graduated - 1/1/2019 - 12/31/2021**

SBE-Con Firms Graduated - 1/1/2021 -12/31/2021

Business Name	Certification Type	Certification Action	Certification Status	3 Years AVGR	Proposed Size	Comments
					Standards	
H.G. CONSTRUCTION, DEVELOPMENT AND INVESTMENT, INC.	SBE-Con	Recertification	Graduated	\$10,049,243	Yes	CGC - \$15,000,000
HOMESTEAD CONCRETE & DRAINAGE, INC.	SBE-Con	Renewal	Graduated	\$10,667,773	Yes	CGC - \$15,000,000
LEAD ENGINEERING CONTRACTORS, LLC	SBE-Con	Recertification	Graduated	\$20,237,458	No	CGC - \$15,000,000
Road Runner Striping Technologies Inc	SBE-Con	Renewal	Graduated	\$8,724,721	No	Specialty Contractor - \$8,000,000
ROGAR MANAGEMENT & CONSULTING OF FLORIDA LLC	SBE-Con	Renewal	Graduated	\$5,799,783	Yes	Specialty Contractor - \$8,000,000
SHEET METAL AND ROOFING TECHNOLOGY, INC.	SBE-Con	Recertification	Graduated	\$5,375,843	Yes	Specialty Contractor - \$8,000,000

SBE-Con Firms Graduated - 1/1/2020 -12/31/2020

Business Name	Certification Type	Certification Action	Certification Status	3 Years AVGR	Proposed Size	Comments
					Standards	
AUSTEN ELECTRIC, INC.	SBE-Con	Renewal	Graduated	\$5,394,099	Yes	Specialty Contractor - \$8,000,000
Brickell Group Construction, LLC	SBE-Con	Recertification	Graduated	\$17,592,829	No	CGC - \$15,000,000
GEORGE'S WELDING SERVICES, INC.	SBE-Con	Recertification	Graduated	\$14,534,396	Yes	CGC - \$15,000,000
GUARANTEED FENCE CORP.	SBE-Con	Recertification	Graduated	\$5,301,339	Yes	Specialty Contractor - \$8,000,000
LEGO Construction Company	SBE-Con	Renewal	Graduated	\$14,351,759	Yes	CGC - \$15,000,000
QUAMEC CORP	SBE-Con	Renewal	Graduated	\$6,344,669	Yes	Specialty Contractor - \$8,000,000

SBE-Con Firms Graduated - 1/1/2019 -12/31/2019

Business Name	Certification Type	Certification Action	Certification Status	3 Years AVGR	Proposed Mid-	Comments
					Level Increase	
PARAMOUNT CONSTRUCTION SPECIALISTS, INC.	SBE-Con	Renewal	Graduated	\$6,237,405	Yes	Specialty Contractor - \$8,000,000
R & D ELECTRIC, INC.	SBE-Con	Recertification	Graduated	\$5,112,814	Yes	Specialty Contractor - \$8,000,000
ROYAL FENCE AND EQUIPMENT CO.	SBE-Con	Recertification	Graduated	\$5,006,033	Yes	Specialty Contractor - \$8,000,000
STATEWIDE ELECTRIC & ENVIRONMENTAL SOLUTIONS, LLC	SBE-Con	Renewal	Graduated	\$7,089,820	Yes	Specialty Contractor - \$8,000,000

The purpose of the research is to ascertain whether firms that graduated from the Small Business Enterprise Construction (SBE-CON) program would have remained if the size standards increase had been in place. The above data was used to determine eligibility. A sample of twelve (16) firms was analyzed using data for 2019, 2021 and 2020 (see above table). The SBE-CON program applies a Contracting Participation Level (Level I, II, and III) as stated in Section. 10-33.02 of the Miami-Dade County Code. To qualify as an SBE-CON, a firm cannot exceed the \$10 M- General Building/NAICS236/SIC 15); \$6 M -Heavy NAICS 237/SIC 16; and \$5 M- Specialty NAICS 238/SIC 17. A comparison of the number of SBE-Con certified firms that have graduated during 2019, 2021 and 2020 (a total of twelve (16)) due to having exceeded the size standard indicated that, of the twelve (16) firms that graduated, thirteen (13) of those firms would have remained in the program had the increase of the size standards and additional contracting participation levels been in place.

Increase Size Stanards:

- \$10 M- General Building/NAICS236/SIC 15 - Increase to \$15,000,000.00
- \$6 M - Heavy Construction, other than Building Construction NACIS 237/SIC 16 - Increase to \$12,000,000
- \$5 M- Specialty NAICS 238/SIC 17 - increase to \$8,000,000.00

Increase Contracting Participation Levels:

- SIC15 - Building Construction, General Contractors and Operative Builders (Level IV - Three-year average gross revenues above \$10,000,000.00 but not exceeding \$15,000,000.00)
- SIC 16 - Heavy Construction, other than Building Construction ((Level IV - Three-year average gross revenues above \$6,000,000.00 but not exceeding \$12,000,000.00)
- SIC 17 – Specialty Trade Contractor (Level III -Three-years average gross revenues above \$5,000,000.00 but not exceeding \$8,000,000.00)

Small Business Enterprise Programs

ATTACHMENT B

Three (3) Year Gross Revenue - Does not Exceed the following Participation Levels

Programs	Current Participation Level	Proposed Mid-Level Participation
SBE- Construction- SIC 15 General Contractors	Level I - \$0.00- \$2,000,000.00 Level II - \$2,000,000.01 - \$5,000,000.00 Level III - \$5,000,000.01 - \$10,000,000.00.	Level I - \$0.00- \$2,000,000.00 Level II - \$2,000,000.01 - \$5,000,000.00 Level III - \$5,000,000.01 - \$10,000,000.00. Level IV - \$10,000,000.01 - \$15,000,000.00
SBE- Construction- SIC 16 General Engineering and Speciality Engineering	Level I - \$0.00- \$2,000,000.00 Level II - \$2,000,000.01 - \$5,000,000.00 Level III - \$5,000,000.01 - \$6,000,000.00.	Level I - \$0.00- \$2,000,000.00 Level II - \$2,000,000.01 - \$5,000,000.00 Level III - \$5,000,000.01 - \$8,000,000.00 Level IV - \$8,000,000.01 - \$12,000,000.00
SBE- Construction- SIC 17 Building Speciality Contractor (Electrical and HVAC, Painting, Roofing and Fencing, etc.)	Level I - \$0.00- \$2,000,000.00 Level II - \$2,000,000.01 - \$5,000,000.00	Level I - \$0.00- \$2,000,000.00 Level II - \$2,000,000.01 - \$5,000,000.00 Level III - \$5,000,000.01 - \$8,000,000.00
SBE- Goods & Services	Tier 1 - \$0 to \$750,000.00 Tier 2 - \$750,000.01 to \$2,000,000.00 Tier 3 - \$2,000,000.01 to \$5,000,000.00	Tier 1 - \$0 to \$750,000.00 Tier 2 - \$750,000.01 to \$2,000,000.00 Tier 3 - \$2,000,000.01 to \$5,000,000.00 Tier 4 - \$5,000,000.01 - \$8,000,000.00
SBE- Architectural & Engineering	Tier 1 CBE-A/Es in the case of architectural, landscape architectural, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$0 to \$500,000.00 Tier 2 CBE-A/Es in the case of architectural, landscape architectural, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$500,001 to \$2,000,000.00 Tier 3 CBE-A/Es in the case of architectural services - 3-year average annual gross revenues of \$2,000,000.01 to \$4,500,000.00. Tier 3 CBE-A/Es in the case of landscape architectural services, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$2,000,000.01 to \$6,000,000.00	Tier 1 CBE-A/Es in the case of architectural, landscape architectural, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$0 to \$500,000.00 Tier 2 CBE-A/Es in the case of architectural, landscape architectural, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$500,001 to \$2,000,000.00 Tier 3 CBE-A/Es in the case of architectural services - 3-year average annual gross revenues of \$2,000,000.01 to \$4,500,000.00. Tier 4 CBE-A/Es in the case of architectural services - 3-year average annual gross revenues of \$4,500,000.01 to \$6,500,000.00 Tier 3 CBE-A/Es in the case of landscape architectural services, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$2,000,000.01 to \$6,000,000.00 Tier 4 CBE-A/Es in the case of landscape architectural services, engineering, or surveying and mapping services - 3-year average annual gross revenues of \$6,000,000.01 to \$8,000,000.00