

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Budget Committee

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BILL: SPB 7146

INTRODUCER: For consideration by the Budget Committee

SUBJECT: Citizens Property Insurance Corporation

DATE: March 28, 2011

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Frederick	Meyer, C.		<b>Pre-meeting</b>
2.				
3.				
4.				
5.				
6.				

**I. Summary:**

This bill establishes standards for the competitive procurement of goods and services by the Citizens Property Insurance Corporation (Citizens) within the statutes.

This bill substantially amends section 838.014(6), Florida Statutes.

The bill creates section 627.3514, Florida Statutes.

The bill repeals section 627.351(6)(e) and (f), Florida Statutes.

**II. Present Situation:**

Citizens is a not-for-profit, tax-exempt government corporation whose public purpose is to provide insurance protection to Florida property owners whom are unable to find coverage in the voluntary admitted market. Citizens operates in accordance with the provisions in s. 627.351(6), F.S., and is governed by an eight member Board of Governors (board) that administers its Plan of Operations, which is reviewed and approved by the Financial Services Commission. The Governor, President of the Senate, Speaker of the House of Representatives, and Chief Financial Officer each appoints two members to the board. Citizens is subject to regulation by the Florida Office of Insurance Regulation.

Currently, Citizens operates pursuant to the purchasing requirements set forth in s. 627.351(6)(e), F.S., which requires:

Purchases that equal or exceed \$2,500, but are less than \$25,000, shall be made by receipt of written quotes, written record of telephone quotes, or informal bids, whenever practical. The procurement of goods or services valued at or over \$25,000 shall be subject to competitive solicitation, except in situations where the goods or services are provided by a sole source or are deemed an emergency purchase; the services are exempted from competitive solicitation requirements under s. 287.057(3)(f); or the procurement of services is subject to s. 627.3513. Justification for the sole-sourcing or emergency procurement must be documented. Contracts for goods or services valued at or over \$100,000 are subject to approval by the board.

In implementing these requirements, Citizens follows policies and procedures as approved by the board, which govern the implementation of the statute. These policies and procedures provide the following.

- Citizens' Purchasing and General Services Department is responsible for overseeing the procedures related to the purchase of goods and services.
- All management staff must ensure reasonable and prudent spending within their areas in accordance with fiscal sufficiency.
- Specific procedures for purchases made in amounts above and below \$25,000.
- Specific procedures to govern the evaluation and vendor selection process.
- An appeal process for award of a contract by the board.
- Purchases that are exempt from competitive solicitation.
- Requires that all qualified emergency purchases be approved by the President, in consultation with the Chairman or Vice Chairman of the board, prior to execution.
- Requires that all qualified sole source purchases be posted to the website for seven business days prior to execution.
- Requirements for disclosing conflicts of interest for employees, board members of the corporation, and vendors.
- Requirements for the recognition of Florida Small Business Enterprises, Minority Business Enterprises, and Florida Business Enterprises.

### **III. Effect of Proposed Changes:**

This bill creates a process within the statutes which establishes standards for the competitive procurement of goods and services by the Citizens Property Insurance Corporation. The bill includes the following provisions.

- Requires competitive solicitation of goods and services valued at or above \$35,000, except office space, which is subject to the public property and publicly owned building statutes.
- Requires that purchases of goods or services over \$10 million include a business case review before review and approval by the Citizens Board of Governors. (These projects are generally multi-year, enterprise, information technology projects.)
- Prohibits the division of goods or services to circumvent the provisions of the bill.

- Specifies under which circumstances a competitive solicitation shall use each of the following methods: Invitation to Bid (ITB); request for proposal (RFP); invitation to negotiate (ITN); or reverse auction. The bill outlines the criteria that must be used for evaluating ITBs, RFPs and ITNs.
- Requires that all contracts executed on or after January 1, 2012, be posted electronically on Citizens' website for public access.
- Requires that all qualified sole source purchases be posted to the website for ten business days prior to execution.
- Requires that Citizens' purchasing policy include procedures for protecting against any conflicts of interest by Citizens Board members, employees, and other expert consultants who are acting as evaluators in the purchasing process.
- Prohibits solicitation respondents from communicating with board members, employees, or any public official, officer, or employee of the executive or legislative branch concerning any aspect of the solicitation.
- Provides that Citizens shall strive to increase business with minority business enterprises and with Florida small business enterprises.
- Requires the board to annually review and adopt the purchasing policy of the corporation to ensure compliance with this section and to submit a copy of the policy to the Office of Insurance Regulation.
- Provides the Auditor General with access to any Citizens procurement documents and related material.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

**C. Government Sector Impact:**

Additional expenses will be incurred by Citizens to post all executed contracts on its website for public access beginning January 1, 2012. However, these costs can be absorbed within existing resources.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.