



Community Benefit Program

January 25, 2016

Community Benefit Program (CBP)

- ✓ **CBP – From the Beginning**
- ✓ **Codification**
- ✓ **Solicitations**
- ✓ **Lesson Learned**
- ✓ **Suggested Changes**



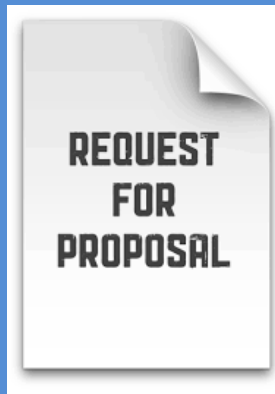
The Evolution of the Community Benefit Program



2010:
Foster Park
Community
center



2013
Codification



2013:
Solicitations/
RFP



2015:
Review of
CBP/Case
Study



2016:
Suggested
Changes

Foster Park Community Center - 2010



Project Cost: \$1.74 Million

Community Benefit Program Pilot Project

- **RFP - Up to 15 Point**
- **LBE & SBE**
- **26 Direct Jobs Created (14 Direct Hallandale Beach)**
- **1 Permanent Placement with the City at the new Center**

CODIFICATION

- Defines Community Benefit
- Establishes Local Vendor Qualification

Community benefit plan means a plan that may be required for capital construction projects if it meets the feasibility threshold as established by policy. **When a solicitation requires it proposers must demonstrate and provide a proposed community benefit plan which has identifiable and observable community benefits for the community surrounding the project and the city.** The benefits should include the **approach for ensuring that both prime and subcontractors utilize local residents in every phase of the project** of the city, community outreach, mentoring, training, apprenticeships, or any other types of identifiable ancillary benefits for the community. The city manager may only waive this requirement if the highly technical nature of the work makes the community benefit component unfeasible.

POLICY

Formal Solicitations

RFP/Bid/RFQ

RFP: CBP is required when solicitation is \$1 Million or greater:

100%-50%	= 25 points
49%-20%	= 20 points
19%-5%	= 15 points
4%-0%	= 0 points

RFP: CPB is bonus when solicitation is less than \$ 1 Million:

100%-50%	= 15 points
49%-20%	= 10 points
19%-5%	= 2.5 points
4%-0%	= 0 points

Invitation to Bid = 20% (Minimum Qualification)

A successful response must include a percentage commitment toward CBP benefits. The CBP commitment must be an overall percentage (%) of the contract value.

Lesson Learned

- Local Business Enterprise not Small Business Enterprise**
- Definition of Local Vendor**
- Monitoring of the CBP**
- Contractual Penalties**
- Participation Beyond the General Contractor/Developer**
- Economies of Scale**

Suggested Changes

- Definition of Local Vendor to include tiered percentage dollar value calculation
- Contractual Language Requirement for Contractor and all subcontractors and penalty provision
- Definition of Local Workforce
- Definition of Community Benefit Plan Calculation

In addition to the above, staff would like to direction on incentivizing a prevailing wage for City construction contracts and Development Agreements.

Definition of Local Vendor to Include Tiered Percentage Dollar Value Calculation

Code of Ordinance: in order to be considered local a subcontractor/vendor must fall into one of the three tier categories:

- Tier 1: Homestead Resident and Hallandale Beach Business Tax Receipt greater than 1 year
- Tier 2: Hallandale Beach Business Tax Receipt greater than 1 year
- Tier 3: Homestead Resident

Case Study: OB Johnson Park (Current Tiered Calculation)

	Tier 1	Tier 2	Tier 3	Non-Tier
General Condition (GC)		\$ 3,206,135.40		
General Contractor		\$ 535,521.80		
Electric				\$ 246,580.00
Earthwork				\$ 432,982.75
Demolition		\$ 1,853,224.45		
Landscape				\$ 311,761.86
Fencing				\$ 73,485.00
Low Voltage			\$ 321,300.84	\$ 343,699.16
Field House		\$ 278,971.00		
Paving				\$ 17,264.00
Striping				\$ 7,896.50
Concrete				\$ 233,112.50
Vertical Construction	\$ 60,000.00			\$ 4,839,238.00
CBP	\$ 400,000.00			
Total	\$ 460,000.00	\$ 5,873,852.65	\$ 321,300.84	\$ 6,506,019.77
Total all Tiers	\$ 13,161,173.26			
			Total CBP	\$ 6,655,153.49
			CBP %	50.57%

Tier 1: 3.54%
Tier 2: 44.63%
Tier 3: 2.4 %

(No difference
in the tiers =
weakens
intent of the
tiered system)

Case Study: OB Johnson Park (Proposed Tiered Calculation)

Tier 1: 100% dollar value
Tier 2: 75% dollar value
Tier 3: 50% dollar value

OB Johnson Park Project Local Vendor Participation

Non-Tiered CBP

Tiered CBP (100/75/50)

Tier 1 Tier 2 Tier 3 Non-Tier

\$ amt of % % allocation Tier

General Condition (GC)		\$ 3,206,135.40		
General Contractor		\$ 535,521.80		
Electric				\$ 246,580.00
Earthwork				\$ 432,982.75
Demolition		\$ 1,853,224.45		
Landscape				\$ 311,761.86
Fencing				\$ 73,485.00
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CBP	\$ 400,000.00			
Total	\$ 460,000.00	\$ 5,873,852.65	\$ 321,300.84	\$ 6,506,019.77

\$ 2,404,601.55	75%	Tier 2
\$ 401,641.35	75%	Tier 2
\$ -	0%	Non Local
\$ -	0%	Non Local
\$ 1,389,918.34	75%	Tier 2
\$ -	0%	Non Local
\$ -	0%	Non Local
\$ 160,650.42	50%	Tier 3 *Partial
\$ 139,485.50	75%	Tier 2
\$ -	0%	NonLocal
\$ -	0%	Non Local
\$ -	0%	Non Local
\$ 60,000.00	100%	Tier 1 *Partial
\$ 400,000.00	100%	Tier 1
\$ -	0%	

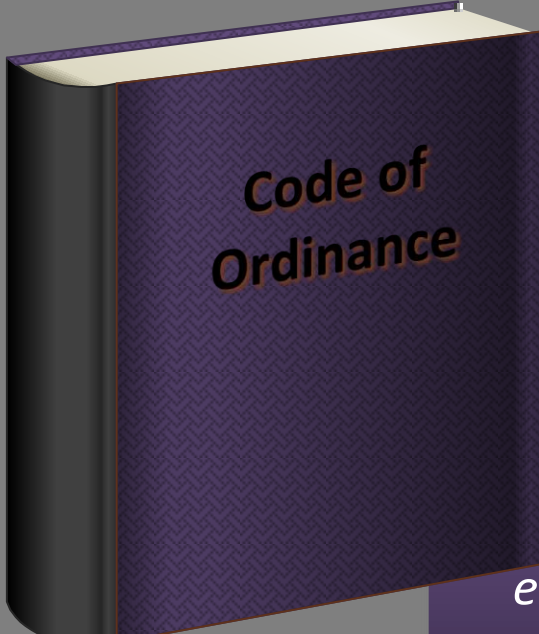
Total all Tiers \$ 13,161,173.26

\$ 4,956,297.16

Total CBP \$ 6,655,153.49
CBP % 50.57%

Total CBP Tiered \$ 4,956,297.16
CBP % of Contract 37.66%

Contractual Language Requirement for Contractor and all Subcontractors



Code of Ordinance

The benefits should include the approach for ensuring that both prime and subcontractors utilize local residents in every phase of the project of the city, community outreach, mentoring, training, apprenticeships, or any other types of identifiable ancillary benefits for the community.



Contractual Language Requirement for Contractor and all Subcontractors

Contractual Language:

[Insert Contractor name] requires that all subcontractors commit to supporting the City of Hallandale Beach Community Benefit Program. Subcontractors will be required to commit TBD% of their total contract value to hiring local Hallandale Beach vendors and residents. A list of local vendors and residents that your firm intends to hire MUST be submitted with your company's bid documents by completing Exhibit XX.

The following information MUST be included in Exhibit XX and submitted with the bid package:

- Local Vendors: company name, address, phone, contact, copy of business tax license, scope of work and value.*
- Local Residents: resident name, address, phone, copy of driver's license, scope of work, pay rate, projected hours assigned to project.*
- Acknowledgment: an authorized company official must sign and have notarized Exhibit XX to acknowledge that you understand and commit to the requirements of the described Community Benefit Plan.*

Penalties

City Contracts

Construction Contracts: Withhold percentage of retainage equivalent to the amount not fulfilled with CBP

Non-Construction: Breach of Contract

Developer Agreements

Prior to Issuance of Building Permit: CBP to be approved by City Manager

Prior to Issuance of Temporary Certificate of Occupancy (TCO): Developer required to pay amount equivalent to that not fulfilled with CBP.

- ❖ Waiver of Penalty – to City Manager with appeal to City Commission
- ❖ Failure to pay/seek approved waiver = no TCO issuance

Definition of Local Workforce

Local Workforce shall be defined as any worker that is directly working on the project, either during construction or in operations after construction, who resides within the City as a renter or homesteaded property owner.

Those classified as local workforce shall be provided with not only work directly on the project, but also provided the opportunity to generate a tangible sustainable impact after the project is complete. This may include, but not be limited to, participation in an apprentice program, mentorship program, training, long term employments beyond the term of the project, etc.

Definition of CBP Calculation

CBP Commitment = Overall Percentage of the project

Case Study Example: CBP Commitment

- **50% local Vendor/Subcontractor utilization**
- **33% local workforce utilization**

Therefore, when determining if the contractor met their 50% CBP, as committed in the RFP, percent calculation would be the financial sum of the components above

Prevailing Wage Incentive?

Prevailing Wage

The hourly wage, usual benefits and overtime, paid to the majority of workers, laborers, and mechanics within a particular area.
(Davis Bacon Act)

Living Wage

An amount of money paid for a job that is large enough to provide the basic things (such as food and shelter) needed to live an acceptable life.

It is important to note that although it is difficult to capture the fiscal impact of the prevailing wage requirement, studies have shown an increase in the costs of construction projects with such requirement.

Suggested Changes

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Questions

