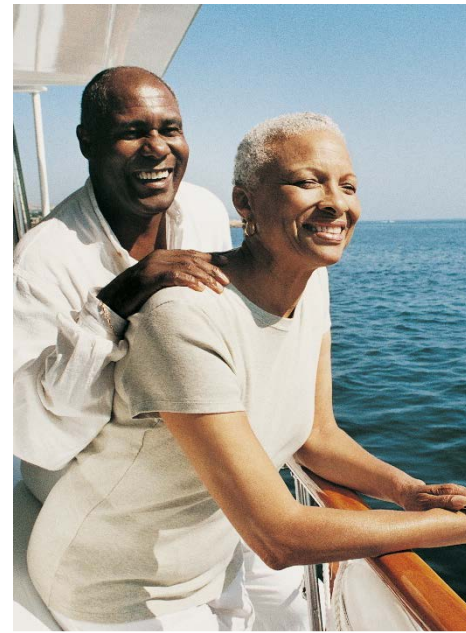




Hallandale Beach
PROGRESS. INNOVATION. OPPORTUNITY.

September 2017



COMMUNITY BENEFIT PROGRAM EVALUATION & RECOMMENDATIONS





COMMUNITY BENEFITS PROGRAM

Evaluation & Recommendations | August 2017

AGENDA

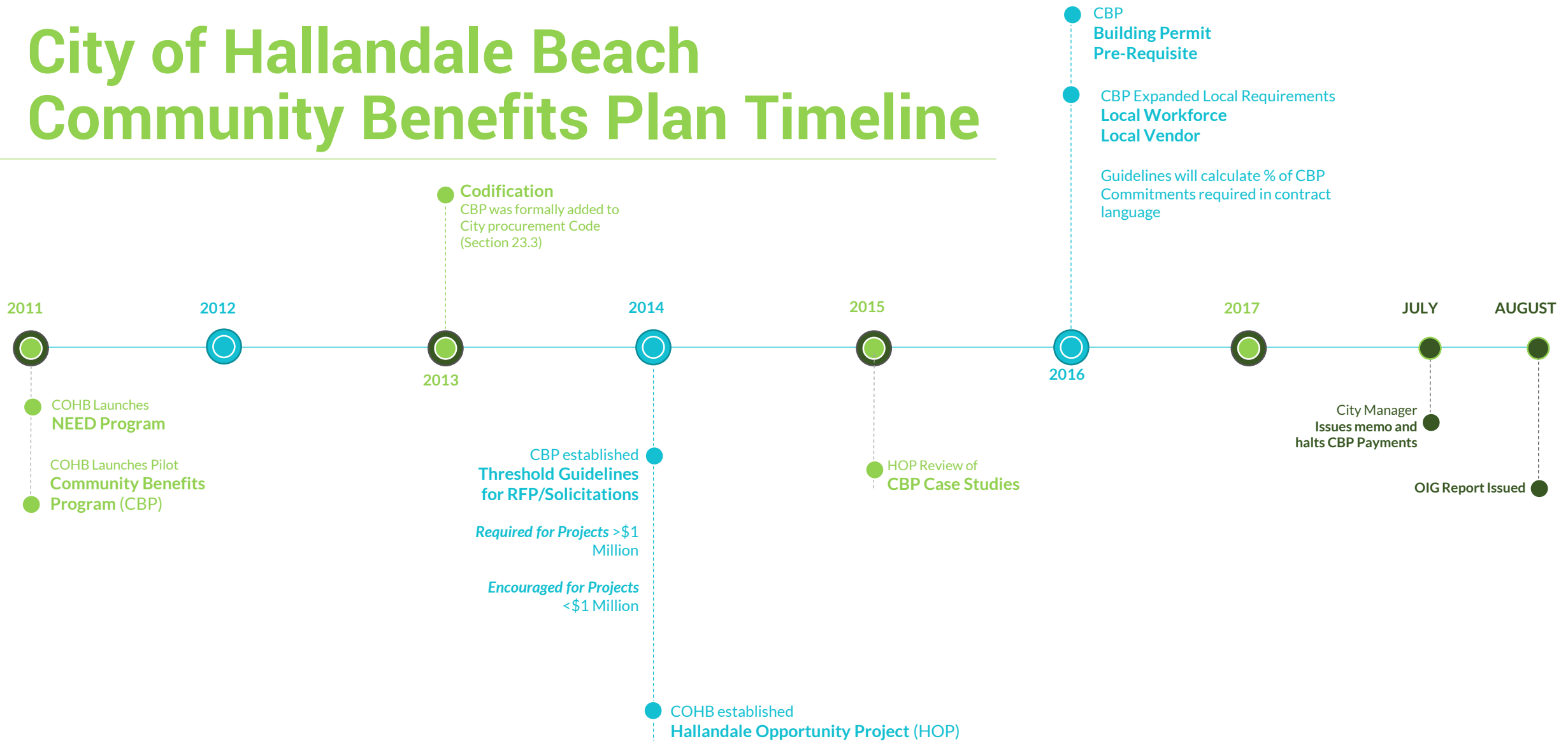
1. History of Hallandale Beach Community Benefits Plan
2. Evaluation & Findings of Existing Community Benefits Plan
3. Best Practices Study
4. Opportunities & Recommendations

01.

HISTORY OF HALLANDALE BEACH COMMUNITY BENEFITS PLAN



City of Hallandale Beach Community Benefits Plan Timeline



CBP History Highlights - 2011 Pilot with Foster Park

- 2011 - CBP Pilot program began with Foster Park Project
- Financial magnitude was good opportunity to measure effectiveness
- Clear potential but Lack of definition spurred creation of the “Community Benefits Plan” program



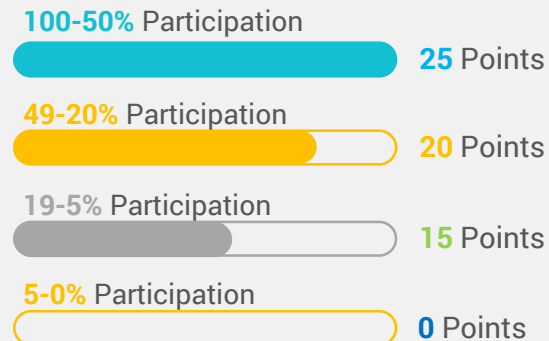
CBP History Highlights – 2013 & 2014 Codification

- **2013** – COHB Formally added CBP to City Procurement Code
- **2014** – Threshold for CBP requirements established for RFP/Solicitations

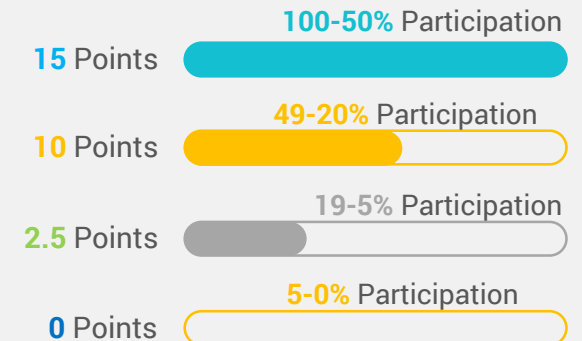
CBP Points Are Assessed As Follows:

Required for Projects >\$1 Million
Encouraged for Projects <\$1 Million

Solicitations **Greater** Than \$1 Million



Solicitations **Less** Than \$1 Million



CBP History Highlights - 2014 HOP Launch

- **August 2014** –HOP “Hallandale Opportunity Project” Launched
- **Purpose:** Provide Oversight and single point of contact for all CBP activities
- Job creation pipeline fed by COHB projects with established CBP’s
- Comprised of : (2) Full-time City staff and (2) Consultants
- Program **dually funded \$353,000** - HBCRA (**\$303,000**) and the COHB (**\$50,000**)

INHERENT CHALLENGE - *HOP Administrator inherited a flawed CBP Program that lacked enforceability, structure and guidelines making it difficult to monitor and enforce the CBP Program.*

CBP History Highlights - 2016 Expanded Local Requirements

- 2016 expanded local requirements and updated the definition of local workforce and local vendor.
- **LOCAL WORKFORCE DEFINED** “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...*”
- **LOCAL VENDOR DEFINED** based on a tiered percentage calculation below

TIER 1	<ul style="list-style-type: none">• HB Business Tax Receipt for 1 year• Business Address within City Limits• Homestead Exemption within HB for 1 year	TIER 2	<ul style="list-style-type: none">• HB Business Tax Receipt for 1 year• Business Address within City Limits	TIER 3	<ul style="list-style-type: none">• Homestead Exemption (owner/principal) within HB for 1 year• Non-HB Business Tax Receipt for 1 year
100% Dollar Value		75% Dollar Value		50% Dollar Value	

02.

EVALUATION & FINDINGS OF EXISTING COMMUNITY BENEFITS PLAN



Evaluation of Existing CBP

- Reviewed the city's existing program structure
- Evaluated 32 city projects that included CBP Programs

32

CBP Projects
Evaluated

11

Completed
Projects

10

Active
Projects

8

Projects
Pending
Construction

3

Projects w/
Voluntary CBP

Stakeholder Input

- Obtained input from stakeholders representing the city's residents and business communities, subject matter experts, impacted organizations and others.
- A facilitated stakeholder meeting was held on July 19, 2017.

DIVERSE STAKEHOLDER REPRESENTATION

- Broward County Government - *Office of Economic & Small Business Development*
- Broward County Office of *Vice Mayor Beam Furr*
- School Board of Broward County
- Office of Congresswoman Debbie Wasserman-Schultz
- City of Pompano Beach
- Broward College
- Career Source Broward
- Hallandale Beach High School Principal
- Urban League of Broward County
- Community Reinvestment Alliance of South Florida
- Health Foundation of South Florida
- Broward Regional Health Planning Council – BRHPC
- Kiwanis Club of Hallandale Beach
- COHB Residents
- ACAI Architects
- City of Hallandale – *Staff (City Manager's Office, HOP, Human Services, CRA)*

CBP Projects Evaluated

- The 32 projects evaluated were organized into four (4) categories types

City Funded Projects	Private/Developer Projects	CRA Projects	Other Projects with Voluntary CBP
<ul style="list-style-type: none">• Foster Park• BF James, Scavo• South City Beach Park• OB Johnson – Const.• OB Johnson – Design• Fire Station – Design• Fire Station – Const.• Bluesten Park – Design• Bluesten Park – Const.• BODR Study• General Obligation Park Bond/NV5• Beachwalk Resort*	<ul style="list-style-type: none">• ArtSquare• Gulfstream Point• Optima Plaza• Hallandale Beach Oasis• Diplomat Golf Course• Nine Hundred• Optima Office North• 2000 S. Ocean Drive• Beachwalk Resort*	<ul style="list-style-type: none">• Stuart & Shelby (infill housing) P1• Stuart & Shelby (infill housing) P2• Emerald (infill housing)• BAND (infill housing)• Foster Square Plaza• Foster Square Park• Foster Condominium• Hallandale Beach Commons• Icebox Café	<ul style="list-style-type: none">• Affinity Resources• AAAA Franchise Towing Services• Hazen High Service Pumps & Transfer Pumps - Design

*Beachwalk is both a city funded and private/developer project.

CBP - Variance by Type of Project

- The CBP plans vary depending on the four (4) types of projects

City Funded Projects

- Existing CBP initiative was intended for City funded projects.
- Focus on Local Workforce and Local Vendor Hiring.
- City has direct role in negotiating CBP % in contract.

Private/Developer Projects

- 10/19/2016 COHB now requires developers to commit to a % of CBP participation based on contract value.
- CBP contracts are inconsistent for projects with no City or CRA role.
- City has indirect role in negotiating CBP % in contract.

CRA Projects

- Focus on Local Workforce and Local Vendor Hiring.
- CRA has direct role in negotiating CBP % in contract.

Other Projects with Voluntary CBP

- Voluntary Participation.
- CBP plan or contribution is at discretion of vendor.
- City has direct role in negotiating CBP % in contract.

Most Common Components of CBP Programs



LABOR OR WORKFORCE PROGRAMS
that focus on job creation and placement
for local residents.



TRAINING AND DEVELOPMENT PROGRAMS
for residents, students, and local small businesses.
This includes internships, coaching, mentoring, and
speaking engagements at local schools.



VENDOR PROGRAMS
that promote contracting opportunities
for local businesses.



OTHER “support services” such as grievance
assistance, outreach, transportation, etc.



CONTRIBUTIONS to community
programs, charities and miscellaneous
community programs.



PENALTY and/or OPTIONAL PAYMENT
is a financial penalty assessed to those
projects which failed to meet committed
CBP goals.

City Funded Projects with CBP Components

Status Key:
C = Complete A= Active PS= Pending Start
W = Workforce V = Vendor



	Project Name	Project Status	Contacted	CBP - \$	CBP - %	Workforce Program	Vendor Program	Contribution / Donation	Training Program	Other	Optional Payment
1	Foster Park	C	Yes	\$476,880		●	●				
2	BF James, Scavo	C	Yes	\$123,600		●	●				
3	South City Beach Park	C	Yes	\$65,000			●				
4	Beach Walk Resort	C	Yes		10% - W	●			●		
5	OB Johnson (construction)	C	Yes	\$400,000	50% - V	●	●	●		●	
6	OB Johnson (design)	C	Yes	\$15,900			●		●	●	
7	BODR	C	Yes	\$15,000					●		
8	Go Bond	A	Yes	\$81,120			●				
9	Fire Station (Design)	A	Yes	\$76,480			●			●	
10	Fire Station (Const.)	A	Yes	\$125,000	20% - V	●	●		●	●	
11	Bluesten (Design)	A	Yes	\$146,750			●	●		●	
12	Bluesten (Const.)	A	Yes	\$250,000	1% V/W	●	●				

Private/Developer Projects with CBP Components

Status Key:

C = Complete A= Active PS= Pending Start
W = Workforce V = Vendor



	Project Name	Project Status	Contacted	CBP - \$	CBP - %	Workforce Program	Vendor Program	Contribution /Donation	Training Program	Other	Optional Payment
1	ArtSquare	A	Yes	\$5,000,000		●	●			●	●
2	2000 S. Ocean Drive	A	Yes		30%	●					
3	Gulfstream Point	PS	N/A	\$5,000,000		●	●			●	
4	Optima Plaza	PS	N/A	\$6,610,000		●	●			●	
5	Hallandale Beach Oasis	PS	N/A		10% - W	●	●				●
6	Nine Hundred Building	PS	N/A		20% - W	●					●
7	Optima Office North	PS	N/A		10% - V		●				
8	Diplomat Golf Course	A	Yes	\$170,000		●	●				

CRA Projects with CBP Components

Status Key:

C = Complete A= Active PS= Pending Start
W = Workforce V = Vendor



	Project Name	Project Status	Contacted	CBP - \$	CBP - %	Workforce Program	Vendor Program	Contribution/Donation	Training Program	Other	Optional Payment
1	Stuart & Shelby-In fill Housing 1	C	Yes	\$60,294		●	●				
2	Stuart & Shelby-In fill Housing 2	C	Yes	\$82,740		●	●				
3	Emerald -In fill Housing	C	Yes	\$224,761		●	●				
4	BAND-In fill Housing	C	Yes	\$52,768				●			
5	Foster Park Plaza	A	Yes	\$185,650				CBP TBD			
6	Foster Square Park	A	Yes	\$360,000				CBP TBD			
7	Icebox Cafe	PS	N/A		30%V/W	●	●				
8	Foster Condo	PS	N/A	\$154,029	25%V/W						●
9	Hallandale Commons	PS	N/A	\$963,000	30%V/W						CBP TBD

Other Projects with Voluntary CBP Components

Status Key:

C = Complete A= Active PS= Pending Start
W = Workforce V = Vendor



	Project Name	Project Status	Contacted	CBP - \$	CBP - %	Workforce Program	Vendor Program	Contribution/Donation	Training Program	Other	Penalty
1	Affinity Resources	A	Yes	\$10,500					●	●	
2	AAAA Franchise Towing Services	A	Yes	\$5,000				●		●	
3	High Service Pumps & Transfer Pumps – Hazen & Sawyer	A	Yes	\$19,997				●		●	

Projects with Unsubstantiated Costs

\$798,580

TOTAL UNSUBSTANTIATED FEES
BASED ON PRELIMINARY EVALUATION

Projects that Paid Consulting Fees for CBP
Services **without Proof of Services Rendered**

OB Johnson (Construction)	\$400,000 CBP \$\$ PAID	Deficiencies Vendor monthly reports are missing along with any back-up documentation to validate the work billed and paid for was actually performed and completed.
BF James & Scavo	\$123,600 CBP \$\$ PAID	Deficiencies Vendor failed to provide proof or documentation that workers reported to meet the local hiring commitment were indeed residents of the COHB.
South City Beach	\$65,000 CBP \$\$ PAID	Deficiencies Vendor failed to provide proof or documentation that workers reported to meet the local hiring commitment were indeed residents of the COHB.
Foster Park & Community Center	\$21,000 CBP \$\$ PAID	Deficiencies Vendor claimed to conduct community outreach and was paid for those services. However, staff was unable to obtain documentation to prove the services were actually provided.
Fire Station (Design)	\$76,480 CBP \$\$ PAID	Deficiencies Vendor claimed they accepted \$25,000 in payment as contingency fee for winning the project. An additional \$30,000 was reallocated to parking revisions. Remaining \$21,480 of allocated funds is undocumented.
Fire Station (Construction)	\$112,500 CBP \$\$ PAID	Deficiencies Insufficient reports and documentation to prove or substantiate the work was completed.

Note: Staff has made attempts to contact vendors to request missing back-up documentation to substantiate fees.

Summary of Findings

- The intent of the program was to provide economic development opportunities for the residents of Hallandale Beach.
- The city made a concerted effort to encourage, and in some cases to require, the contractors and developers to include a CBP plan as part of their projects.
- Existing CBP language and policies are vague, lack measurable metrics, clarity, definition and contain unenforceable contract language.
- Vendors/developers are at liberty to interpret language and develop CBP plans at their discretion and in many cases, to their own benefit.
- While there are a few consistent themes, the elements in each program vary dramatically from project to project.
- There are few defined standards or enforceable expectations for monitoring or reporting. Proper documentation (i.e. reports, receipts, invoices) is insufficient and incomplete, reflecting a lack of substantive content.
- The CBP needs to be redefined to a fixed percentage of project costs and the revenues used to fund the redefined CBP should be included in a community needs study.
- Staff, and primarily HOP, is at a disadvantage in their ability to enforce, monitor and report on the CBP programs due to inconsistent and unenforceable agreements.
- The existing CBP program lacks stakeholder and community involvement and has unrealistic deliverables.
- Any “claw back positive” results will begin with negotiations between the City/CRA and contractor/developer. Legal action will be difficult, costly and may be necessary.
- There is no mechanism to catch fraud, waste and abuse.

Unsubstantiated CBP Program Administration Costs

- Several projects were found to have either insufficient or no documentation to substantiate the cost and fees paid for implementation of their CBP plans.
- Without proof of services rendered, a “Claw Back” is possible to recoup fees expended for unsubstantiated work.

WHAT IS CLAW BACK? *A clawback is an action whereby an employer or benefactor takes back money that has already been disbursed, sometimes with an added penalty. When there is a promise to perform, and money is paid to the person/entity who makes the promise, but the promise is not honored, or the performance information is flawed. These are examples of circumstances when a claw back provision may be possible. In such circumstances a clawback provisions might be possible. - Investopedia*

03.

BEST PRACTICES STUDY



Intent of Typical Community Benefit Agreements



Sustainable **economic impact**



Job creation for local and/or disadvantaged residents



Contract opportunities for local and/or disadvantaged businesses



Funding for social services and community programs



Improved access to community services

A total of **five (5) national programs** and **two (2) Florida based programs** were evaluated.

What is a CBA?

A CBA is a contract signed by **community** groups and a real estate developer that requires the developer to provide specific amenities and/or mitigations to the local **community** or neighborhood.



National CBA Programs Evaluated

Grand Avenue CBA Los Angeles, CA



- CBA Signed in 2007
- Created 6,000+ jobs
- 25% Minority Requirement
- 30% Local Hiring requirement
- Living Wage Requirement
- \$1 Million job training donation

Kingsbridge Armory CBA New York, NY



- CBA Signed in 2013
- 51% of non-construction jobs to local workers
- Developer funded scholarships for residents to learn and install Green Living components

One Hill CBA Pittsburgh, PA



- CBA Signed in 2008
- CBA took 1 year to negotiate
- \$2 Million donation of large neighborhood grocery store
- Outreach to Minority Contractors
- Wage and benefit requirements for all jobs

National CBA Programs Evaluated

Peninsula Compost Company Wilmington, DE



- CBA Signed in 2008
- Created 42 jobs
- 20% Minority Requirement
- 20% Local Hiring requirement
- Funded job training program
- 24-hr Hotline for residents with complaints regarding construction

Oakland Army Base Oakland, CA



- CBA Signed in 2012
- 1,500 construction jobs created and 1,800 permanent jobs
- CBP creation included 30 organizations
- Living Wage requirement
- 25% jobs for disadvantaged workers
- Established Monitoring and Oversight

Local CBA Programs Evaluated

Delray Beach CRA Delray Beach, FL



- CBA Signed in 2014
- Living Wage Requirement
- Apprenticeship Program
- First Source Local Hiring
- Small Business Development Program
- Post-construction permanent job placement

Miami World Center Miami, FL



- EIA Signed in 2014
- 20% Local Workforce
- Enhanced Living Wage Requirement
- Award 7.5+% for CBE Firms
- Award 10+% for Small Business Firms
- Pay high penalty to CRA if they fail to comply with Subcontractor Requirements

04.

OPPORTUNITIES & RECOMMENDATIONS



The Community Benefits Movement

The community benefits movement is centered on the proposition that public and private sector investment in economic development should bring measurable, permanent improvements to the lives of affected residents, particularly low-income communities of color, *through the creation of good jobs, affordable housing, and neighborhood services.*

- Kathleen Mulligan-Hansel, Community Benefits Movements and the Race to the Top.

The Opportunity for the COHB

- The opportunity exists to create a well-structured and administered CBP program that can lead to meaningful benefits for communities impacted by development or capital improvement projects.



Built on a **strong foundation** of collective goals and buy-in of the community, policy makers, developers, contractors and other partners.



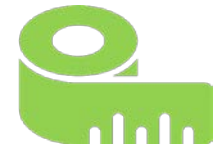
Shaped by a **“public conversation”** or community input



Reflects and represents the **demonstrated needs** of the community



Specific with clearly defined deliverables and expectations



Measurable and based on quantifiable metrics



Legally binding with enforcement mechanisms



Defined monitoring procedures and reporting **requirements**



Administered with **sufficient staff and budget resources**



Transparent and ensures accountability



Built to deliver sustainability, careers not jobs, and to improve access to community services

Recommendations

PHASE 1 - Transitional Steps:



Assign

a fixed percentage of
CBP cash dollars to all
city and private projects
over \$1 Million



Re-Negotiate

existing CBP plans
and commitments
that were feasible



Begin

further analysis and
action related to
claw back process

Recommendations

PHASE 2 - Actionable Next Steps:



Conduct

a thorough community
needs assessment



Promote

a public
conversation



Re-define

“Community
Benefit Program”



Develop

goal setting
methodologies



Establish

a sufficient funding
structure and
mechanism



Promote

accountability
and transparency

STAFF REQUESTS:

The support of the City Commission to proceed to **PHASE 2** and begin the process of re-defining the CBP program **in order to reflect the true needs of the City of Hallandale Beach.**