

CITY OF HALLANDALE BEACH, FLORIDA
MEMORANDUM
CM17-081

DATE: June 5, 2017

TO: Honorable Mayor and City Commissioners/HBCRA Board Chair and Directors

FROM: Roger M. Carlton, City Manager/CRA Executive Director 

SUBJECT: Community Benefit Program and Hallandale Opportunity Program

Background:

In 2011 during the height of the Great Recession, the Hallandale Beach City Commission enacted the Community Benefit Program (CBP) along with what was then known as the Neighborhood Employability Enhancement Directive (NEED) Program, but is currently known as the Hallandale Opportunity Project (HOP).

The City created the HOP as a way of coordinating and monitoring the various elements of the CBP. In May 2013, the City codified the CBP under section 23-3 of the City's Code of Ordinances. This was done with two readings and the support of all five members of the City Commission. The addition of the CBP to the City's Code of Ordinances (Att.1), began a process that was intended to help Hallandale Beach small contractors gain the experience and capability necessary to operate on their own for the long term.

The CBP was enhanced by the HOP program, which was designed to help Hallandale Beach's unemployed and underemployed residents gain the necessary job related skills through training and employment opportunities that would enable them to become fully self-sufficient. This process of investing in our local contractors and residents is known as "capacity building," and when implemented properly is a beneficial utilization of public dollars.

During the past six years, the CBP and HOP programs have lost their way for a complex variety of reasons:

- 1) The City's Capital Improvement Program (CIP) in conjunction with private sector developments, have contributed to the CBP and HOP at a rate which has grown so rapidly since the recovery from the Great Recession, that there are not enough small contractors or unemployed/underemployed workers in the City of Hallandale Beach to feed into the programs.

- 2) A complex mix of firms and individuals were retained by various companies and the City, often without a competitive process or any criteria that would demonstrate their ability or capacity to contribute to the goals of the CBP or HOP. Their functions were ill-defined at best, and their progress payments were made without adequate documentation. As of today, I have directed the Finance Department and the Capital Improvement Division to cease making any payments to consultants, contractors design/engineering firms and /or individuals under the CBP/HOP program until a complete review of the vendors can be completed. The only exception to this payment freeze will be those individuals or firms who are doing actual physical work, or are in a verifiable training program at a job site, and who are qualified participants due to their employment and residency status.
- 3) The City employees responsible for monitoring the CBP and HOP were given an impossible task. There were no uniform standards or criteria for the staff to follow, the monitoring staff did not participate in the negotiations of the individual requirements for each project, and the sanctions for failure to meet the various requirements were not proportional to the costs of implementing the requirements. Additionally, the necessary base-line research regarding examples of other community benefit programs that were enacted by local governments across the country (best practices), from which we could model our own CBP or HOP programs was not done. City administrators did not demand the excellence and fair-dealing required for the effective use of public funds. That is our fault, and the City Administration will resolve these issues going forward.
- 4) The City Commission also needs to shoulder some of the responsibility for the difficulties in this program. The rumors, confrontations, accusations and innuendos regarding abuses in the CBP/HOP are not new. When my predecessor brought a series of reforms on October 19, 2016, these reforms were approved by the City Commission in a 3/2 vote (Att. 2), but were not made a priority. The turmoil that swirled around City Hall at the time, in part, allowed the need to implement the reforms as a priority of the organization to go unmet.
- 5) It is extremely disappointing that there is no outrage in the community about the failure of these programs. No demands for reform have been publicly made to date. No complaints regarding the fact that public funds, which should have been utilized effectively to build the capacity of local contractors, or help individuals find work can be found.

Going Forward:

My training and experience as a professional City Manager tells me to remain dispassionate and make recommendations that are based on analysis and best practices. With apologies to my mentors, I am angry about this situation...very angry. With the complete failure of the Federal and State governments to grapple with and lessen the burden on our disadvantaged residents, that burden falls on local government. Even with the limited resources we have in the City of Hallandale Beach, common-sense effective solutions to provide assistance to

our needy elderly and youth must be found. We must also help our business people and individual workers become self-sufficient. We cannot shoulder that burden alone. We must establish relationships with many existing programs that have local capabilities. We must also eliminate providers that are not contributing to program goals.

To that end, the following actions will be taken effective immediately:

- 1) All payments made under the CBP and HOP program will be frozen until a thorough review of the programs is made and recommendations brought to the City Commission. The only exception will be payments made to small contractors doing real construction work and qualified individuals doing real work at job sites. Individuals who are in verifiable training programs will also be paid. We will update the City Commission on these procedures as soon as they are developed, which will be the highest priority.
- 2) Assistant City Manager, Dr. Jeremy Earle, will be responsible for approving all payments and will oversee the development of a new program based on best practices from across the country that will result in capacity building and employability skills within our community in addition to other beneficial programs for our economically disadvantaged citizens. He has been charged to complete this task for City Commission review by September 30, 2017.
- 3) To be very clear and to allay any rumors, I will **not** be recommending that we get out of the business of CBP and HOP. The programs will be completely restructured, personnel may be changed and accountability will be meshed with compassion for the disadvantaged throughout our entire community.
- 4) City staff will be directed to refer all questions regarding the CBP and HOP programs to the City Manager. I can only request that the City Commission comply with this, however, to those employees who report to me, this will be a firm directive.
- 5) Dr. Earle's review of the program and recommendations for reform will include an analysis of waste, fraud and abuse. Without equivocation, there has been waste. Fraud and abuse will be determined with help from City Attorney, Jennifer Merino, who has experience in such matters as former legal counsel to the Broward County Office of the Inspector General. If necessary, the results of our review will be brought to the appropriate authorities for their determination. The City Commission should rest assured that the City Administration will make maximum effort to recover any misused funds.

Conclusion:

The failure of a well-meaning program to deliver expected results has the strong potential to be used for purposes that are not related to resolving the issues. In some cases, personal animosity has been given the opportunity to fester. In other cases, the desire to "kill" programs for ideological purposes is used as justification. The decision to reform a program

in order to keep it in existence is often used to support the belief that there is a pattern of behavior to the detriment of one group over another. It should be of concern to all of us that the above examples may lead to the expansion of community tensions.

I only ask everyone to work with the City Administration to improve the CBP and HOP programs, and to channel our collective anger toward a new day of effective, fair-dealing and capacity building for local contractors and self-sufficiency for individuals.

Your patience and support during this time are very much appreciated.

Attachments: as noted

Cc. Jennifer Merino, City Attorney
Steven Zelkowitz, HBCRA Attorney
Deputy/Assistant City Managers
Senior Staff
George Rich, HOP Administrator
HBCRA Staff
Office of Capital Improvements Staff