

MIAMI-DADE COUNTY COMMISSION ON ETHICS & PUBLIC TRUST



Guidelines and recommendations regarding “public benefit” clauses in certain government contracts.

Pursuant to the Ethics Commission’s enabling ordinance¹ the purpose of the Ethics Commission is to serve as the guardian of the public trust by, among other things, educating the public...elected and appointed officials and other public servants as to the required standards of ethical conduct. The Ethics Commission is empowered to exercise all powers either specifically granted or necessary in the exercise of those enumerated powers. Accordingly, after the conclusion of a joint investigation by the Public Corruption Unit of the Miami-Dade State Attorney’s Office (SAO) and the Commission on Ethics (COE); we felt it appropriate to follow up on concerns identified during the investigation and suggest recommendations and guidelines to address those concerns. The investigation involved a grant dispute between the City of Miami Beach (CMB) and the New World Symphony (NWS). The initial complaint was made by a prominent local attorney and former Miami Beach mayor who was also the Chairman of the Board of Trustees of the NWS. The allegation was that the CMB was refusing to pay the NWS monies due under a Grant-in-Aid Agreement (GIAA) unless the NWS provided the Mayor, Commissioners, and CMB Senior Administrative staff with complimentary tickets to NWS performances. The SAO Close-Out memo is attached hereto as Exhibit 1.

Although the joint investigation did not uncover any violation of criminal laws, it did expose flawed policies that have resulted in unwarranted and inappropriate benefits for elected and appointed officials. Elected and appointed officials can exploit these policies which provide them with thousands of dollars worth of tickets to coveted events sponsored by private entities that have a contractual relationship with the local governments which these officials serve. Moreover, further investigation has shown that several other municipalities engage in similar

¹ Section 2-1066 of the Code of Miami-Dade County.

ticket distribution plans. These distribution plans sometimes amount to no more than a thinly disguised form of political favoritism used by elected officials to curry favor with supporters and to build political support. The Commission on Ethics and Public Trust finds these practices troublesome and urges all local governments to consider the recommendations set forth in this report.

The City of Miami Beach:

The investigation found that the practice by the City of receiving complimentary tickets to City-owned venues was officially sanctioned with the passage of CMB Resolution 93-20694, which reads as follows:

*A Resolution of the City Commission of the City of Miami Beach, Florida, providing that complimentary tickets for performances and events at TOPA² and the Convention Center **which would otherwise be received by the Mayor, City Commissioners, and City employees, shall hereafter be made available to disadvantaged youths, disabled persons, senior citizens and other individuals who do not have the financial ability to purchase tickets for cultural events...***

Now, therefore, be it resolved by the City Commission of the City of Miami Beach, Florida, that:

1) The following City officials shall receive a maximum of four (4) complimentary tickets for one performance of all new productions or events at TOPA and the Convention Center:

- (1) Mayor and members of the City Commission*
- (2) City Manager*
- (3) City Attorney*

The following City officials shall receive a maximum of two (2) complimentary tickets for one performance of all new productions or events at TOPA and the Convention Center for which such tickets are available:

- (1) Senior Assistant City Manager, Contract Administrator*
- (2) Chief Deputy City Attorney*

2) Any and all remaining tickets shall be donated to disadvantaged youths, disabled persons, senior citizens of Miami Beach and other individuals who do not have the financial ability to purchase tickets for cultural events.

3) The City administration shall develop guidelines and appropriate procedures with regard to the administration of this program and shall submit said guidelines and appropriate procedures to the City Commission for final

² Theater of the Performing Arts.

approval... (emphasis added)

While CMB Resolution 93-20694 allows for the receipt of complimentary tickets to events at only the TOPA and the Convention Center, both City-owned facilities, this resolution has been used by CMB Commissioners and employees to justify the receipt of complimentary tickets to many events at CMB venues including the NWS.

In 1993, the then City Manager established a “Promotional Ticket Policy.” The policy mirrored the resolution’s eligibility requirements, stating that the complimentary tickets be first given to the Mayor, the Commission, the City Attorney, the Assistant City Managers, the Chief Deputy City Attorney, and the Contract Administrator, and that any remaining tickets be donated to disadvantaged youths, disabled persons, and senior citizens. The policy also established the following guidelines:

- 1) A committee appointed by the City Manager shall meet to establish a list of organizations and/or groups eligible to receive promotional tickets...the list shall be updated every quarter.*
- 2) A current list of local organizations or civic groups shall be maintained from which a rotation of recipients shall exist.*
- 3) Donated promotional tickets may be used by organizations solely to promote fundraisers...*
- 4) No more than ten (10) promotional tickets shall be issued to any one organization for one show/event.*
- 5) When a representative from an organization receives the tickets he/she will sign a receipt. Organizations will be given a form to be completed and returned to the City Manager’s office within two weeks of the show/event...If the organization does not return the completed form, then the City Manager will not issue any more tickets to that organization...*

It should be noted that virtually none of the CMB employees or elected officials (except for one Assistant City Manager) interviewed during the investigation, were aware of the City’s own “Promotional Ticket Policy.” Not even the current City Manager, who, according to the policy, is responsible for managing the “Promotional Ticket Program,” was aware of its existence. Apparently, the only part of the policy implemented was the distribution of complimentary tickets to the Mayor, Commissioners, and CMB senior staff. No record of the appointment of a ticket distribution committee, nor the creation of a list of organizations authorized to receive tickets, was found.

The investigation found that the CMB City Manager acts as the distribution point for all complimentary tickets received by the City. Once tickets come to his office, they are then distributed among the Mayor and City Commissioners. A distribution log is maintained. Once the tickets get into the hands of the elected officials, however, they then have unfettered discretion to do with them what they please. The investigation revealed that many Commissioners kept certain tickets for their personal use. Often, however, Commissioners gave their allotted tickets away to friends, family, staff or other constituents. Certain anecdotal evidence gathered during the course of the investigation suggests that, quite often, the recipients are targeted groups of senior citizens who are made well aware of which Commissioner's beneficence is responsible for the free tickets. The political goodwill derived from these acts of taxpayer subsidized generosity can itself be perceived as a "gift" to the elected official. Utilized by elected officials, this practice is likely to lead to political pandering, including the currying of favor with blocks of potential voters and/or other influential individuals within the electorate.

It is clear that the CMB is not adhering at all to the spirit of its own resolution (93-20694) in that few of the intended recipients i.e. disadvantaged youths, disabled persons, senior citizens of Miami Beach and other individuals who may not have the financial ability to purchase tickets for cultural events, end up benefiting from these free tickets. "Public Benefits" should, in our view, benefit the actual public at large. It is clear that the primary beneficiaries of these "public benefits" are the government officials; this needs to end. Moreover, this type of ticket distribution system appears to be the same type of system, that the Florida State Ethics Commission (FSEC) opined, results in "gifts" being given to elected officials.

Distribution of tickets obtained through "public benefit" clauses:

We recommend that elected official be entirely removed from the process involving distribution of complimentary tickets. All local government entities that have contractual relationships wherein their municipality receives "public benefits," including, but not limited to, event tickets, should adopt a policy or procedure that insulates elected and appointed officials from involvement in the distribution process of the benefits, and limits their receipt of complimentary tickets to occasions when there is a public purpose served by their attendance.

We underscore that, when public power is executed through government contracts to extract a benefit, such as complimentary tickets, from a private party, there can be no permissible purpose for such a benefit other than a public one. Such publicly obtained assets do not differ in character from any other public property such as tax revenue or public buildings. Use of such assets for anything other than public purposes is ethically and legally problematic.

In light of the City of Miami Beach investigation, the Ethics Commission surveyed the “public benefit” practices in several other municipalities. We learned that, in the City of Miami, tickets are routinely provided to elected officials and the City Manager for events at, among other locales, the James L. Knight Center, Bayfront Park and the Sony Ericsson Tennis Tournament (SETT), through a similar distribution procedure.

An Assistant City Manager advised the COE that in 2011, Commissioners, the Mayor and the City Manager each received two (2) tickets per session for a total of twenty-two (22) sessions plus a parking space for the SETT. A City official advised the COE that the SETT tickets are provided as part of an agreement between the City’s Department of Asset Management and Miami-Dade County for use of the Marine Stadium parking lot. One elected official in the City advised that he gives the tickets away to “friends...and other important people.” Thus, we see another example of elected officials using the so-called “public benefits,” in a manner that inures to their personal or political benefit. In practice, the “public” derives little, if any, benefit, from such a self –interested mode of distribution.

Inquiry into similar practices by the City of Homestead (COH) revealed that COH has lease agreements for the Homestead Sports Complex and the Homestead Speedway (the “Lease Agreements”). For each event held at the complex (pursuant to the City’s lease agreement with La Ley Sports at the City of Homestead, Inc.), COH receives: the use of a designated skybox, forty (40) skybox tickets, and twenty (20) parking passes. Pursuant to COH’s agreement with Homestead Motorsports Joint Venture, COH has been granted: eighty (80) complimentary general admission tickets, the use of two (2) skyboxes, and complimentary tickets for each seat in the skyboxes for each event held at the speedway. In addition, employees of COH are granted a twenty-five percent (25%) discount off of the face value of a ticket to all motorsports events held at the speedway. Each eligible employee may purchase a maximum of two (2) discounted tickets.

One COH official advised the COE that such tickets are routinely left in his office and that he then distributes those tickets to City officials. This individual said he would appreciate formal guidance from the Ethics Commission on this issue.

As another example of the often times inappropriate use of these “public benefits,” in 2008, a COH Councilperson was advised by the COE that it would be inappropriate for a Councilperson to offer a candidate running for State office the opportunity to hold a fundraiser at the designated City skybox and only be charged the discounted City rate.

An inquiry into the policies of Miami-Dade County’s related policies was also made. According to a representative of the Adrienne Arsht Center (AAC), there is no policy that requires the Performing Arts Center to provide a certain number of tickets to each performance to County officials. However, if the Arts Center/AAC has, what they term, “excess inventory,” they do contact County Commissioners’ offices to obtain the names of non-profit and/or other charity type organizations they can donate the excess inventory tickets to. The tickets themselves do not pass through the hands of County officials. Once again, however, we find that the practice of making the tickets available to a private, non-profit, group upon the mere designation by a single elected official, rather than a neutral, non-political person or entity, is similarly questionable and problematic.

COE interviewed the County’s Director of Cultural Affairs who advised that he “scrupulously avoids” having any type of “public benefit” clauses in any of the contracts between the County and any of the cultural arts groups that perform at various County owned facilities. He further advised that many arts groups themselves often provide tickets directly to underprivileged groups on their own but his office does not engage in any distribution of tickets to elected officials nor requires that any number of tickets be provided contractually.

The City of Coral Gables (CG) was asked about its policy concerning the issuance of tickets under similar agreements. The COE found that the Actors Playhouse (Miracle Theater) in CG manages to avoid interference from elected officials in their distribution of public benefit tickets. The Executive Director of the Miracle Theater advised that the Playhouse has a management agreement with CG. In the agreement, the Playhouse agrees to give 500 tickets to the community. According to the Executive Director, the Playhouse gives away thousands of tickets every year to not-for-profit agencies, schools, and other groups that represent individuals

who cannot afford to buy tickets. She advised that the Playhouse recently gave away 60 tickets to Northwestern High School students (value of more than \$1,000.00).

The decision as to which tickets to give away and to whom ultimately lies with the Executive Director. The Executive Director claimed that CG does not interfere with the Playhouse's distribution of the tickets. The City does not monitor the Playhouse's distribution of complimentary tickets. She advised that no tickets go to the City.

When such benefits are provided wholly through the discretion of a non-governmental entity that is not performing a government function, there is no legal prohibition to consider pursuant to the Miami-Dade County Conflict of Interest and Code of Ethics ordinance, provided that there is no connection between the acceptance of the proffered tickets and any action to be taken by the recipients in his or her public role. The acceptance of such tickets by a public official does, of course, subject the official to the gift reporting requirements where the value of the tickets exceeds \$100.00.

Attendance as part of official city/county business:

Investigation also determined that, in addition to the myriad number of tickets provided pursuant to "public benefit" clauses, elected and appointed officials are invited to attend numerous events as a matter of "official city business."

Attendance at "official city business" events generally does not require gift disclosure as long as the elected/appointed official is, in fact, performing some bona fide official function at the event (see generally, FSEC opinion 01-019). However, it should be noted that mere attendance at an event by an elected official does not magically transform the event into official city business. "Official functions" can include, but are not limited to: participating in a ribbon cutting, giving a speech, or leading the pledge of allegiance.

There may also be occasions when, due to the presence of visiting dignitaries or other special invited guests, it will be appropriate for officials to attend an event to socialize with such persons as representatives of the local government. Such occasions, however, should be limited to special occasions rather than regularly scheduled events, and ought to include some official designation by the county/city government to those officials in attendance.

It is unlikely that mere, passive attendance by an elected official to such an event, without either some official role in the event, or, at a minimum, recognition as part of an official program of the event, can be considered attendance at an “official function.”

Ramifications under gift rules:

Irrespective of the method of distribution employed by a government entity, elected officials must be cognizant of State and local gift rules when accepting tickets to an event. As previously discussed, if an elected official is attending a function as official city/county business, the value of the ticket or function is not considered a gift and therefore, the elected official is not required to disclose it as such.

It is important to note, however, that in CEO-92-33, the FSEC held that City Commissioners have received a gift, not a benefit of office, when the city gives them a block of tickets to performances at a municipally-owned theater, which tickets the City receives as a condition of its lease agreement with the producers. Where a City, by contract, receives tickets to events at the City-owned theater, and where the tickets are divided among the members of the City Commission for either their personal use or to distribute to others at their discretion, the members of the City Commission receive gifts which are subject to gift acceptance and disclosure provisions.

Also, a ticket received directly from a non-government entity outside of any previous agreement between the entity and the local government, is subject to the disclosure requirements set out in Section 2-11.1(e) of the Miami-Dade County Conflict of Interest and Code of Ethics Ordinance (reproduced below in its entirety).

Lastly, pursuant to Section 112.3148(4), Florida Statutes:

“A reporting individual³...is prohibited from knowingly accepting, directly or indirectly, a gift...from a lobbyist who lobbies the reporting individual’s...agency...if he or she knows or reasonably believes that the gift has a value in excess of \$100...”

³ “Reporting individual” includes “(a) (1.) Every person who is elected to office in any political subdivision of the state, and every person who is appointed to fill a vacancy for an unexpired term in such an elective office.” Section 112.3145(1), Florida Statutes.

Thus, it is important that elected officials exercise extreme caution in accepting tickets from an individual registered to lobby in their particular government as State law outright prohibits the acceptance of such, if the value is in excess of \$100.00.

Relevant Ordinances:

Miami-Dade County Conflict of Interest and Code of Ethics Ordinance, Miami-Dade County Code Section 2-11.1 states in pertinent part:

“(e) Gifts.

(1) *Definition.* The term “*gift*” shall refer to the transfer of anything of economic value, whether in the form of money, service, loan, travel, entertainment, hospitality, item or promise or in any other form, without adequate and lawful consideration. Food and beverages consumed at a single sitting or meal shall be considered a single gift, and the value of the food and beverage provided at that sitting or meal shall be considered the value of the gift.

(2) *Exceptions.* The provisions of Subsection (e) (1) shall not apply to: (a) Political contributions specifically authorized by state law; (b) Gifts from relatives or members of one’s household; (c) Awards for professional or civic achievement; (d) Material such as books, reports, periodicals or pamphlets which are solely informational or of an advertising nature; (e) Gifts solicited by County employees or departmental personnel on behalf of the County in performance of their official duties for use solely by the County in conducting its official business; (f) Gifts solicited by Commissioners on behalf of the County in performance of their official duties for use solely by the County in conducting its official business; (g) Gifts solicited by Commissioners, or their staff members, on behalf of any nonprofit organization for use solely by that organization where neither the Commissioner nor his or her staff receives any compensation as a result of the solicitation. As used in this subsection, a “nonprofit organization” shall mean any entity described in section 501(c) (3) of the Internal Revenue Code (the “Code”) that is tax exempt under section 501(a) of the Code. As used in this subsection, “compensation” means any money, gift, favor, political contribution, thing of value or other financial benefit.

(3) *Prohibitions.* A person described in Subsection (b) (1) through (6) shall neither solicit nor demand any gift. It is also unlawful for any person or entity to offer, give, or agree to give to any person included in the term defined in Subsection (b) (1) through (6) or for any person included in the term defined in Subsection (b) (1) through (6) to accept or agree to accept from another person or entity, any gift for or because of: (a) An official public action taken or to be taken, or which could be taken; (b) A legal duty performed or to be performed, Or which could be performed; or (c) A legal duty violated or to be violated, or which could be violated by any person included in the term defined in Subsection (b) (1).

(4) *Disclosure.* Any person included in the term defined in Subsection (b) (1) through (6) shall disclose as provided herein any gift, or series of gifts from any one person or entity, having a value in excess of one hundred dollars (\$100.00). Said disclosure shall be made by filing a copy of the disclosure form required by Chapter 112, Florida Statutes, for “local officers” with the Clerk of the Board of County Commissioners simultaneously with the filing of the form with the Secretary of State.”

City of Miami Code, Section 2-613 states in pertinent part:

“Every officer, official or employee of the city, including every member of any Board, commission or agency of the city, is expressly prohibited from accepting, directly or indirectly, from any person, company, firm or corporation to which any purchase order or contract is or might be awarded, any rebate, gift, money or anything of value whatsoever, except where given for the use and benefit of the city.”

Conclusion:

It is important to note that the problem we perceive i.e. the unfair advantage provided to elected officials utilizing these tickets as an extension of their self-promotional or campaign activities, is not an issue the Ethics Commission has ever addressed in the past. It appears though that there is simply no good reason why event tickets received by a municipality through a contractual “public benefits” clause or through any other understanding between the municipality and a private entity, should pass through the hands of elected officials. It is recommended that these tickets be distributed to the public by an objective, non-political mechanism. Such a neutral process would remove any suggestion of political or other non-public benefit to the officials. This recommendation is not intended to suggest that distribution of complimentary tickets by public officials is an automatic or per se violation of the ethics ordinance or other applicable ethics rules. It is conceivable that some public officials distribute such benefits in a manner that is non-political and otherwise appropriate. However, the temptations that are inherently likely to cause ethical problems are heightened by any policy that allows such discretionary distribution without oversight or accountability. The difficulty in fashioning an ethically unassailable policy under those circumstances has led to the recommendations contained in this report.

One of the ways we suggest that tickets be made available to the public is to post an announcement on the city/county's website or other publicly advertised medium, notifying the public of when tickets are available and allowing individuals interested in obtaining them to seek them from a non-political source, for example, the City/County Clerk's office. The tickets could be either given away or sold at a discounted rate. Another method might be to follow the Promotional Ticket Policy that the City of Miami Beach adopted but never implemented. This method would seem to ensure that youth organizations, seniors or low income groups get to reap the majority of the public benefit, consistent with the true intention of such contract provisions. It would deny elected officials the undeserved opportunity to grandstand or otherwise use the giveaway of tickets to further their personal or political agendas. Yet another suggested process is to follow CG's example and remove the government entity from the process entirely.

Again, we reiterate that "public benefits" should not inure to the personal, private benefit of elected and appointed officials. These "public benefit" clauses should not be interpreted as another opportunity for elected and appointed officials to reap "perks of office" or be utilized by them for political or other self-aggrandizing purposes. Public benefits should truly benefit the public-at-large, not just certain influential or well-connected individuals.

We understand that the SEC has opined that officials may receive tickets pursuant to "public benefit" clauses, as long as they report them pursuant to the gift reporting requirements. We want to underscore, by this policy statement, that we believe that elected and appointed officials should have no need to report benefits received under "public benefit" clauses because they should not be the recipients of these benefits in the first place, unless they are being used by them in their official roles, as previously described.

Public benefits should benefit the public; they should not be used by elected officials to ingratiate themselves with supporters. It is unethical, in our view, for officials to dole out benefits meant for the public-at-large in a manner that serves the officials personal interests rather than the public's interest.

We hope that local governments will take these recommendations seriously and expeditiously implement changes in accordance with this report. The frequency with which the issue of distribution of "public benefits" has arisen in the past and continues to arise, including inquires to this agency, has led to this attempt to clarify and explain the ethical issues involved.

To that end, we hereby resolve to adopt as a set of “best practices” the recommendations set forth in this report.

Moreover, we will continue to examine the ticket distribution policies of local governments to ensure that they are in conformance with applicable ethics rules. While such policies need not be identical, we believe that adherence to the guidelines and recommendations herein would insure such conformance. Further, we will investigate any instance brought before us, where it appears that “public benefits” are being exploited for the benefit of elected or appointed officials for possible violations of the Miami-Dade County Conflict of Interest and Code of Ethics ordinance. In sum, we recommend as follows:

1. Municipalities and local governments may have “public benefit” clauses in contracts between certain entities and the respective cities. The “public benefits” however, should benefit the public-at-large.
2. Tickets or other “public benefits” should be distributed in a non-political, neutral manner with no interference from local officials.
3. If local officials are the recipient of tickets or other benefits, and the value of the benefits exceed \$100.00, the official must comply with gift disclosure rules.
4. Local officials may not accept tickets with a value in excess of \$100.00 from any person registered to lobby the government which they serve. This is prohibited pursuant to Section 112.3148(4), Florida Statutes:

A reporting individual⁴ ...is prohibited from knowingly accepting, directly or indirectly, a gift...from a lobbyist who lobbies the reporting individual’s...agency...if he or she knows or reasonably believes that the gift has a value in excess of \$100...”

5. If an official is appearing at an event in his or her official capacity, for a public purpose, the official need not report the attendance at the event as a gift. However, mere passive, spectator attendance at an event will not be regarded as attendance in one’s official capacity for a public purpose. Attending an event merely to “be seen” by your constituency is not, in our view, a “public

⁴ “Reporting individual” includes “(a) (1.) Every person who is elected to office in any political subdivision of the state, and every person who is appointed to fill a vacancy for an unexpired term in such an elective office.” Section 112.3145(1), Florida Statutes.

purpose”. Attendance at “official city business” events generally does not require gift disclosure as long as the elected/appointed official is, in fact, performing some bona fide official function at the event. Although the Miami-Dade County Ethics Commission may not have specifically opined in this area in a formal way, we agree with the rationale of the State Ethics Commission’s opinions in FSEC opinions 91-46 and 01-019. Those opinions hold that a public or local officer who claims that [a] trip is not a gift is not relieved of the responsibility of determining that he is in fact giving quid pro quo, that is, that the value of his time and services are equal to or greater than the value of the trip.