

REPORT OF INVESTIGATION

K #: 10-065 Randy Hilliard/ Washington Square Partners

Date Opened: May 5, 2010 Date Closed: Dec. 27, 2010

Name of investigator: Karl Ross
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Allegation:

On May 5, 2010, COE interviewed former North Bay Village (NBV) City Manager Matthew Schwartz. Schwartz shared his belief that he felt he was unduly pressured to hire publicist/ political consultant Randall Hilliard (Washington Square Partners Inc.) by several city officials. He suggested Mayor Oscar Alfonso, Vice Mayor George Kane and former City Attorney Joe Geller may have exploited their official positions to award a contract to Hilliard, initially on a no-bid basis. Schwartz advised he “did not feel comfortable” with the procurement process and stated that, after he was fired, Kane sought to expedite the first payment to Hilliard in the amount of \$6,250. He said he did not feel the expenditures for a marketing/ public relations firm were justified considering the city’s budget situation and could have been done using in-house resources.

Investigation:

On May 5, COE interviewed the former City Manager of NBV, Matthew Schwartz concerning, among other things, the city’s dealings with Mr. Hilliard.

Mr. Schwartz stated that he believed, prior to his termination, he was unduly pressured to hire publicist/ political consultant Randall Hilliard (Washington Square Partners Inc.) by several city officials. He suggested Mayor Oscar Alfonso, Vice Mayor George Kane and former City Attorney Joe Geller may have exploited their official positions to award a contract to Hilliard, initially on a no-bid basis. Schwartz advised he “did not feel comfortable” with the procurement process and stated that, after he was fired, Kane sought to expedite the first payment to Hilliard in the amount of \$6,250. He said he did not feel the expenditures for a marketing/ public relations firm were justified considering the budget situation and could have been done in-house by city staff. He said he felt Hilliard exercised undue influence over certain elected officials,

including the mayor and vice mayor. He noted Hilliard was present at a restaurant on Biscayne Boulevard where he was being interviewed as a prospective candidate for city manager. He said that soon after taking the position, he was visited by both Kane and Alfonso who told him Hilliard had a contract with the city and that “we needed to keep him on.” He noted the contract had expired two years prior to that time. He said the suggestion that Hilliard be retained was made repeatedly, and that in November of 2009, “it was strongly suggested” by the same two officials “that I meet with Randy again.” He said the meeting was to be about “what he could do for the city.” Schwartz further stated that it was suggested to him that a contract be issued for \$8,000 on a no-bid basis, as this amount would not require a formal bid.

On April 13, 2010, the NBV City Commission unanimously approved a resolution to award a contract to Hilliard/ Washington Square Partners (WSP) to provide “governmental public and media relation services.” The resolution was introduced by Mayor Alfonso, Commissioner Kane and fellow Commissioner Frank Rodriguez. The resolution, No. 2010-30, noted that on Dec. 9, 2009, the city published a notice seeking a temporary public relations consultant and received one response – that being a response from Hilliard/ WSP. The resolution was supported by a memo from City Manager Schwartz citing the need for “an effective marketing and public relations program to assist in the repositioning of the community for new economic investment.” The memo noted that \$50,000 was budgeted for marketing activities in FY 09-10, and that the city needed to develop “positive stories” to counteract “negative stories” that served to overshadow recent progress in the city. The memo called for the hiring of a firm to revamp the city’s marketing materials, supervise the production of press releases, brochures and commercials, and to develop a media strategy.

On April 30, 2010, COE requested a copy of the City Commission agenda item for the April 13 commission meeting, including item 9(J), the resolution to hire Hilliard/ WSP.

On June 3, 2010, COE requested a copy of all payments to Hilliard and related entities, including but not limited to Washington Square Partners, along with supporting documents. COE subsequently received on Aug. 26, 2010, a copy of time sheets submitted by Hilliard/ WSP in connection with his activities on behalf of the city.

A review of these documents shows that Hilliard's contract was signed by the interim city manager, Bob Pushkin, on April 15, 2010 – two days after Schwartz was fired. It was subsequently signed by the city clerk, city attorney and Hilliard himself on April 19, 2010, as president of Washington Square Partners. The contract called for a monthly retainer of \$2,500 for the term of the agreement (through Sept. 30, 2010) and payments of \$6,250 on April 19, 2010, and Aug. 1, 2010. Copies of check stubs and invoices for payments to Hilliard/ WSP shows payments of \$6,250 made on April 28, 2010, and on June 30, 2010 -- the first for "as per contract ½ down" and the second, for "as per contract, Balance due." A review of the time sheet provided by Hilliard indicates WSP billed for 125 hours (\$100 per hour) for services provided between April 19, 2010, and July 25, 2010. According to the time sheet, at least 40 of these hours were spent for work on materials prepared at the request of Vice Mayor Kane – including 16 hours to prepare materials for the vice mayor's trip to Washington, D.C., and 24 hours preparing a report on a proposed Business Improvement District (BID) and Community Redevelopment Agency (CRA). The report was presented at the June 8, 2010, city commission meeting. On Aug. 26, COE requested a copy of the materials provided by Mr. Hilliard on behalf of Vice Mayor Kane in connection with his trip to Washington, D.C.

On Aug. 30, COE interviewed interim City Manager Pushkin by telephone and asked him about the services provided by Hilliard.

Mr. Pushkin advised that Mr. Hilliard had, in his view, performed according to the terms of the city's contract with WSP and that he was satisfied with the level of service. He said that Hilliard was presently helping him on additional city business, which he said could be billed independent of the contract limit of \$12,500. He did not elaborate.

On Sept. 28, COE received an e-mail from NBV City Clerk Yvonne Hamilton, which consisted of an e-mail from Mr. Hilliard explaining that he was attaching two items he

prepared on behalf of Vice Mayor Kane for his trip to Washington, D.C. He said these items were sent to the office of Congresswoman Debbie Wasserman-Schultz. Upon review, COE found that the larger of the two items in question was the same 16-page report that Hilliard billed for on two separate occasions – 16 hours for the period from 4/19 to 4/25 and 24 hours for the period from 6/7 to 6/13. *This raises questions about whether Hilliard double-billed or over-billed the city for an amount equal to 24 hours of work – or \$2,400 since the work product for each appears largely the same.*

On Sept. 30, COE sent an e-mail to the city manager advising him of the similarity in the work product submitted by Hilliard in connection with the above-mentioned items. It was suggested that he meet with investigators to discuss. On Oct. 5, the city clerk sent an e-mail to COE advising that Mr. Hilliard left a CD for review at her office, and that the CD contained items that were responsive to the concerns raised in the Sept. 30 e-mail to acting City Manager Pushkin. On Oct. 6, COE spoke to City Manager Pushkin, who suggested that COE review the Hilliard CD and that a meeting be held to discuss the contents and to clarify the situation. COE did subsequently obtain a copy of the CD in question and review its contents. The COE review found three files, as follows:

The first file was titled “Bight_ Contact_Sheets” and consisted of 15 pages of photographs of the Key West Waterfront. The second file was titled “Boardwalk_Book” and consisted of nine (9) pages that formed a report prepared by the consulting firm C3TS and titled “North Bay Village Improvements Phase II & Bayview Promenade.” (Note: This same report formed pages eight through 16 of the report submitted by Comm. George Kane addressing the need for a proposed BID or CRA at the June 8, 2010, city commission meeting.) The third and final file was titled “NBV_Boardwalk” and consisted of 17 pages – including the 16-page report presented by Comm. Kane on June 8 and an additional page with a map created by C3TS depicting the proposed boardwalk around the northern perimeter of Treasure Island. (Note: This map of the proposed boardwalk was also one of the items sent to Congresswoman Wasserman-Schultz back in April 2010. This review indicates that files two and three were, in effect, redundant and did not represent new work product by the consultant, Mr. Hilliard. With

respect to the first file – photographs of the Key West Bight waterfront – it should be noted that Hilliard billed the city separately for this work in July 2010, according to the “time report” submitted by Hilliard detailing his activities on behalf of the city.

On Oct. 6, COE interviewed Mayor Oscar Alfonso concerning Hilliard/WSP.

Mayor Alfonso advised that Hilliard has done campaign consulting for him in the past, including the most recent election cycle. He praised Hilliard as a “brilliant” campaign strategist and graphic artist and said he hired him through Mitch Edelstein (Strategic Campaign Consultants Inc.) He said he believes Kane has also used Hilliard in this fashion. (Note: Kane’s reports show payments of \$500 and \$250 in 2006.) He said he believes it was a good idea to hire Hilliard (WSP) to promote a business district and “sell the city,” but expressed disappointment that since the departure of former City Manager Schwartz, Hilliard has done little except “whatever Kane tells him to do.” He said that Hilliard was supposed to promote positive stories about the city but that he has seen nothing to that effect. “We paid him to do one that and he’s done something else,” he said. Alfonso said he believes that Hilliard has been working with Kane on the Treasure Island Boardwalk proposal because both he and Kane are looking to create a funding mechanism such as a CRA and that they would then, in turn, get to run the agency. Alfonso said he recently proposed an ordinance calling for a 12-month moratorium for elected official seeking to work for the city. He said the item was on the October 12 commission agenda, but the meeting is being pushed back to October 19, allegedly to accommodate a proposal from Scott Greenwald for a possible strip club (a five-story project on the only property zoned for adult entertainment).

On Oct. 15, COE sent an e-mail to City Manager Pushkin querying him as to any “positive stories” that had been promoted by Mr. Hilliard/ WSP as a result of the contract since none of the items on his billing summary referenced such efforts. (Note: This was the stated objective of the contract with Hilliard/ WSP.) Pushkin responded in a formal letter dated Nov. 2, 2010, stating that the contract in question “had been negotiated with our previous City Manager Matthew Schwartz” and that, [w]hile that contract contemplated concentrating on positive public relations for the City of NBV, after discussions with Mr. Hilliard and members of the community, it was suggested that when considering the depth of the budgetary issues confronting NBV, economic development was more important of an undertaking.” The letter from Mr. Pushkin went on to state that, given Hilliard’s experience representing the firm that helped Miami Beach plan the Lincoln Road commercial district, “it was and is my prerogative to direct personnel to perform as I saw the need for the City.” Pushkin concluded by saying he

felt it was more important for the city to promote economic development than it was to promote positive news coverage.

On Nov. 16, COE sent an e-mail to Mr. Hilliard asking him to contact the agency, which he did on Nov. 17 through his attorney, Kent Harrison Robbins. Mr. Robbins advised that any further contact with Mr. Hilliard should be conducted through legal counsel. A copy of the Time Sheet in question was subsequently faxed to Mr. Robbins

On Dec. 12, COE re-contacted Mr. Robbins who stated the following:

Robbins advised his client did not intend to voluntarily answer questions from the ethics commission about his work product for the city of North Bay Village. He described the matter as being “de minimus” and said he did not believe any law enforcement agency, whether the State Attorney’s Office or US Attorney’s Office, would pursue legal action against his client over such a paltry sum (\$2,400). He said that his client would be more than able to provide a legitimate explanation for any discrepancy if and only “if he were compelled to do so.” He said that he would review materials provided to him by COE and respond if he felt it was in his client’s interest. An e-mail requesting further clarification was sent to Mr. Robbins on Dec. 10, 2010.

Mr. Robbins responded to said e-mail on Dec. 21, 2010, and included as an attachment a copy of a letter Mr. Hilliard wrote to Interim City Manager Pushkin on September 30th in which he claimed that, with regard to possible double-billing, “the Miami-Dade Ethics Commission is mistaken.” Robbins went on to state in his e-mail that his client “advices me” [sic] that the file sent to U.S. Rep. Wasserman-Shultz’s office in connection with the April invoice was Boardwalk_Book.pdf and not NBV_Boardwalk.v1.lowres.pdf (as indicated in the e-mail from Hilliard that was forwarded to COE by City Clerk Hamilton on Sept. 28, 2010), and that this document consisted of nine (9) pages and was time and date stamped on May 5, 2010. Robbins further noted that the document created in connection with the June invoice was NBV_Boardwalk.pdf, consisting of 17 pages and was time and date stamped on June 15, 2010. He said he hoped “this will finally clear up the confusion.”

Conclusion:

In reviewing the available information, it appears that Mr. Hilliard’s e-mail to City Clerk Hamilton on or about Sept. 28, 2010, did incorrectly infer that NBV_Boardwalk (created in June 2010) was sent to U.S. Rep. Wasserman-Schultz’s on or about April/May. In the final analysis this would seem to account for the “confusion” over possible double-billing. That the Boardwalk_Book document consisted exclusively of a report prepared

by another consulting firm (C3TS) raises questions about the extent of any real work product prepared by Mr. Hilliard in connection with the 4/19 to 4/25 billing period. The latter document (NBV_Boardwalk) created in June does include a seven-page report that was prepared by Mr. Hilliard on behalf of now former Vice Mayor Kane. So it does appear that Hilliard/WSP did submit an actual work product for that period.

While this clarifies the concerns about possible overbilling, the investigation did raise questions as to whether city officials (Alfonso, Kane and Geller) improperly exerted their influence over the former city manager (Schwartz) to hire Hilliard/WSP in the first place. Mr. Schwartz clearly believes that he was “pressured” to hire Hilliard and that it was suggested to him, initially, that the contract be awarded on a no-bid basis. That Hilliard/WSP was the only firm to respond to the subsequent RFP for a publicist suggests that Hilliard was anticipating such an RFP and may have been tipped off by one of the aforementioned officials. Hilliard refused to be interviewed as part of this inquiry. While the city administration has expressed satisfaction with Mr. Hilliard’s work product, any future consultancy or contract award should be thoroughly vetted by city officials as the situation surrounding Hilliard’s latest contract was fraught with red flags and allegations of possible improper influence. That Hilliard/ WSP was hired to promote positive news stories about the city, then made no effort to do so also suggests that the scope of Mr. Hilliard’s duties was poorly defined. This report will be shared with the city’s new administration for their consideration and further review.

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