

### **Breaking News**

For about a year we have been reporting on the strange business practices at City Hall. We are not surprised to learn that some of it is coming public in an ugly way. There are now two City officials under investigation.

### **From the Office of the Inspector General**

You may recall that in our last issue we discussed the appearance of Ms. Lula Butler before the City Commission when she asked for approval of a contract to purchase new garbage carts. She made many statements about the urgent need for new carts and the inability to bid out the contract as required by City regulations. You may also recall that her statements were completely false. The garbage carts were in storage when she spoke and had been ordered illegally last Fall.

We are not surprised that there has been no follow up at City Hall to address conduct that might result in dismissal anywhere other than Delray Beach. See no evil...hear no evil...

However, we understand that the Office of Inspector General of Palm Beach County is investigating the matter. It was referred to the IG by Mr. Ken MacNamee who did his own inquiry into the matter. It may take some time for the OIG to issue an opinion because so many regulations and ethics issues are being examined.

### **To the State Attorney's criminal investigation**

And now a sitting Commissioner is under criminal investigation. Let's start with a report from the Palm Beach Post newspaper (edited for length):

#### **State attorney examines Delray commissioner's role in award of \$50,000 contract**

**Posted: 8:13 p.m. Wednesday, Feb. 26, 2014**

**BY JOHN LANTIGUA - PALM BEACH POST STAFF WRITER**

The involvement of a Delray Beach city commissioner in the award of a \$50,000 contract to a firm tied to her campaign manager has prompted a criminal investigation by the Palm Beach County State Attorney's Office, The Palm Beach Post has learned. Commissioner Angeleta Gray, who is up for reelection in March, employed former Commissioner Alberta McCarthy on her campaign team. Gray also voted to deliver a contract to a firm that listed McCarthy as part of its leadership team.

When asked about the potential conflict, Gray said she would not discuss the matter and confirmed that it is being investigated by the state attorney's office and the city. The state attorney's office declined to comment.

The city commission awarded the contract Dec. 10 to International Enterprise Development or IED of Ocean Ridge. The contract called for the company to provide technical assistance and counseling to Delray citizens starting and operating small businesses — called in the contract "microenterprises." Most of the businesses would be in low-income areas.

In its bid for the contract, IED listed McCarthy as the program director. McCarthy served on the city commission from 2000 to 2004. In documents filed with the city both in 2013 and 2014 McCarthy also is listed as the campaign manager for Gray. On three occasions, Gray's campaign paid McCarthy \$500 for her services, according to Gray's campaign spending reports.

When the microenterprise contract came up for a vote, Gray spoke briefly in support of awarding the contract to the firm McCarthy represents and voted for that award without divulging her political connection to McCarthy.

McCarthy on Wednesday denied that she was the program director for the microenterprise project and when asked how her name and that title were listed on the official bid by the company she said: "I don't know." But on the firm's website she is listed as the "training director .... responsible for providing business training for clients in the Microenterprise Business Loan Fund Program." And on a Nov. 12 sign-in sheet for a meeting with city officials before the contract was awarded, McCarthy's signature appears along with that of IED President Lynn Allison. Wednesday McCarthy referred a Post reporter to Allison for any comment about the Delray contract.

"I refuse to discuss that," Allison said and she hung up.

The contract was bid on by one other company, the Center for Enterprise Opportunity, based in West Palm Beach. That firm's executive director, Lia Gaines, filed a formal bid protest three days after it was awarded. A committee of city employees was formed to study her complaints.

Friday, that committee wrote to City Manager Louie Chapman that four points Gaines raised in her protest have merit. They returned the matter to Chapman, who will decide the next step.

Chapman was unavailable for comment Wednesday.

Complicating matters, Gaines, through her parent company, Business Loans of the Palm Beaches, had loaned money to Gray to help her develop her business, Top Notch Hair Dimensions. State records describe a loan for an undisclosed amount in 2009. Gaines said the loan was paid off toward the end of 2013, around the time the microenterprise contract was being awarded. Gaines refused to provide details on exactly when and how the debt was paid off, citing client confidentiality.

Her bid protest made no mention of Gray's loan or of the relationship between Gray and McCarthy, but it cited 10 other areas where Gaines insisted the selection process, performed by a committee of city employees, was flawed.

"I've never seen a selection committee operate like this in my life," said Gaines, who has been working in economic development for 20 years.

Gaines particularly questioned one category on the scoring cards filled out by the selection committee. Two ranked IED higher in the "fee structure" category even though

Gaines' firm bid \$50,000 while IED bid at \$55,400, which exceeded the agreed-upon budget amount. If the points those two committee members allocated had been reversed, Gaines said, her firm would have won the contract.

"I understand that price is only one factor in a bid, but why would they give them more points than me on the question of fees if I stayed within the boundaries of the program and they went over," Gaines said. "That just doesn't make sense."

McCarthy, while running her own consulting firm, Alberta and Associates, was awarded another city contract in 2009. She was paid \$85,000 to deliver an assessment of race relations in the city.

The city has been criticized in recent years for its extension of a major garbage collection contract without bidding and its handling of a beach chair concession for the public beach.

Staff researcher Michelle Quigley contributed to this story." End of Palm Beach Post report.

#### **Our take:**

The matter was referred to the State Attorney by the City's acting attorney. Because it is an on-going criminal investigation, we will await the outcome.

Yes, this is the same Alberta McCarthy who received an \$85,000 contract from the City to write an update to the race relations report, then failed to produce the report when required. Suddenly this year she is program director for a new company seeking public funding for training and counseling small businesses.

Meanwhile, on February 12th Ms. McCarthy was a co-host of a fundraiser at the home of a disbarred attorney to raise money for the campaigns of Ms. Gray and Commissioner Al Jacquet. A busy group indeed.

And guess who is another proud supporter of Mr. Jacquet and Ms. Gray. Give up? Former Commissioner Mary McCarty. You may remember that she pled guilty to a felony charge and went to jail for accepting financial favors from firms doing business with the County.

#### **Tidbits**

Recently three former Mayors led by Woodie McDuffie started a blog. We had hoped to benefit from their experience and insight. We recognize they have been out of office a long time, but we are disappointed at their inability to get basic facts straight.

In a recent posting, they listed candidates running for Seat 2 and Seat 4 on the Commission. Unfortunately, they had the wrong candidates in each of the Seats.

We don't want our loyal readers to be confused, so the Intelligence Report will be back soon with an accurate list and we will share our thoughts on the two races.

Stay tuned.....