AGENDA

Board of Commissioners Meeting
103355 Overseas Highway
Key Largo, FL 33037

A. CALL TO ORDER
B. PLEDGE OF ALLEGIANCE
C. ROLL CALL

BOARD MEMBERS:
David Asdourian  Chairman
Andrew Tobin    Vice Chairman
Robert Majeska  Commissioner
Norman Higgins  Commissioner
Stephen Gibbs   Commissioner

DISTRICT STAFF:
Paul Christian  General Manager
Ray Giglio      General Counsel
Katherine Jackson District Clerk

MISSION STATEMENT:
"The Mission of the Key Largo Wastewater Treatment District is to preserve and protect the delicate ecosystem of the Florida Keys while providing exceptional customer service."
D. AGENDA ADDITIONS, CORRECTIONS OR DELETIONS
   1. Approval of Agenda

E. RECOGNIZE DISTRICT STAFF

F. PUBLIC COMMENT

G. APPROVAL OF MINUTES OF PREVIOUS MEETINGS
   1. Minutes of June 21, 2016

H. CONSTRUCTION REPORT
   1. Monthly Construction Report

I. OPERATIONS REPORT

J. ENGINEER’S REPORT

K. ADMIN / CUSTOMER SERVICE REPORT

L. COMMISSIONER’S ITEMS
   1. Senior Staff Raise Caps (Commissioner Tobin)
   2. Solar Power for the Administration Building (Commissioner Gibbs)

M. GENERAL MANAGER’S REPORT

N. LEGAL REPORT
   1. New Agenda Requirements

O. BUDGET AND FINANCE REPORT
   1. Proposed Amendment to Purchasing Policy

P. ROUNDTABLE DISCUSSION

Q. ADJOURNMENT

PLEASE TAKE NOTICE AND BE ADVISED, that if any interested person desires to appeal any decision of the KLWID Board, with respect to any matter considered at this meeting, such interested person will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Persons with disabilities requiring accommodations in order to participate in the meeting should contact the District Clerk at 305 451-4019 at least 48 hours in advance to request accommodations.
Meeting Date: July 5, 2016

Agenda Item Type: Information / Presentation
Agenda Item Scope: Review / Discussion
Recommended Action: Action

Department: District Clerk
Sponsor: Katherine Jackson

Subject: Minutes of June 21, 2016

Summary of Discussion:
Staff to present the minutes of the previous board meeting to the Board for approval.

Reviewed / Approved
Operations:
Administration:
Finance: 
District Counsel: 
District Clerk: 
Engineering: 

Financial Impact
Operations: $ 0.00

Funding Source:
Budgeted: N/A

Attachments
1. Minutes of June 21, 2016

Approved By: ________________ Date: 7/6/16
General Manager
MINUTES

The Key Largo Wastewater Treatment District Board of Commissioners met for their regular scheduled meeting at 4:00 PM on June 21, 2016. Present were Chairman David Asdourian and Commissioners Andrew Tobin, Norman Higgins, and Stephen Gibbs. Commissioner Majeska arrived at 4:10 PM. Also present were General Manager Paul Christian, General Counsel Ray Giglio, Ed Castle with Weiler Engineering, District Clerk Katherine Jackson, and other appropriate District Staff.

Dennis Caltagirone led the Pledge of Allegiance.

AGENDA ADDITIONS, CORRECTIONS, OR DELETIONS

- Chairman Asdourian requested item G-1 be moved after the minutes of June 14, 2016.
- Rob Bulkiewicz added the introduction of the interns after the approval of the agenda.

APPROVAL OF AGENDA

Motion: Commissioner Gibbs made a motion to approve the agenda as amended and Commissioner Higgins seconded the motion. The motion passed without objection.

RECOGNIZE DISTRICT STAFF

Intern Introduction

Mr. Rob Bulkiewicz introduced Mr. Francisco Moc and Ms. Hannah Vinney to the Board.

PUBLIC COMMENT

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Manley</td>
<td>Robert Manley Customer Service Appeal – AK#1567060</td>
</tr>
<tr>
<td>563 Palm Drive</td>
<td></td>
</tr>
<tr>
<td>Sue Heim</td>
<td>Reconsider Vote to Table Agenda Item G-1 Until After Election (Commissioner Tobin)</td>
</tr>
<tr>
<td>Key Largo</td>
<td></td>
</tr>
<tr>
<td>Sue Heim</td>
<td>Recommended Changes to Purchasing Policy</td>
</tr>
<tr>
<td>Key Largo</td>
<td></td>
</tr>
</tbody>
</table>
APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

Minutes of June 7, 2016

Motion: Commissioner Gibbs made a motion to approve the Minutes of June 7, 2016, Commissioner Higgins seconded the motion. The motion passed without objection.

Minutes of June 14, 2016

Motion: Commissioner Higgins made a motion to approve the Minutes of June 14, 2016, Commissioner Gibbs seconded the motion. The motion passed without objection.

OPERATIONS REPORT

Wharton-Smith, Inc. Presentation

Mr. Ed Castle introduced Mr. Greg Williams, Wharton-Smith, Inc.'s District Manager of Wastewater Operations, to the Board. Mr. Williams gave an overview of the construction projects that have been contracted to Wharton-Smith and answered questions from the Board.

The Board requested that Mr. Williams give an updated presentation after the completion of the blower project.

CONSTRUCTION REPORT

Recommendation of Intent to Award contract for Chemical Storage and Feed System Upgrade

Mr. Ed Castle advised the Board that Weiler Engineering had reviewed the Request for Proposal responses; had determined that that Wharton Smith, Inc. was the highest ranked, responsive, responsible proposer; and recommended award of the Chemical Storage and Feed System Upgrade construction contract to Wharton Smith, Inc.

Staff answered questions from the Board.

Motion: Commissioner Tobin made a motion to authorize general manager to negotiate and execute a contract with Wharton-Smith, Inc. for the Chemical Storage and Feed System Upgrade project and Commissioner Higgins seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Commissioner Tobin</th>
<th>Aye</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Gibbs</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Majeska</td>
<td>Aye</td>
</tr>
<tr>
<td>Chairman Asdourian</td>
<td>Aye</td>
</tr>
</tbody>
</table>

Motion Passed: 5 to 0
Recommendation of Intent to Award contract for Fence Repair at WWT Plant

Mr. Jered Primicerio presented staff’s recommendation of intent to award the contract for fence repair at the Wastewater Treatment Plant to Monroe County Fence Company and answered questions from the Board.

Motion: Commissioner Majeska made a motion to authorize general manager to negotiate and execute a contract with Monroe County Fence Company for the fence repair at the wastewater treatment plant and Commissioner Gibbs seconded the motion.

Vote on Motion

| Commissioner Majeska | Aye |
| Commissioner Gibbs   | Aye |
| Commissioner Higgins | Aye |
| Commissioner Tobin   | Aye |
| Chairman Asdourian   | Aye |

Motion Passed: 5 to 0

Recommendation of Intent to Award contract for the Installation of a Vacuum Pit at 4 Coconut Drive

Mr. Ed Castle presented staff’s recommendation of intent to award the contract for Installation of a Vacuum Pit at 4 Coconut Drive to Nationwide Plumbing. Mr. Paul Christian noted that the costs associated with pit and cleanout installations are on the rise and staff answered questions from the Board.

The Board requested that, in the future, staff attempt to reach out to companies in Florida City and other surrounding areas for additional proposals.

Motion: Commissioner Gibbs made a motion to authorize general manager to negotiate and execute a contract with Nationwide Plumbing for the Installation of a Vacuum Pit at 4 Coconut Drive and Commissioner Higgins seconded the motion.

Vote on Motion

| Commissioner Gibbs  | Aye |
| Commissioner Higgins| Aye |
| Commissioner Majeska| Nay |
| Commissioner Tobin  | Nay |
| Chairman Asdourian  | Aye |

Motion Passed: 3 to 2

OPERATIONS REPORT

Demonstration of Vac-Tron

Mr. Mike Dempsey presented a Vac-Tron demonstration video and staff answered questions from the Board.
ADMIN / CUSTOMER SERVICE REPORT

Code Compliance List – June 2016

Mr. Rob Bulkiewicz presented the June 2016 code compliance list and answered questions from the Board.

Robert Manley Customer Service Appeal – AK#1567060

Mr. Robert Manley appeared before the Board to appeal staff's denial of his request that the District install, at District expense, a vacuum pit in the alley behind his house; and that the District permit him to connect to that pit instead of the vacuum pit the District installed in front of his house, which is currently available to him. Mr. Manley provided the Board with a letter that is attached to these minutes as “Attachment A.”

Mr. Rob Bulkiewicz presented to the Board Mr. Manley’s case history leading up to his appeal. Mr. Bulkiewicz advised the Board that Staff had concluded that in accordance with District policy and the KLWTD Rules and Regulations, the cost of the installation of the new pit should properly be borne by Mr. Manley. Mr. Ed Castle spoke briefly on some possible solutions that could help lower costs for Mr. Manley.

Commissioner Tobin suggested staff look into the possibility of using the low-income program that is in the District’s budget. Chairman Asdourian suggested staff contact the Community Development Block Grant staff to discuss whether there are any other options for Mr. Manley to hookup; and he requested that staff get an updated proposal from Nationwide Plumbing.

Staff answered questions from the Board and Mr. Paul Christian informed the Board that this item will be brought back at a future meeting.

Motion: Commissioner Gibbs made a motion to table this item until a future meeting and Commissioner Higgins seconded the motion. The motion passed without objection.

COMMISSIONER'S ITEMS

Reconsider Vote to Table Agenda Item G-1 Until After Election (Commissioner Tobin)

Public Comment: Ms. Sue Heim expressed her concerns regarding a procedures manual being created for commissioners.

Commissioner Gibbs indicated that he had made the motion to table agenda item G-1 until after election because a procedure manual for commissioners is unnecessary, and because no board can bind a future board. Commissioner Higgins agreed with Commissioner Gibbs, and noted that the Board can change the way it conducts business at every meeting. Commissioner Tobin stated that a procedure manual would be very helpful to future commissioners, and that he did not think the motion to table agenda item G-1 until after election was proper. Chairman Asdourian stated that since a quorum had been achieved, the motion should stand; however, he also noted that a policies and practices manual should be created.
Motion: Commissioner Majeska made a motion to bring agenda item G-1 back at the next middle Tuesday meeting and Commissioner Higgins seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Commissioner</th>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Majeska</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Higgins</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Gibbs</td>
<td>Nay</td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>Aye</td>
</tr>
<tr>
<td>Chairman Asdourian</td>
<td>Nay</td>
</tr>
</tbody>
</table>

Motion Passed: 3 to 2

EXTENSION: 6:00 PM

Motion: Commissioner Gibbs made a motion to extend the meeting 30 minutes. The motion passed without objection.

Commissioners Telephonic Appearance in Board Meetings (Commissioner Tobin)

Commissioner Tobin led the discussion of the proposed policy regarding commissioners appearing telephonically at board meetings. He stated that if a commissioner tries to appear telephonically, but is unable to do so because of technical problems beyond his control, the commissioner should still be paid. Commissioner Gibbs suggested that a commissioner should have to participate in the meeting with at least one vote beyond the approval of the agenda to be marked present for the meeting.

Chairman Asdourian asked Mr. Ray Giglio to present his preliminary discussion outline for the Board Policies and Procedures Roundtable meeting and to use the commissioners' input as backup information.

Motion: Commissioner Tobin made a motion to considered Commissioner Higgins to have participated in the May 17, 2016 meeting and to pay him for that meeting and Commissioner Majeska seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Commissioner</th>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Tobin</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Majeska</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Gibbs</td>
<td>Aye</td>
</tr>
<tr>
<td>Commissioner Higgins</td>
<td>Nay</td>
</tr>
<tr>
<td>Chairman Asdourian</td>
<td>Aye</td>
</tr>
</tbody>
</table>

Motion Passed: 4 to 1

5 MIN BREAK: 6:27 PM

EXTENSION: 6:34 PM

Motion: Commissioner Tobin made a motion to extend the meeting 30 minutes. The motion passed without objection.
LEGAL REPORT

Fountain Engineering Contract Closeout

General Counsel Ray Giglio informed the Board that the District had hired Fountain Engineering, Inc. ("Fountain") to complete the C-905 Force Main Project. However, just prior to completion, in March of 2015, Fountain removed all of its equipment, abandoned the job, and went out of business. At that point, there was still $32,292.48 due to Fountain under the contract. The District completed all of the remaining work at a cost of $9,492.20, leaving $22,800.28, which now must be paid to Hanover Insurance Company, Fountain's Surety on the project. Mr. Giglio informed the Board that now that all paperwork has been completed, the excess retainage will be remitted to Hanover Insurance Company and answered questions from the Board.

BUDGET AND FINANCE REPORT

May 2016 Monthly Financial Reports

Ms. Connie Fazio presented the monthly finance report for May 2016 and answered questions from the Board.

Recommended Changes to Purchasing Policy

Public Comment: Ms. Sue Heim read a letter to the Board, which is attached to these minutes as "Attachment B"

Commissioner Tobin called a Point-of-Order requesting clarification that the agenda item is limited to the 3 suggested changes that are listed in the agenda, which is the policy up to $10,000.

Mr. Paul Christian informed the Board that this policy was discussed between himself, Mr. Tony Grau, Mr. Peter Rosasco, Ms. Connie Fazio, and Mr. Ray Giglio. Commissioner Tobin requested that recommended changes above the $10,000 mark be discussed at a future meeting.

Staff answered questions from the Board and Mr. Christian informed the Board that this item will be presented as an amendment to the current purchasing policy at a future meeting.

EXTENSION: 7:01 PM

Motion: Commissioner Gibbs made a motion to extend the meeting 30 minutes. The motion passed without objection.

ROUNDTABLE DISCUSSION

Commissioner Majeska asked whether the District is currently hiring for positions in the operations department. Mr. Paul Christian confirmed that the District is currently seeking to fill 2 positions.
ADJOURNMENT

The Meeting was adjourned at 7:18 PM.

______________________________
David Asdourian, Chairman

______________________________
Katherine Jackson, Clerk
Public Comments

Disclaimer: Public comments that are submitted to the Board for inclusion into the Official Minutes are the views and opinions of the commenters alone and do not necessarily reflect the official policy of the Key Largo Wastewater Treatment District or the opinions of its Commissioners.
mango & avocado trees.

1 message

Tim Matthews Tree & Landscape <timmatthewstree@bellsouth.net>  
To: boblargo@gmail.com

Wed, Jun 8, 2016 at 8:10 PM

Mr. Manley, as per your request we visited your property at 563 Palm Drive in Key Largo. We looked at (1) mature Mango tree and (2) Avocado trees and the location of the root system of the trees in relation to the proposed sewer line. It is our opinion that the mango tree in particular and the two avocado trees would be seriously compromised by a 12" wide, 1' to 2' deep trench this close to the trees. While both of these species are fairly vigorous, the proposed trenching would leave them vulnerable to root problems as well as compromising the standing integrity of the trees. There is remedial work that can be done to the trees, but with regard to their long term health an alternate path for the sewer line would be more prudent.

Let me know if you have any questions.

Sincerely,

Tim Matthews

I.S.A. Certified Arborist
KEY LARGO WASTEWATER MEETING 6/21/17 -- AGENDA ITEM N-2

Firstly, my remarks are not in any way an indication that current staff is doing less than 100+. Rather, that this is a procedure, intended for present and future application.

This latest revision (6/8/2016 rev) has some significant changes from the existing (6/13/2014 rev) policy.

Attached to my remarks is a copy of the current policy’s page 1, with circled areas identifying procedures being deleted by the proposed 6/8/2016 revision.

Please see the current policy $0-$10,000 category. The biggest change about which I am (again/still) concerned is deleting the “written” quotes, and replacing with “documented price sources”. That descriptive designation is used 5 times on page 1 in the 6/8/2016 revision. So where’s the glossary defining “documented price sources”? I’m sure staff will tell you tonight, but where is it in writing, for future generations? Certainly not in this 6/8/2016 procedure revision.

Also please recall that in the last revision, presented in your 5/17/16 agenda, staff specifically deleted “written” and replaced it with “verbal”, which I brought to your attention at that meeting. So now this latest revision says neither written nor verbal. Just “documented price source”. It seems like semantics, and an end run around being specific about what types of quotes are used when. So again, please require that quotes be written, needing legitimate paper trails. The Procure Procedure needs to be clear, not vague language.

Next, the word “declared” is removed from preceding the word “emergency”. So has the status of emergency spending been relaxed? Does that removal open the door to debating when emergency spending is actually needed?

Also within the $0 - $10,000 range, 2 more important deletions:

“If 3 or more quotes cannot be obtained... a memo must be submitted ... documenting why ...

“Proper records of expenditures ... must be kept and contain enough detail ... for auditing purposes... “

These deletions, unless now appearing elsewhere in the Procurement Procedures, weaken the overall accountability process. Please put these requirements back in 6/8/2016 revision. Even $10,000 purchases require proper documentation processes.

Switching now to the newest revision (6/8/2016 rev)- page 2 – this is a repeat of my previous request from the 5/17/16 meeting. Please insert the word “prior” before the word “approval” to eliminate all the after the fact, by the way we already paid it opportunities.

Lastly, are you all ok with giving pre-purchase authority to supervisors, and various other staff as indicated in this revision.? Knowing this is procedure, not an endorsement of current staff.

Sue Heim
# KEY LARGO WASTEWATER TREATMENT DISTRICT

## Summary of Procurement Policies, Procedures and Requirements

<table>
<thead>
<tr>
<th>PROCUREMENT METHOD</th>
<th>DOLLAR AMOUNT</th>
<th>PROCUREMENT REQUIREMENTS</th>
<th>APPROVAL LEVEL REQUIRED</th>
<th>DOCUMENTATION REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty cash</td>
<td>&lt;$25</td>
<td>For these purchases, it is not necessary to obtain quotes.</td>
<td>Custodian of Petty Cash</td>
<td>Receipts. Administered in accordance with KLWTD Petty Cash Policy</td>
</tr>
<tr>
<td></td>
<td>$0 to $1,000</td>
<td>Purchases can be made (by cash, check or credit card) after making a reasonable attempt to insure that the District is getting a good value and a competitive price for items purchased.</td>
<td></td>
<td>Receipts. Administered in accordance with KLWTD purchasing card policy, as applicable</td>
</tr>
<tr>
<td>Credit Card, Expense Report, or Invoice</td>
<td>$1,001 to $10,000</td>
<td>No requirement for formal or informal bidding procedures. Purchases can be made on the open market.</td>
<td></td>
<td>Purchase Orders are required for non-emergency procurement of equipment, materials, supplies, and services. Proper records of expenditures (e.g. all supporting invoices, receipts, etc.) must be kept and must contain enough detail to be used for auditing purposes</td>
</tr>
</tbody>
</table>
Key Largo Wastewater Treatment District
Board of Commissioners Meeting
Agenda Item Summary

Meeting Date: July 5, 2016
Agenda Item Number: H-1

Agenda Item Type: Information / Presentation
Agenda Item Scope: Review / Discussion
Recommended Action: Discussion

Department: Construction
Sponsor: Ed Castle

Subject: Monthly Construction Report

Summary of Discussion:

Ed Castle, P.E. has provided an update on the status of KLWTD current and planned construction projects.

Reviewed / Approved
Operations: Memo

Financial Impact
$ 0.00

Funding Source:
Grant(s)

Budgeted:
N/A

Attachments
1. June Construction Update

Approved By: Connie Higgs for Paul Christian
Date: 7/1/16

General Manager
Memo

To: KLWTD Commissioners
Cc: Paul Christian, General Manager
From: Ed Castle, P.E.
Date: June 2016
Re: Monthly Construction Report

Below is a list of current and planned construction projects with status updates.

**Current Construction Projects**

<table>
<thead>
<tr>
<th>Project</th>
<th>Current Status</th>
<th>Bid Date</th>
<th>Contract Start</th>
<th>Contract end</th>
<th>Expended to Date</th>
<th>Total Project Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grinder Pump Installation Program</td>
<td>100% of on-site installations complete Pending Telemetry</td>
<td>11/21/13</td>
<td>5/24/14</td>
<td>03/31/16</td>
<td>$1,145,262</td>
<td>$1,749,633</td>
</tr>
<tr>
<td>SCADA Upgrade</td>
<td>In process at Aqua-Aerobics</td>
<td></td>
<td>10/21/15</td>
<td>7/8/16</td>
<td>$2,355</td>
<td>$108,640</td>
</tr>
<tr>
<td>Chemical Storage and Feed System</td>
<td>District will direct-purchase pump skid and tanks; Installation Awarded to Wharton-Smith</td>
<td>6/14/16</td>
<td>TBD</td>
<td>TBD</td>
<td>-</td>
<td>$429,860</td>
</tr>
<tr>
<td>WWTP Blower Upgrades</td>
<td>Contract awarded to Wharton-Smith</td>
<td>9/8/15</td>
<td>7/5/16</td>
<td>1/1/17</td>
<td>$43,020</td>
<td>$1,681,110</td>
</tr>
<tr>
<td>Vacuum Station “E” Tank Replacement (Rehabilitation)</td>
<td>Contract awarded to Wharton-Smith</td>
<td>4/27/16</td>
<td>7/11/16</td>
<td>8/14/16</td>
<td>$1,570</td>
<td>$207,750</td>
</tr>
</tbody>
</table>
Project Specific Notes

1. Grinder Pump Installation Program:
   a. All on-site installations are completed.
   b. Zurwelle-Whittaker has completed the field work stage of the final survey project. Waiting on final documentation for final surveys. Notice to Cure was issued on June 17, 2016.
   c. Location maps received from Water Resources Technologies, Inc. for grinder pump telemetry. They have started the installation of the GPG’s, completed C905.
   d. HT1100 Collectors have been received. Installation to begin the week of July 5th.
   e. Design of post mounting system for the telemetry is completed and bids are being solicited. Nationwide Plumbing responded with a bid of $15,851.50. Pending Board approval.
   f. FDOT permit application has been completed. Issuance of permit is pending.

2. SCADA Upgrade
   a. Delivery of the SCADA computers from Aqua-Aerobics is on schedule for July.
   b. Change Order No. 2 was approved at June 7, 2016 Board Meeting.

3. Chemical Storage and Feed System
   a. Piggyback Agreement with Carl Eric Johnson, Inc. and Hillsborough County was executed 3/15/16, allowing District to purchase pump skids and tanks at discounted rates.
   b. Request for Proposals for installation published on DemandStar 4/19/16 with a 6/14/16 deadline for proposals.
   c. Intent to Award was published on 6/22/16 naming Wharton-Smith as the winning respondent. Start date for Wharton Smith is dependent on equipment delivery date.
   d. A quote for the chemical pump skids and the chemical tanks has been requested from Carl Eric Johnson. Awaiting pricing and delivery schedule.

4. WWTP Blower Upgrades
   a. Project has been awarded to Wharton-Smith, contract price $1,681,110
   b. Mobilization will begin July 5, 2016.

5. Vacuum Station “E” Tank Replacement (Rehabilitation)
   a. Wharton-Smith has been awarded the Vacuum Station “E” Tank Rehabilitation project for $207,750.
   b. District will rent temporary vacuum tank, PO issued to Airvac.

Respectfully Submitted,

Ed Castle, P.E.
Key Largo Wastewater Treatment District
Board of Commissioners Meeting
Agenda Item Summary

Meeting Date: July 5, 2016
Agenda Item Number: L-1
Agenda Item Type: Information / Presentation
Agenda Item Scope: Review / Discussion
Recommended Action: Discussion

Department: Sponsor:
Commissioner's Item Commissioner Tobin

Subject: Senior Staff Raise Caps

Summary of Discussion:
Commissioner Tobin requested a discussion on senior staff raise caps.

Reviewed / Approved
Operations: 
Administration: 
Finance: 
District Counsel: 
District Clerk: 
Engineering: 

Financial Impact
$ 0.00

Funding Source:

Budgeted:
N/A

Attachments

Approved By: General Manager
Date: 7/6/16
Meeting Date: July 5, 2016

Agenda Item Type: Information / Presentation
Agenda Item Scope: Review / Discussion
Recommended Action: Discussion

Department: Commissioner's Item
Sponsor: Commissioner Gibbs

Subject: **Solar Power for the Administration Building**

Summary of Discussion:
Commissioner Gibbs requested a discussion on solar power for the administration building.

---

**Reviewed / Approved**
- Operations:
- Administration:
- Finance:
- District Counsel:
- District Clerk:
- Engineering:

**Financial Impact**
- $ 0.00

**Funding Source**
- Budgeted: N/A

**Attachments**

Approved By: [Signature]
Date: 7/11/16

General Manager
Key Largo Wastewater Treatment District
Board of Commissioners Meeting
Agenda Item Summary

Meeting Date:
July 5, 2016

Agenda Item Type: Information / Presentation
Agenda Item Scope: Review / Discussion
Recommended Action: Discussion

Department: Legal
Sponsor: Ray Giglio

Subject: New Agenda Requirements

Summary of Discussion:
Staff to discuss the new agenda posting requirements pursuant to CS/HB 479.

Reviewed / Approved
Operations: 
Administration: 
Finance: 
District Counsel: 
District Clerk: 
Engineering: 

Financial Impact
$ 0.00
Funding Source: Budgeted: N/A

Attachments
1. House of Representatives Final Bill Analysis

Approved By: General Manager
Date: 7/1/16
CS/HB 479 passed the House on January 27, 2016. The bill was amended by the Senate on February 23, 2016, and subsequently passed the House on March 1, 2016. The bill provides for additional transparency and oversight of special districts.

Special districts are used to provide a variety of local services and generally are funded through the imposition of ad valorem taxes, fees, and charges on the users of those services. There are two types of special districts: independent, which typically are created by special act and operationally are independent of any local general-purpose government, and dependent, which typically are created by local ordinance and are subject to the control of a local general-purpose government.

Special districts are governed according to chapter 189, Florida Statutes, the "Uniform Special District Accountability Act." Chapter 189 underwent extensive revisions in 2014, with substantive changes made to the oversight and enforcement process for special district financial reporting, an extension of the Governor's power to remove certain special district board members, and better organizing of the underlying structure of the statute.

The bill requires special districts to publish additional information on their website, including a calendar of public meetings and ensuring budgets are accessible for longer periods of time. It also reorganizes the oversight provisions of the chapter to increase clarity and avoid duplication. The bill clarifies the power of the Legislature to create dependent special districts. The bill revises the process for the Department of Economic Opportunity (DEO) to declare a special district inactive and clarifies the power of the Legislature to dissolve inactive independent special districts by general law. It also makes conforming changes to a number of related statutes.

The bill does not appear to have a fiscal impact on local governments. Based on the DEO analysis of a similar measure, HB 1155 (2015), the bill may have a minimal fiscal impact on the agency.

The bill was approved by the Governor on March 8, 2016, ch. 2016-22, L.O.F., and will become effective on October 1, 2016.
I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Introduction

A "special district" is "a unit of local government created for a special purpose... operating within a limited geographic boundary and is created by general law, special act, local ordinance, or rule of the Governor and Cabinet." Special districts are created to provide a wide variety of services, such as mosquito control, beach facilities, children's services, fire control and rescue, or drainage control.

Special districts can be classified as "dependent special districts" or "independent special districts." For a district to be classified as a "dependent special district," the district must meet at least one of the following criteria:

- Membership of its governing body is identical to that of the governing body of a single county or a single municipality;
- All members of its governing body are appointed by the governing body of a single county or a single municipality;
- The members of its governing body are subject to removal at will by the governing body of a single county or single municipality, during their unexpired terms; or
- The district's budget requires approval or can be vetoed by the governing body of a single county or a single municipality.

An "independent special district" is any special district that does not meet the definition of "dependent special district." Furthermore, any special district that includes territory in more than one county is an independent special district, unless the district lies entirely with the borders of a single municipality.

According to the Department of Economic Opportunity's (DEO) Special District Accountability Program Official List of Special Districts list, the state currently has 1,659 special districts. The districts can be further classified as follows:

- 1,648 active districts, 11 inactive districts
- 634 dependent special districts, of which 630 are active and 4 are inactive
- 1,025 independent special districts, of which 1,018 are active and 7 are inactive

Special districts are governed generally by the Uniform Special District Accountability Act (Act). The Act, initially passed in 1989, created ch. 189, F.S. to centralize provisions governing special districts.

---

1 Section 189.012(6), F.S.
2 Section 388.021(1), F.S. (however, new independent mosquito control districts are prohibited, see s. 388.021(2)).
3 See s. 189.011, F.S.
4 See Section 125.901(1), F.S.
5 Section 191.002, F.S.
6 Section 298.01, F.S.
7 Section 189.012(1), F.S.
8 Section 189.012(2), F.S.
9 Section 189.012(3), F.S.
10 Section 189.012(2)(a), F.S.
11 Section 189.012(2)(b), F.S.
12 Section 189.012(2)(c), F.S.
13 Section 189.012(2)(d), F.S.
14 Id.
Chapter 189 applies to the formation, governance, administration, supervision, merger, and dissolution of special districts, unless otherwise expressly provided in law. The Act also provided an extensive statement of legislative intent aiming to improve accountability of special districts to state and local governments and providing for more effective communication and coordination in the monitoring of required reporting.

In 2014, the Act was revised extensively and reorganized into eight parts:

- Part I: General Provisions
- Part II: Dependent Special Districts
- Part III: Independent Special Districts
- Part IV: Elections
- Part V: Finance
- Part VI: Oversight and Accountability
- Part VII: Merger and Dissolution
- Part VIII: Comprehensive Planning

The bill also made significant changes to provisions concerning independent special districts and special district oversight and accountability.

**Effect of the Bill**

**Legislative Intent (Bill Section 2)**

**Present Situation**

The purpose of the Act is to provide procedures for the definition, creation, and operation of special districts. Special districts “serve a necessary and useful function” by providing vital services to the state’s residents, enabling their full use and enjoyment of their property. In furtherance of these ends, the Legislature ensures the public trust in independent special districts by requiring all districts to register with the state, to regularly report financial data and other activities, and provides mechanisms to ensure compliance if districts fail to comply with minimum disclosure requirements.

**Effect of Proposed Changes**

The bill expands the statements of legislative intent to include all special districts in the requirements of registration, financial and other reporting, and providing a mechanism for noncompliance with minimum disclosure requirements. The bill also clarifies the intent of the Legislature to authorize action
against a special district itself for failure to comply with disclosure requirements, instead of the members of the district's board.

**Internet Accessible Budgets (Bill Section 3)**

**Present Situation**

Each special district is required to post a tentative budget to its website at least two days before the district's budget hearing.\(^{32}\) If the budget is approved at the hearing, it must be posted to the district's website within thirty days after adoption.\(^{33}\) If the budget is later amended, the adopted amendment must be posted on the district's website within five days after adoption.\(^{34}\) If a dependent special district does not operate a website, the Act creates alternative avenues for publication.\(^{35}\)

Dependent special districts must submit the budget or amendment to the local governing authority on which the district is dependent.\(^{36}\) The special district must transmit the budget or amendment to the local governing authority "within a reasonable period of time," as determined by the local governing authority.\(^{37}\) After transmission, the local governing authority posts the budget or amendment to its own website.\(^{38}\) Independent special districts follow the same procedure, but instead submit their budget and amendments to the local general-purpose government(s) in which the district is located.\(^{39}\)

**Effect of Proposed Changes**

The bill requires special districts to make their budgets and subsequent amendments available on the website for:

- Tentative budget: at least 45 days after the meeting
- Final budget: at least two years after the meeting
- Amendments: at least two years after the meeting

The bill also removes the requirement for special districts without a website to transmit their tentative and final budgets to the local governing authority or the local general-purpose government(s) with which the district shares territory. The requirement remains for adopted amendments to the budget.

**Creation of Dependent Special Districts (Bill Sections 5 and 15)**

**Present Situation**

---

\(^{32}\) Section 189.016(4), F.S.

\(^{33}\) Id.

\(^{34}\) Section 189.016(7), F.S.

\(^{35}\) See S. 189.016(4), (7), F.S.

\(^{36}\) Section 189.016(4), (7), F.S.

\(^{37}\) Section 189.016(4), (7), F.S.

\(^{38}\) Section 189.016(4), (7), F.S.

\(^{39}\) Section 189.016(4), (7), F.S.

STORAGE NAME: h479z.LGAS.docx

DATE: March 10, 2016
Under current law, new dependent special districts typically are created by the passage of an ordinance by a county or municipal government. A district must rest entirely inside the boundary lines of the creating local government entity. The ordinance creating the special district must include:

- Purpose, powers, functions, and duties of the district;
- Geographic boundaries of the district;
- Authority of the district;
- An explanation of why the district is the best mechanism for service delivery;
- Membership, organization, compensation, and administrative duties of the district’s board;
- Applicable financial disclosure, noticing, and reporting requirements;
- Method for financing the district; and
- Declaration that the creation of the district is consistent with the approved local government comprehensive plans.

General oversight for dependent special districts rests with the local general-purpose government to which the district is dependent.

Effect of Proposed Changes

The bill creates s. 189.02(5), F.S., clarifying the power of the Legislature to create dependent special districts by special act, at the request or with the consent of the local government upon which the district will be dependent. The bill also limits general oversight by local general-purpose governments to dependent special districts not created by special act.

Status Statements (Bill Sections 6 and 7)

Present Situation

The charter for any new special district created after October 1, 1997 must contain a reference to the status of the district as dependent or independent. Existing special districts also are required to amend their charter to contain status information, where practical. If a district fails to submit its status to DEO as required by statute, the department is authorized to determine the district’s status as dependent or independent.

Effect of Proposed Changes

The bill clarifies the requirement for both dependent and independent special districts to include their status in their charter by creating a new section stating the requirement for dependent special districts in Part II (“Dependent Special Districts”) of ch. 189 and amending s. 189.031(5), F.S., to refer only to

---

40 Section 189.02(1), F.S. Prior to September 30, 1989, some dependent special districts were created by general law or special act. There are currently 108 active dependent special districts that were created by general law and 74 created by special act.
41 Section 189.02(2), (3), F.S.
42 Section 189.02(4)(a), F.S.
43 Section 189.02(4)(b), F.S.
44 Section 189.02(4)(c), F.S.
45 Section 189.02(4)(d), F.S.
46 Section 189.02(4)(e), F.S.
47 Section 189.02(4)(f), F.S.
48 Section 189.02(4)(g), F.S.
49 Section 189.02(4)(h), F.S.
50 Section 189.061(2)(c), F.S.
51 Section 189.031(5), F.S.
52 Id.
53 Section 189.061(4), F.S.
independent special districts. The bill also changes the standard for when existing special districts must amend their charter to include their status from where it is “practical” to “practical and feasible.”

Oversight of Special Districts (Bill Sections 8, 9, and 13)

Present Situation

When an independent special district fails to file required reports or requested information, the Joint Legislative Auditing Committee (JLAC) provides written notice of the district's noncompliance to the President of the Senate, the Speaker of the House of Representatives, the standing committees of the Senate and House of Representatives charged with special district oversight, and the legislator(s) who represent any portion of the geographic jurisdiction of the district. The JLAC may then convene a public hearing at the direction of the President of the Senate and the Speaker of the House of Representatives. Before the JLAC's public hearing, the special district is required to provide:

- Annual financial report for the prior fiscal year;
- Audit report for the previous fiscal year; and
- Annual report for the previous fiscal year, providing a detailed review of the performance of the special district.

When a dependent special district fails to file required reports or requested information, the JLAC provides written notice of the district's noncompliance to the head of the local general-purpose government of which the district is a dependent. The local general-purpose government may conduct a public hearing within three months of the receipt of the notice of noncompliance from the JLAC. The local general-purpose government has thirty days upon receipt of the notice to inform the JLAC of the date, time, and place of the public hearing. The special district must provide the local general-purpose government the same information required by an independent special district appearing before the JLAC. If the local general-purpose government convenes a public hearing, it must provide DEO and the JLAC a report containing findings and conclusions with sixty days.

Effect of Proposed Changes

The bill makes no substantive changes from current law. The oversight provisions are renumbered from ss. 189.034 and 189.035, F.S., to ss. 189.0651 and 189.0652, respectively, placing the provisions in Part VI (“Oversight and Accountability”) of the Act. The bill also removes certain provisions shared by the independent and dependent special district oversight processes and places them in new s. 189.0653, F.S.

---

54 For special districts created by a special act of the Legislature, the necessary charter amendment would require another act of the Legislature, which may be “practical,” but possibly not “feasible,” independent of other charter changes being contemplated.
55 Section 189.034(2), F.S.
56 Section 189.034(3), F.S. The hearing may address general oversight of the district as well as the district's noncompliance with reporting. Id.
57 Section 189.034(4), F.S.
58 Section 189.034(4)(a), F.S.
59 Section 189.034(4)(b), F.S.
60 Section 189.034(4)(c), F.S. The “detailed review” required includes the special district's purpose, sources of funding, major activities, challenges or obstacles faced, ways to better fulfill its purpose, changes to the special act that would aid in fulfilling purpose, any other information reasonably required to provide accurate understanding of situation, reasons for noncompliance, whether district is now in compliance, plans to correct recurring issues of noncompliance, efforts to promote transparency.
61 Section 189.035(2), F.S.
62 Section 189.035(3), F.S.
63 Id.
64 See s. 189.035(4), F.S.
65 Section 189.035(5), F.S.

STORAGE NAME: h479z.LGAS.docx
DATE: March 10, 2016
Special District Accountability Program (Bill Sections 10 and 12)

Present Situation

DEO is tasked with the administration of the Special District Accountability Program. As part of administering the program, DEO is required to:

- Electronically publish special district noncompliance status reports;
- Maintain an official “master” list of dependent and independent special districts;
- Publish and update the “Florida Special District Handbook.”

The Florida Special District Handbook must contain:

- Definitions of special districts and status distinctions;
- Provisions concerning special district creation, implementation, modification, dissolution, and operating procedures;
- Summary of reporting requirements.

The official list of special districts contains all special districts, sorted by county and containing an identification of independent or dependent status. Each special district has sixty days to report its status to DEO upon request that the official list is to be produced. If the special district does not report its status within sixty days, DEO has the authority to determine the status of the district and then render the determination to an agent of the district. DEO must make the official list available on its website and must provide links to the website of each special district operating one.

The determination of status of a special district, or its inclusion on the official list of special districts, is not a final agency action under ch. 120, F.S. If the status of the district on the official list is inconsistent with the status submitted by the district, the district may request that DEO issue a declaratory statement setting forth the steps to resolve the inconsistency. A special district may then either appeal the declaratory statement pursuant to ch. 120 or apply to the entity which established its charter to amend the charter to correct the deficiency.

Effect of Proposed Changes

The bill requires the Special District Accountability Program to publish noncompliance status reports from the Department of Management Services. The bill also adds a summary of the most recent public

---

66 Section 189.064, F.S.;
67 Section 189.064(1), F.S.
68 Section 189.064(2), F.S.
69 Section 189.064(3), F.S.
70 Section 189.064(3)(a), F.S.
71 Section 189.064(3)(b), F.S.
72 Section 189.064(3)(c), F.S.
73 Section 189.061(1), F.S.
74 Section 189.061(2), F.S.
75 Section 189.061(4), F.S.
76 Section 189.061(3), F.S.
77 Section 189.061(6), F.S. Ch. 120, F.S., is the Florida Administrative Procedure Act. If an agency’s decision constitutes final agency action under ch. 120, F.S., the party affected by the decision may be entitled to a hearing prior to the decision and may be entitled to appeal an adverse decision to the appropriate appellate court. See ss. 120.569, 120.57, and 120.68, F.S.
78 Id. A declaratory statement is an agency’s opinion on the applicability of a statute, agency rule, or order to the petitioner. S. 120.565, F.S, Denial of a petition for declaratory statement is subject to the hearing procedures of the APA as well as appellate review. Ss. 120.52(2), (7), 120.569, 120.68, F.S.
79 Id.
facilities report, as required by the Act's comprehensive planning provisions, with an internet address of the full report and schedule, to the required materials in the Florida Special District Handbook.

The bill excludes all districts declared inactive, as provided in s. 189.062, F.S., from the official list of special districts. The bill requires DEO to maintain a separate list of inactive special districts until the districts are either merged, dissolved, or regain active status. The bill also requires the Department of Financial Services to notify DEO when any entity not included on the official list of special districts attempts to file a report as a special district.

Inactive Special Districts (Bill Section 11)

Present Situation

Whether dependent or independent, when a special district no longer fully functions or fails to meet its statutory responsibilities, DEO is required to declare that district inactive by following a specified process. DEO must first document the factual basis for declaring the district inactive.

A special district may be declared inactive if it meets one of six specific factors:

- The registered agent of the district, the chair of the district governing body, or the governing body of the appropriate local general-purpose government:
  - Provides DEO with written notice that the district has taken no action for 2 or more years.
  - Provides DEO with written notice that the district has not had any members on its governing body or insufficient numbers to constitute a quorum for 2 or more years.
  - Fails to respond to an inquiry from DEO within 21 days.
- Following statutory procedure, DEO determines the district failed to file specified reports, including required financial reports.
- For more than 1 year, no registered office or agent for the district was on file with DEO.
- The governing body of the district unanimously adopts a resolution declaring the district inactive and provides documentation of the resolution to DEO.

Once DEO determines which criterion applies to the district, notice of the proposed declaration of inactive status is published by DEO, the local general-purpose government for the area where the district is located, or the district itself. The notice must state that any objections to declaring the district inactive are published.

---

80 Section 189.062(1), F.S. Prior to 2014, the former statute required DEO to document the existence of one of five criteria listed in paragraph (1)(a), publication and service under paragraph (1)(b) of a notice of intent to declare the district inactive, and the lack of any administrative appeal of the declaration within 21 days of that publication. Section 189.4044, F.S. (2013). In 2014, as ch. 189, F.S., was extensively revised and restructured, the word "or" was added at the end of s. 189.062(1)(a)6, F.S., apparently allowing DEO either to document one of the six criteria or publish notice of intent to declare inactive and find no appeal is filed. Chapter 2014-22, s. 24, Laws of Florida. During the 2015 regular legislative session, the Florida Senate passed CS/SB 1388, its version of a bill resolving technical issues stemming from the 2014 revisions, which would have amended s. 189.062(1)(a)6., F.S., by removing the word "or." CS/SB 1388 (2015), s. 11, at line 414 (bill did not pass the Legislature). DEO still uses the 3-step process as described in the 2013 statute.

81 Section 189.062(1)(a)1., F.S.
82 Section 189.062(1)(a)2., F.S.
83 Section 189.062(1)(a)3., F.S.
84 Section 189.067, F.S.
85 Section 189.067, F.S.
86 Section 189.066, F.S.
87 Section 189.062(1)(a)4., F.S. See, ss. 189.016(9), 218.32, 218.39, F.S.
88 Section 189.062(1)(a)5., F.S.
89 Section 189.062(1)(a)6., F.S.
90 Section 189.062(1)(b), F.S. Publication must be in a newspaper of general circulation in the county or municipality where the district is located and a copy sent by certified mail to the district's registered agent or chair of the district's governing body, if any.
inactive must be filed with DEO pursuant to chapter 120, F.S., within 21 days after the publication date. If no objection is filed within the 21 day period, DEO declares the district inactive.

After declaring certain special districts as being inactive, DEO must send written notice of the declaration to the authorities which created the district. If the district was created by special act, DEO sends written notice to the Speaker of the House, the President of the Senate, and the standing committees in each chamber responsible for special district oversight.

The property and assets of a special district declared inactive by DEO are first used to pay any debts of the district. Any remaining property or assets then escheat to the county or municipality in which the district was located. If the district's assets are insufficient to pay its outstanding debts, the local general-purpose government in which the district was located may assess and levy within the territory of the inactive district such taxes as necessary to pay the remaining debt.

A district declared inactive may not collect taxes, fees, or assessments. This prohibition continues until the declaration of invalidity is withdrawn or revoked by DEO or invalidated in an administrative proceeding or civil action brought by the governing body of the special district. Failure of the special district to challenge (or prevail against) the declaration of inactive status enables DEO to enforce the statute through a petition for enforcement in circuit court.

Declaring a special district to be inactive does not dissolve the district or otherwise cease its legal existence. Subsequent action is required to repeal the legal authority creating the district, whether by the Legislature or the entity that created the district.

Effect of Proposed Changes

The bill clarifies that DEO shall declare a special district inactive by documenting that the special district meets one of the six statutory criteria for being considered inactive, publishing notice of intent to declare the district inactive, and affirming that no administrative appeal of the declaration has been filed within 21 days of publication. This was the procedure required by statute prior to the 2014 revisions to ch. 189, F.S., and is still used by DEO in practice. The bill clarifies that the Legislative may repeal, by general law, the special acts creating or amending the charters of special districts which are now inactive.

Internet Accessible Reporting (Bill Section 16)

Present Situation

90 Id. The published notice also must include the name of the district, the law under which it was organized and operating, and a description of the district’s territory.
91 Section 189.062(1)(c), F.S.
92 Section 189.062(3), F.S. The statute provides that the declaration of inactive status is sufficient notice under art. III, s. 10 of the Florida Constitution to authorize the repeal of special laws creating or amending the charter of the inactive district. This statute stands in lieu of the normal requirement for publication of notice of intent to file a local bill at least 30 days before introducing the bill in the Legislature, under s. 11.02, F.S.
93 Section 189.062(2), F.S.
94 Section 189.062(5), F.S.
95 Section 189.062(5)(a), F.S.
96 Section 189.062(5)(b)1., F.S. Administrative proceedings are conducted pursuant to s. 120.569, F.S. See discussion supra in n. 76.
97 Section 189.062(3)(b)2., F.S. The action for declaratory and injunctive relief is brought under ch. 86, F.S.
98 The special district must initiate the legal challenge within 30 days after the date the written notice of the department’s declaration of inactive status is provided to the special district. S. 189.062(5)(b), F.S.
99 Section 189.062(5)(c), F.S. The enforcement action is brought in the circuit court in and for Leon County.
100 Sections 189.071(3), 189.072(3), F.S.
101 Section 189.062(4), F.S. Unless otherwise provided by law or ordinance, dissolution of a special district transfers title to all district property to the local general-purpose government, which also must assume all debts of the dissolved district. Section 189.076(2), F.S.
Each special district is required to maintain an official website containing essential information about the district. Independent special districts are required to maintain their own website, while a link to information about dependent special districts must be displayed on the home page of the local general-purpose government which created the district.

Effect of Proposed Changes

The bill requires the website for a dependent special district to be displayed prominently on the home page of the local general-purpose government upon which it is dependent, whether that government created the special district or not. The bill also requires the district’s website to include a listing of regularly scheduled public meetings (including date, time, and location), a copy of the district’s public facilities report, and a link to the Department of Financial Services website.

Conversion or Merger of Independent Special Districts (Bill Sections 4 and 19)

Present Situation

Section 165.0615, F.S., enables the qualified electors of an independent special district to file a petition to incorporate the district as a municipality, subject to approval via referendum. If the electors approve of the conversion, the district is required to notify both the Special District Accountability Program and the local general-purpose governments where the district is located.

Section 189.074, F.S., allows for the voluntary merger of two or more independent special districts. The merger can be initiated by either the governing bodies of each independent special district or by a petition of qualified electors in the district. Both methods of voluntary merger require the governing boards of the respective independent special districts to notify the supervisor of elections of the relevant counties. The supervisor of elections is required to schedule a referendum in each district, which must occur no more than twenty days apart.

Effect of Proposed Changes

The bill reenacts ss. 165.0615(16), 189.074(2)(e), and 189.074(3)(g), F.S., to incorporate amendments made to s. 189.016, F.S.

Conforming Provisions (Bill Sections 1.14.16. and 17)

The bill amends ss. 11.40(2)(b) and 189.067(2), F.S., to update cross-references for renumbered sections concerning oversight of special districts. The bill amends ss. 189.071 and 189.072 to remove the redundant phrase “or that has already been declared inactive.”

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT
A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
   None.

2. Expenditures:
   The bill may have a minimal fiscal impact on the operations of DEO.\(^{113}\)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
   None.

2. Expenditures:
   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

   None.

D. FISCAL COMMENTS:

   None.

Meeting Date: June 21, 2016

Agenda Item Type: Information / Presentation
Agenda Item Scope: Review / Discussion
Recommended Action: Discussion

Department: Finance
Sponsor: Connie Fazio

Subject: Proposed Amendment to Purchasing Policy

Summary of Discussion:
Staff to present the proposed amendment to the District's purchasing policy.

Reviewed / Approved
Operations:
Administration:
Finance:  
District Counsel:
District Clerk:
Engineering:

Financial Impact
$ 0.00

Funding Source: Budgeted: N/A

Attachments
1. Proposed Amendment to Purchasing Policy

Approved By: Connie Fazio for Paul Christian  Date: 7/1/16

General Manager
Current Procurement Policy

2-206 Small Purchases

2-206.01 Definition. Small purchases are supplies, services, construction, and professional services with an estimated dollar value of $50,000 or less.

2-206.02 Procedures for small purchases up to $10,000.

(1) the General Manager shall use reasonable and adequate procedures and make records that facilitate auditing.

(2) "reasonable and adequate procedures" means procedures that ensure fairness to potential offerors and competition commensurate with the circumstances of the procurement, considering price, mission requirements, and available competition. In some circumstances, reasonable and adequate procedures may mean contacting only one potential offeror.

2-206.03 Procedure for procurement of more than $10,000, but no more than $50,000.

(1) Except for procurements under 2-206.02, the District shall use the following procedures in the procurement of supplies, services, professional services, or construction estimated to cost more than $10,000, but no more than $50,000:

(A) for the solicitation,

1. at least three firms or persons shall be contacted for a quotation or informal proposal and the District shall designate whether the response may be made in writing or verbally; and

2. the solicitation may be made verbally or in writing and shall include the specifications, the award criteria, and the date and time responses are due;

(B) for the award, the District shall make the award

1. in accordance with the specifications and award criteria in the solicitation, and

2. to the responsive and responsible firm or person that submitted the lowest quotation or the informal proposal that is the most advantageous to the District.

(C) as part of the file on the procurement, the District shall include the

1. name of the person who made the solicitation and the date of the solicitation;

2. information provided by the District under (1)(A) of this section;

3. names of the firms or persons contacted, a summary of any verbal responses, and copies of all quotations or informal proposals received; and

4. justification for the award.

(2) If it is determined in writing by the General Manager that the procedures specified in (1) are not practicable under the circumstances, the procedures required by 2-206.02 shall be followed.
2-206.04. **Division of Requirements.** Procurement requirements may not be artificially divided or fragmented so as to constitute a small purchase under 2-206 or to circumvent the source selections procedures required by 2-202 (Competitive Sealed Bidding), 2-203 (Multi-Step Sealed Bidding), 2-204 (Competitive Sealed Proposals), or 2-210 (Professional Services).

---

**Proposed Changes to Procurement Policy**

1. **Introduction and General Information:**

   a. **Purchase:**
      i. A purchase is defined as an acquisition by contracting in any manner, whether by rent, lease, lease/purchase, or outright purchase, of commodities or services. Purchases of commodities which, in the ordinary course of business, are purchased in small quantities at a time (example: office supplies), but which conceivably could be purchased in bulk so as to invoke the formal bid process, shall not be considered divided purchases made in order to circumvent the spending thresholds in this Purchasing Manual, but rather, will be considered separate purchases when to buy in bulk is not customary, convenient, or for which storage and inventory against future use would be impractical.

   b. **Dividing Purchases Prohibited:**
      i. Except for commodities, which, in the ordinary course of business, are purchased in small quantities at a time, no purchase may be divided or sub-divided in order to avoid the procedural requirements outlined in this policy. Dividing or sub-dividing purchases to avoid the procedural requirements set forth in this policy may subject the employee to disciplinary action.

   c. **Documentation:**
      i. Documentation of price quotes shall contain the following information at minimum: 1) Date quote was received; 2) Vendor Business name; 3) Vendor telephone number; 4) Item description; 5) Total purchase price quote; 6) Name of vendor employee making the quote. 7) Date upon which the verbal quote becomes void (i.e.: the last day that the vendor will honor the quote). Copies of this documentation shall be attached to and filed with the Purchase Order in the Finance department.

   d. **Purchase Orders:**
i. A purchase order is required for the purchase of any equipment, materials, or contractual services whose cost is in excess of $2,500.00. A purchase order represents both a request to acquire an item and the form on which to record the required authorizations and compliance with bidding procedures. As such, the purchase order must be processed and approved before the items are ordered or the contractual work is performed. Waivers and exceptions to competitive bidding, which are outlined below, do not mean that a purchase order is not required; they simply allow the substitution of a sole source memo or "piggyback" in place of the required quotations.

e. **Emergencies:**
   i. An emergency situation exists when 1) a state of emergency has been declared by either the President of the United States, the Governor of Florida or Monroe County, 2) all or a portion of Monroe County has been placed under a mandatory evacuation order or 3) a sudden, unforeseen or unexpected turn of events (including, but not limited to, acts of God, riots, fires, floods, hurricanes, tornadoes, accidents, or other circumstances, causes, or events involving public health, safety, welfare, and/or inconvenience or expense to the District) that can only be rectified or minimized by immediate purchase of a commodity or service.

2. **Dollar Limitations and Approval Requirements:**

   a. **$0 to $2,500 (Goods and Materials Only – No Services)**
      
      i. **Procedure:**
         1. Purchases of goods or materials in this category do not require the use of formal or informal bidding procedures.
         2. No Purchase Order is required.
         3. Purchase Agreement or Small Project Contract is required if services or labor are included in the procurement.
         4. The Department making the purchase is required to make a reasonable attempt to insure that the District receives good value and a competitive price that is consistent with the desired quality of materials, workmanship, or level of performance.

      ii. **Approval Level:**
1. Purchases must be pre-approved by a Department Manager or Supervisor.

2. Invoices must be approved by both the Department Manager and the General Manager.

iii. Required Documentation
   1. Credit Card Receipts or Invoice Receipts.
   2. The maximum permitted single Credit Card Transaction is $2,500 without prior approval of the General Manager.

b. $2,501 to $5,000 ($0 - $5,000 if Services or Labor included)

   i. Procedure:
      1. Purchases of goods or materials in this category do not require the use of formal or informal bidding procedures.
      2. Purchase Orders or Check Requests are required for non-emergency procurement of equipment, materials, supplies, and services.
      3. Purchase Agreement or Small Project Contract is required if services or labor are included in the procurement.
      4. The Department making the purchase is required to make a reasonable attempt to insure that the District receives good value and a competitive price that is consistent with the desired quality of materials, workmanship, or level of performance.
      5. The requesting department shall, with all due diligence, obtain and document at least one (1) price source or quote, which will be included in a quotation memo by the originating department.

   ii. Approval Level:
      1. Purchases must be pre-approved by a Department Manager (CIO/Plant Manager/Collections Manager/Maintenance Manager).
      2. Invoices must be approved by both the Department Manager and the General Manager.

   iii. Required Documentation
      1. Documentation of the price source for the procurement (e.g. webpage; newspaper advertisement; quotation memo or written quotes) must be provided to the Finance Department as part of the
documentation that accompanies the Purchase Order that authorizes the purchase.

2. The originating department should also retain the necessary documentation (e.g. Credit Card Receipts / Invoice Receipts) within their files to demonstrate compliance with these procedures.

3. The maximum permitted single Credit Card Transaction $2,500 without prior approval of the General Manager

c. $5,001 to $10,000

i. Procedure:
   1. Purchases of goods or materials in this category do not require the use of formal or informal bidding procedures.
   2. Purchase Orders or Check Requests are required for non-emergency procurement of equipment, materials, supplies, and services.
   3. The Department making the purchase is required to make a reasonable attempt to ensure that the District receives good value and a competitive price that is consistent with the desired quality of materials, workmanship, or level of performance.
   4. The requesting department shall, with all due diligence, obtain and document at least three (3) price sources or quotes, which will be included in a quotation memo by the originating department.

ii. Approval Level:
   1. Purchases must be pre-approved by the General Manager
   2. Invoices must be approved by both the Department Manager and the General Manager.
   3. In the event of an emergency, the expenditure may be approved without documented price source(s) or Purchase Order.

iii. Required Documentation
   1. Documentation of the price source for the procurement (e.g. web page; newspaper advertisement; quotation memo or written quotes) must be provided to the Finance Department as part of the documentation that accompanies the Purchase Order that authorizes the purchase.
2. The originating department should also retain the necessary documentation (e.g. Credit Card Receipts / Invoice Receipts) within their files to demonstrate compliance with these procedures.

3. The maximum permitted single Credit Card Transaction $2,500 without prior approval of the General Manager

d. **$10,001 to $35,000**

   i. **Procedure:**
   1. Purchases of goods or materials in this category do not require the use of formal or informal bidding procedures.
   2. Purchase Orders or Check Requests are required for non-emergency procurement of equipment, materials, supplies, and services.
   3. The Department making the purchase is required to make a reasonable attempt to insure that the District receives good value and a competitive price that is consistent with the desired quality of materials, workmanship, or level of performance.
   4. If possible, the requesting department shall, with all due diligence, obtain and document at least three (3) written quotes, which will be included in a quotation memo by the originating department.
   5. If three (3) written quotes cannot be obtained (e.g. because of an emergency, single manufacturer, standardized equipment, not responsive vendors, etc.) a memo must be submitted with the Purchase Order documenting why the quotes could not be obtained. This requirement can be waived by Action of the Board of Commissioners

   ii. **Approval Level:**
   1. Purchases must be pre-approved by the KLWTD Board of Commissioners
   2. In the event of an emergency, the expenditure may be approved by the General Manager, and may be approved without documented price source(s) or Purchase Order.
3. Such emergency purchases must be reported to the Board of Commissioners via electronic mail as soon as practicable and must be ratified by the Board at the next available business meeting.

4. Invoices must be approved by both the Department Manager and the General Manager.

iii. Required Documentation:
   1. Documentation of the price source for the procurement (e.g. webpage; newspaper advertisement; quotation memo or written quotes) must be provided to the Finance Department as part of the documentation that accompanies the Purchase Order that authorizes the purchase.

   2. The originating department should also retain the necessary documentation (e.g. Credit Card Receipts / Invoice Receipts) within their files to demonstrate compliance with these procedures.

   3. The maximum permitted single Credit Card Transaction $2,500 without prior approval of the General Manager.

c. $35,001 to $300,000
   i. Procedure:
      1. Purchases of goods or materials in this category require the use of formal or informal Competitive Solicitation of Proposals or Bids, in accordance with this procurement Policy.

      2. In special circumstances and at the discretion of the General Manager with the approval of the Board of Commissioners, a minimum of (3) written quotes, which will be included in a quotation memo by the originating department.

   ii. Approval Level:
      1. Purchases must be pre-approved by the KLWTD Board of Commissioners.

      2. In the event of an emergency, the expenditure may be approved by the General Manager, and may be approved without documented price source(s) or Purchase Order.
3. Such emergency purchases must be reported to the Board of Commissioners via electronic mail as soon as practicable and must be ratified by the Board at the next available business meeting.

4. Invoices must be approved by both the Department Manager and the General Manager.

iii. Required Documentation:

1. Documentation of the formal competitive solicitation process and requirements, in accordance with KLWTD procurement policy and applicable Florida Statutes.

f. $300,001>

i. Procedure:

1. Purchases of goods or materials in this category require the use of formal or informal Competitive Solicitation of Proposals or Bids, in accordance with this procurement Policy.

ii. Approval Level:

1. Purchases must be pre-approved by the KLWTD Board of Commissioners.

2. In the event of an emergency, the expenditure may be approved by the General Manager, and may be approved without documented price source(s) or Purchase Order.

3. Such emergency purchases must be reported to the Board of Commissioners via electronic mail as soon as practicable and must be ratified by the Board at the next available business meeting.

4. Invoices must be approved by both the Department Manager and the General Manager.

iii. Required Documentation:

1. Documentation of the formal competitive solicitation process and requirements, in accordance with KLWTD procurement policy and applicable Florida Statutes.
3. Petty Cash Fund:

a. The General Manager is authorized to establish a Petty Cash Fund (Fund) in the amount of $5,000.

b. This Fund is to be used to make purchases of goods and services in the event of a disruption of financial services that prevents or, in the opinion of the General Manager, makes it impracticable for the District to utilize normal non-cash methods of purchasing those goods or services whose immediate procurement is essential to the operation, safety or convenience of the District.

c. This Fund may be used as needed through the period of disruption and is exempt from regular procurement requirements; however, all disbursements must be documented. The funds will be kept in a lock-box or vault and the General Manager, or designee, will be assigned as fund custodian.