

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: CS/HB 1077 City of Key West, Monroe County
SPONSOR(S): Government Efficiency & Accountability Council and Saunders
TIED BILLS: **IDEN./SIM. BILLS:** SB 2934

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Urban & Local Affairs</u>	<u>6 Y, 0 N</u>	<u>Fudge</u>	<u>Kruse</u>
2) <u>Government Efficiency & Accountability Council</u>	<u>10 Y, 0 N, As CS</u>	<u>Fudge</u>	<u>Cooper</u>
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Currently, the Utility Board of the City of Key West operates under the name “City Electric System.” The Board has the authority to issue bonds, but prior to the validation and issuance, the Board must obtain the approval of the City Commission of the City of Key West. Also, the Board allows senior citizens and disabled veterans to receive a special lower rate and charge for electricity if those persons meet certain conditions adopted by the Board.

This bill revises numerous provisions related to the Key West City Electric System including: changing the name of the utility to “Keys Energy Services,” removing the requirement that the Board obtain the approval of the City Commission of the City of Key West prior to the validation and issuance of bonds, removing the residency requirement for the senior citizens and disabled veterans discount, and other provisions relating to the duties and powers of the governing board.

This bill is effective upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government – This bill may streamline the way the Utility Board operates by removing the requirement to obtain approval from the City of Key West prior to validation and issuance of bonds. Additionally, the bill expands the scope of contracts from which the Board may obtain commodities or contractual services without satisfying the competitive procurement requirements.

B. EFFECT OF PROPOSED CHANGES:

Present Situation:

City of Key West Utility Board

The Utility Board of the City of Key West was created by ch. 69-1191, L.O.F., consists of a five-member board, and operates under the name "City Electric System". The Board has the authority to:

- Manage, operate, maintain, control, and extend service beyond the limits of the City of Key West;
- Improve, finance, and re-finance the electric public utility owned by the City of Key West; and
- Build, construct, operate and acquire other public utilities.

The Board consists of five members elected from the city at large in groups numbered I through V. The chairman is elected by the people in group I and all candidates for chairman must file in group I. The chairman is elected at the general municipal election and serves for a period of two years. The Board has thirty days following the occurrence of a vacancy to fill that vacancy or the City Commission of the City of Key West shall fill the vacancy for the unexpired term. Reimbursement for travel of members of the Board must be made in accordance with ch. 112, F.S.

The Board has the authority to issue bonds, but prior to the validation and issuance, the Board must obtain the approval of the City Commission of the City of Key West. Also, when the Board seeks to purchase land, the Board must request that the board of realtors of Monroe County provide the Board with the names of three licensed appraisers. The Board shall pay no more than the agreed upon appraisal furnished by the three appraisers.

Senior Citizens and Disabled Veterans Discount

Senior citizens and disabled veterans are granted a special lower rate and charge for electricity for those persons who meet the low income standards adopted by the Board, who have been a permanent resident in the utility service area for three consecutive years prior to requesting the special lower rate or charge, and are 62 years of age or older or a totally and permanently disabled American veteran.

Contractor Surety Bonds

Prior to the construction, improvement, or repair of the City of Key West electrical system contractors are required to provide sufficient surety in an amount set by the Board for the faithful performance of the contract. The Board must contract with the lowest responsible bidder. When advertising for construction projects, the Board must publish notice at least once a week for two consecutive weeks before the award of the contract. All purchases of commodities or contractual services are exempt from competitive bidding if, among other things, the terms of the original federal, state or local government contract are expressly extended to other municipalities, and the original contract was executed within 12 months prior to the proposed purchase by the Board.

Surplus Property

When the Board designates property as surplus, it must do so based on the best interests of the Board, the value and condition of the property, and the probability of the desirability of the property to the bidder to whom offered. The Board must make surplus property first available to the City of Key West. If a bid for the property is not received, the Board must offer the property for sale by advertising for bids in a newspaper once each week for no less than two weeks. The cost of transferring the property must be borne by the bidder. All actions regarding the disposal of property must be recorded in the minutes of the Board.

Effect of Proposed Changes

The bill changes the name of "City Electric System" to "Keys Energy Services." The bill also provides that the members in Group I are elected at the municipal general election in 2007 and every four years thereafter. Instead of electing the chair from group I, the chairperson is selected among the five members during the organizational meeting in December following the election and may serve consecutive terms. If a vacancy occurs the Board has 60 days, as opposed to 30 days, to fill the vacancy before the Key West City Commission could fill that vacancy. The bill also removes the requirement that the Board obtain approval from the Key West City Commission prior to the validation and issuance of any bonds.

The bill removes the three year permanent residency requirement for the senior citizen and disabled veteran discount. The bill removes the surety requirement for contractors and authorizes the Board to accept the lowest or best bid. The advertising requirement begins two weeks prior to the opening of any sealed bid. The bill also expands the exemption from the competitive bid requirement to include approved renewal or extension of contracts and adds electric cooperative to the list of contracts that are exempt from the competitive procurement requirements. The bill authorizes the Board to establish the value of surplus property by resolution and make the property available to governmental units within Monroe County and to the general public. The Board is no longer required to record the disposal of surplus property in the minutes. Members may now be reimbursed for travel and expenses in accordance with resolutions adopted by the Board. The bill also allows the Board to obtain appraisals from three licensed and certified appraisers rather than through the board of realtors of Monroe County. The Board is authorized to pay no more than the highest appraisal.

C. SECTION DIRECTORY:

Section 1: Amends section 1, 2, 3, 6, 11, 13, 15, 16, 19, and 20 of ch. 69-1191 relating to the Key West City Electric System including the name of the system and the duties and powers of the governing board.

Section 2: The bill is effective upon becoming law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 24, 2007

WHERE? In the *Key West Citizen* a daily newspaper published in Key West, in Monroe County.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 28, 2007, the Government Efficiency & Accountability Council reported HB 1077 favorably with a council substitute to incorporate the amendment adopted by the Committee on Urban & Local Affairs.