# WORK SESSION
**Agenda**

November 12, 2024
5:30 PM
6738 Dixon Street
Milton, FL 32570

1. **Call Meeting to Order**
2. **Persons to Appear**
3. **Review of City Council Regular Meeting Agenda**
4. **Old Business**
5. **New Business**

   Item # 2024-2871
   Magnolia Hall New Roof

   Item # 2024-2878
   Explore options for improvements to consistent audio during work sessions and council meetings **(Farrow)**

   Item # 2024-2884
   FDEP Amended Consent Order - OCG #22-2517B **(Information Only)**

   Item # 2024-2885
   State Audit Response **(Information Only)**

   Item # 2024-2887
   ITB 2024-09 North Santa Rosa Regional Water Reclamation Facility
6. **Mayor & Council Comments**
7. **Public Input**
8. **Adjournment**

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting is asked to advise the City at least 48 hours before the meeting by contacting City Hall, 6738 Dixon Street, Milton, or by calling 983-5410.

*"If any person decides to appeal any decision made by the board, agency, or commission, with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that for such purpose, he or she 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." FS 286.0105*

Agenda Item # 2024-2871

# Magnolia Hall New Roof

| MEETING DATE | PREPARED BY |
| --- | --- |
| November 12, 2024 | Stephen Prestesater, Director of Economic Development |

## BACKGROUND

During the FY2025 budget process, $25,000 was added to the Capital Outlay for Magnolia Hall to receive a new roof. Upon approval of the FY25 budget, staff immediately began reaching out to local and licensed roofers to receive estimates.

## SUMMARY

Staff has reached out to all licensed roofers in the City of Milton to receive estimates for the full replacement of the Magnolia Hall Roof. Per request from the Facilities Department Manager, all quotes must cover:

- All county permits must be pulled.
- Replacement of any managed roof decking/ plywood.
- New underpayment.
- Architectural shingles, metal drip edge, new roof vents, and a new ridge vent.
- Full cleanup and disposal of all waste.

The city, through this search, contacted 5 licensed roofing companies, and received comparable quotes from 3.

D.A.C. Roofing, License # CCC1333733
Total Cost: $17,500.00

Sowell Roofing, Inc., License # CCC1333549
Total Cost: 16,500.00

Jacob Hill Roofing, LLC., License # CCC1334627
Total Cost: 14,732.75

(All estimates are attached to this agenda item)

## RECOMMENDATION

Move this item to the CRA for approval.

## ATTACHMENTS

1. DAC Roofing Estimate
2. reroof - Sowell Roofing Inc
3. 5256 Alabama street estimate - Jacob Hill Roofing LLC

page 2 of 2

DAC Roofing LLC/DAC Foam Insulation, LLC
5421 Stokes ST
Milton, FL 32570
Corporate office
Phone: (850) 910-4707

Fax: (850) 889-1848

10/17/2024

**Company Representative**
Drek Gilbreath
Phone: (850) 910-3402
Drek@dacroofingllc.com

Atlas Prolam Shingle

**Steven Prestesater**
**City of Milton**
5256 Alabama Street
Milton, FL 32570
(850) 295-0724

Job: Steven Prestesater

## Roofing Section

- Full Roof Replacement
Includes Complete Ice and Water underlayment
- Remove existing shingles down to deck
- NO CHARGE for replacement up to 2 sheets of 1/2 inch OSB decking for substrate
- If damaged or rotted wood is discovered, it will be replaced at a price of $75 per sheet after your 2 free sheets of 1/2 inch OSB .
- 3/4 inch decking will be charged at $95 per sheet
-DECKING PRICING SUBJECT TO CHANGE WITH THE STEADY INCREASE OF MATERIALS
- Re-nail any loose wood and bring up to code with 8d Ring Shank Nails
- Install 3' of ice and water shield at all valleys.
- Install Synthetic underlayment Up to new Jan 2021 code.
****Let us know if you are interested in pricing the Full Peel and Stick Underlayment/Secondary Water Barrier)
- Install Starter Shingles along all gutter lines and rake edges
- Install Pro-Cut Hip & Ridge Shingles.
- Install new ridge vent.
- Install new pipe boot and 750's. (750'S TWO MAX INCLUDED IN PRICING)
-Install New drip Edge where gutters do not interfere
- Clean up all job related debris And Magnet sweep
- Provide 5 year workmanship warranty and provide owner with an Atlas Manufacturer Warranty.
-Chimney Flashing or any other flashings is not included in the pricing.
- If you have 2 Layers of shingles. There will be an additional charge for the demo per sq.
- All Our Crews are licensed and insured.
- Crews will maintain safety requirement at all times during the construction process

-Financing Available- Please call for Detail or ask your
Sales Rep

Fascia $15.00 a Linear foot
Soffit wood/vinyl $18.00 a sq. ft.
Framing $8.00 a linear foot
Fascia bent metal $10.00 Linear foot

• Client agrees to pay Contractor according to the following plan:

X________________________

* 50% DUE WITH Signed Contract
We will not order material until the 50% has been received.
(Check will not be cashed or Credit Card Processed until materials have been delivered).
Once materials are delivered, they are your property and we are not responsible for stolen property.

* Final payment of 50% due upon completion
(Not Final Inspection as we have no control over County Inspections)
If payment is not made in full after 5 days of completion DAC will void the labor install warranty.

• Client agrees that if payment is not made according to the above plan, Contractor has the right to stop all work until payments have been brought current. And a Notice of Lien will be served to Owner and a Lien put on property.

• Client understands that if changes are necessary during the course of construction, the Contractor will notify the Client of change order, and the Client will be responsible for the additional incurred costs with approval of the agreed upon changes. Example Includes additional wood rot, double layer, Chimney repair and flashing.

- Contractor will be responsible for all materials and equipment necessary for the completion of the job, which the Contractor agrees were included in the estimate, or were added with the changes listed above.
- Contractor agrees to obtain all necessary permits for the construction, the costs of which will be included.
- Contractor agrees that He will remove all debris, equipment, materials, etc. from the location upon completion of the construction. Debris only includes material that we have removed and installed.
- Contractor is not responsible for concrete damage caused by delivery supply company and/or shingle debris removal trailer.
- Contractor not responsible for any damage cause by nails. Please be aware that during construction there will be nails on the ground DO NOT PARK BY THE DUMP TRAILER. There will be clean ups daily and a thorough magnetic sweep on completion. Nails are inevitable, and we do our best to get them up. And there can be existing nails from previous construction. All vehicles and anything of value homeowner must move from driveway/eves of home for install. Anything not moved DAC will not be responsible.
- Please be aware that if we will remove your Satellite Dish to correctly install your new roofing you will need to contact your provider for re-alignment. DAC Roofing is not responsible for any cost charged to Client.
- Contractor is not responsible for damage to skylights and or Off ridge vents that client does not want replaced. Damage could be caused to brittle older skylights. We advise all skylights to be replaced with new roof. Interior work is not included with replacing skylights.
- Contractor is not responsible for damaged plants/flowers near the house or under the roof. Installers will do their best to protect with tarps and careful DEMO as best as possible.
- Contract is NOT responsible for any roof attached to home that is not being replaced by DAC Roofing.
- Contractor agrees that all employees and/or subcontractors will be insured and covered by workers compensation.
- Contractor agrees to 15 year installation warranty on Shingle Roofs. Labor warranty covers anything not installed correctly at the time of roof install. Contractor is not responsible under install warranty for weather related damage including but not limited to wind, hail, lightening, tree damage, debris, acts of God, Etc.
- 5 year metal roof labor install warranty due to fastener deterioration, two year for flat 2 Part Roll Roofing.
- DAC WILL NOT COVER ANY INTERIOR RELATED DAMAGE ON LEAKS NOT REPORTED WITH IN 24 HOURS. DAC MUST BE GIVEN ACCESS TO ATTIC TO VERIFY LOCATION OF LEAK. DAC TO USE THEIR OWN SHEETROCK REPAIR MAN.
- Material warranty according to roofing material choice.
- DAC Roofing cannot help or advise with color selection.

***BEFORE YOUR ROOF INSTALL THINGS TO KNOW -

1. Roofing is not pretty - It is a huge mess, but we promise once they are done the clean up is top notch.
2. Please secure your light fixtures within the home of all screws. Bundles of shingles are very heavy and can rattle those globes.
3. Please do not walk near or around any shingle debris during demo. Those piles are filled with nails.
4. If you have any issue/question during install. Please call the office immediately! 850-910-4707

Shingles Brand Choice: ATLAS Prolam Color:________________________

Eve Metal/Drip Edge: White or Brown
(Please circle one)

Invalidity or unenforceability of one or more provisions of this agreement shall not affect any other provision of this agreement.
Contractor can Cancel Contract at any time.
This contract is subject to the laws and regulations of the state of Florida.
COMPLETED CONTRACTS MUST BE TURNED IN WITHIN 14 DAYS DUE TO THE STEADY INCREASE OF MATERIAL PRICING.
INCOMPLETE CONTRACTS WILL BE VOIDED AFTER 14 DAYS.

| | Qty | Unit |
|---|---|---|
| Materials | | |
| Labor | | |
| | | - - |

| TOTAL | $17,500.00 |
|---|---|

Starting at **$288/month** with Acorn FINANCE • APPLY

BBB
www.dacroofingllc.com
www.dacfoaminsulation.com
FLCCC1333733
AL31556
Credit/Debit Transactions will incur a 3.5% transaction Fee
Estimates are only good for 14 days. Due to the rapid increase of materials.
NO DISCOUNTS TO BE REQUESTED OR APPLIED AFTER SIGNING CONTRACT.
The signing of this agreement you agree that you are now under contract with DAC Roofing, LLC/DAC Foam Insulation, LLC
Any signed roofing contract not turned in completed (Contract, NOC, Color Selection of shingle/drip edge, 50% Down Payment) within 14 days will no longer be valid.

Company Authorized Signature

Date

Customer Signature

Date

Customer Signature

Date

P.O. BOX 3821
MILTON, FLORIDA 32572

CERTIFIED ROOFING CONTRACTOR
FL LIC #: CCC1333549
NUMBER1ROOFMAN@GMAIL.COM

**Thank You For Choosing SOWELL ROOFING, INC!**

# ROOF ESTIMATE

*This Roof Includes A 5-Year Workmanship Warranty And A 30-Year Manufacturer's Shingles Warranty*

**NAME:** City of Milton, Stephen Prestesater **DATE:** 10/17/2024
**PHONE:** (850) 295-0724 **EMAIL:** sprestesater@miltonfl.org
**ADDRESS:** 5256 Alabama Street, Milton, Florida, 32570

**WE WILL BE GLAD TO PROVIDE THE FOLLOWING REROOFING SERVICES**

- Furnish all labor, materials, and necessary permits
- Remove existing roof to decking
- Renail all decking to bring it up to new FL code
- Install new limited lifetime 30 year dimensional shingles
- Install one layer self-adhered ice and water shield in all valleys, if applicable
- Install 2 layers of synthetic felt underlayment
- Replace all plumbing pipe boots and paint them to match shingle colors, if necessary
- Install new ridge vents
- Install new drip edge
- Replace 750 stove vent, if applicable
- Remove all trash and debris resulting from the job
- Price includes magnetic sweeping and dump fees
- We will remove satellite dishes to install new roof - Dish can be discarded but cannot be reinstalled/recalibrated
- We will provide the passed inspection report from the County and pictures of the job upon completion

***BASE COST: $*** 16,500

**Optional Improvements:** Install Ice and Water Shield Underlayment (This underlayment qualifies for the SWR underlayment credit for insurance purposes) 2,300

***TOTAL COST: $*** 18,800

**NOTE: Any unsound decking or damaged wood must be replaced in order to comply with FL Building Codes.**

**Wood/Decking will be assessed upon removal of shingles and will be replaced. Additional wood will be:**

$ 80 per 4 x 8 plywood sheet

$2 per 1x2 linear feet (LF), $5 per 1x4 and 1x6 LF, $6 per 2x4 LF, $7 per 2x6, $6 per flashing LF

*Estimate does not include the roof replacement of patios, Florida rooms, separate garages/sheds, or any other type of roof separate from the main house unless specified above.*

**The prices quoted in this estimate are only guaranteed for 30 days due to regular price increases from our shingles manufacturers**

**CONTRACT TERMS** By electronically signing this estimate, it becomes a binding and legal contract, between Sowell Roofing Inc (contractor) and the homeowner/agent (owner) of the property referenced above, made with intent to have the contractor perform the work as described in the estimate. Work not covered in the above agreement will not be required unless an amended contract is signed by both the contractor and owner. By executing this agreement, the contractor acknowledges that he/she will adhere to all federal, state, and local laws, regulations, and ordinances required to complete this project. By electronically signing this estimate, client agrees to the terms and conditions listed in this contract. Under UETA and ESIGN, the client affirmatively agrees to the use of an electronic signature and has not withdrawn such consent. Client may opt-out to sign electronically and may request a paper copy. Client has the right or option to have this contract provided or available on paper or in a non-electronic form, without any consequences or additional fees.

**WARRANTY** Contractor extends the following warranties to the owner of the property mentioned above: a limited lifetime manufacturer's warranty (provided through shingle manufacturer) and a 5-year workmanship warranty. New, active leaks that occur within five (5) years of the date of completion of the roof, and that are directly due to the workmanship of the contractor as related to this contract, will be assessed and fixed by our company at no charge to the customer. Our workmanship warranty is fully transferable, should ownership of the property change after the roof has been installed. A Transfer of Warranty paperwork is required to transfer the warranty, should there be new ownership. This paperwork can be found by contacting our office. It is the responsibility of the homeowner to contact our office immediately at (850)626-3388 should any issue(s) arise with the roof to afford the contractor the first opportunity to inspect the roof. Failure to contact the contractor in a reasonable amount of time to notify of leaks or by having another person, company, or entity inspect or manipulate the roof before giving the contractor the opportunity to do so will result in immediate termination of this workmanship warranty. This guarantee does not include liability for damage to interior contents of the property due to roof leaks, nor does it extend to any deficiency which was caused by the failure of work which the contractor did not damage or was not charged to install.
**This warranty excludes damage from excessive wind, rain, hail, fire, falling objects, acts of God, or any other circumstances beyond our control.** Contractor has final authority in determining whether the leak is due to a workmanship error or damage from outside elements.
The contractor is not responsible for any damages incurred from materials being delivered to the property or from materials that are found to have a manufacturer's defect(s) after installation. All claims related to materials must be made directly with the product manufacturer in accordance with their terms and conditions. The contractor will try their best to match existing shingles based on availability from the manufacturer. However, the Contractor is not responsible for the aesthetics of the roof following a warranty repair. NOTE: This warranty and any further terms of this contract will become void immediately if any person, not working directly for the contractor, attempts to repair or alter the roof or area of work described in this agreement in any way, at any point after work commences at the address stated above unless prior written consent or approval by the contractor is obtained.

**PAYMENT**
**NEW ROOFS AND RE-ROOFS:** The final payment will be due upon completion of the roof and the roof passing its final inspection. If a draw is required, it will be 50% of the total price and will be due upon signing this contract and or Notice of Commencement. The draw will be used for the purchase and delivery of materials to job site.
There will be a 3.4% processing fee added for all credit card payments. If any invoice is not paid when due, interest will be added to and payable on all overdue amounts at 18% per year. The owner shall pay all costs of collection, including without limitations, reasonable attorney fees.

**FL NOTICE** Under Florida Statutes, Section 713.06, those who work on your property or provide materials and are not paid have a right to enforce their claim for payment against your property. This claim is known as a construction lien. A lien will be filed after 30 days of non-payment.
**NOTICE TO OWNER** Under Florida law, anyone who works on your property or provides materials and is not paid has the right to enforce their claim for payment against your property. This claim is known as a construction lien. If your contractor fails to pay subcontractors or material suppliers, or neglects other legally required payments, those owed money may pursue payment from your property, EVEN IF YOU HAVE PAID YOUR CONTRACTOR IN FULL.
PROTECT YOURSELF: RECOGNIZE that this Notice to Owner may result in a lien against your property unless all parties supplying a Notice to Owner have been paid. LEARN more about the Construction Lien Law, Chapter 713, Part I, Florida Statutes, and the implications of this notice by contacting an attorney or the Florida Department of Business and Professional Regulation.

**TIME** The work will begin at a date agreed upon by the owner and contractor. With respect to the scheduled completion of the work, time is of the essence. Roofing work will be performed Monday-Friday, holidays excluded, and only when the weather conditions are favorable in order to ensure an acceptable finished product. If the contractor is delayed at any time during the progress of the project by a change in the work order, fire or water damage, labor disputes, acts of God (natural disasters), or any other causes beyond the contractor's control, the completion schedule of the work may be extended, but may not cease work for more than 30 consecutive days.

**CLEAN-UP AND TRASH REMOVAL** The contractor will keep the owner's property free from trash and debris resulting from the work. All trash, debris, tools, materials, and machinery will be removed promptly after completion of work by the contractor.

**SATELLITES:** Contractor is not responsible for satellites. It is the responsibility of the owner to pay the service provider to reattach the satellite to the roof and reinstall the satellite and for any fees associated with reconnection.

**INSURANCE** The contractor will maintain valid and current general liability and worker's compensation insurance policies. The contractor will provide a certificate to the owner upon the owner's request.

**TERMINATION** If the contractor fails or neglects to carry out the terms of this contract, this agreement will be terminated, unless the terms cannot be carried out due to reasons put forth by the homeowner. If the owner fails to make payments under the schedule set forth in this agreement, the agreement will be terminated, and the contractor will not be required to carry out the remaining terms of the contract and will offer no warranty to any work agreed to in this contract. If the agreement is terminated, the owner will be responsible for paying the contractor for all work completed, including but not limited to any material and labor costs incurred up to the time of termination.

| | |
|---|---|
| Tim Sowell | Signature |
| 10/17/2024 | Signature Date |

# ESTIMATE

City of Milton
5256 Alabama St
Milton, FL, 32570-2223
US

**Date created:** 2024-10-22 09:36 AM
**License #:** CCC1334627

| Description - Work to be Completed | Total |
|---|---|
| Install Shingles to decking | |
| Permit Application Fee | |
| Labor cost for ridge, valley and wood work | |
| Replace Galvanized universal boots 4 Each : 1 -4 in pipe boot, 2-2 inch pipe boot and 1- 3 inch pipe boot | |
| Install Vent Ridge Vent | |
| Install SwiftStart starter strip at roof perimeter | |
| Install Shadow Ridge hip & ridge cap | |
| To Collect and Remove Debris | |
| Install WinterGuard Ice & Water shield | |
| Install RoofRunner Synthetic Underlayment | |
| Includes removal and disposal of all existing roofing materials; Dump | |
| Replace universal rubber zip boot | |

4715 Parch Rd
Milton, FL, 32570-5222
US

jacob.hill.roofingllc@gmail.com
www.JacobHillRoofingllc.com

850-529-0547

# ESTIMATE

City of Milton
5256 Alabama St
Milton, FL, 32570-2223
US

**Date created:** 2024-10-22 09:36 AM
**License #:** CCC1334627

| Description - Work to be Completed | Total |
|---|---|
| Replace damaged wood for decking ( 2 sheets) $30 x 2 | |
| Install metal valleys with 3ft of ice and water membrane; | |
| Use Mule Hide #211 Plastic Cement 5 Gal | |
| 10 Year Warranty to Cover Workmanship | |
| Nail Galvanized Round Plastic Cap nail to synthetic felt x 2 boxes | |
| Deliver Materials from Roofing Supply Store | |
| Use Generic Roof Accessory Paint | |
| | |
| | |
| Subtotal | $14,932.75 |
| Discounts | -$200.00 |
| **Total** | **$14,732.75** |

4715 Parch Rd
Milton, FL, 32570-5222
US

jacob.hill.roofingllc@gmail.com
www.JacobHillRoofingllc.com

850-529-0547

# ESTIMATE

Customer Signature

# TERMS AND CONDITIONS

Offer terms and conditions

Jacob Hill Roofing LLC

Terms and Conditions

General Terms & Conditions for roof systems Installation

performed by Jacob Hill Roofing LLC:

1. Installations must be completed in accordance with all laws, codes and other requirements applicable under federal, state and local authority (e.g. permits, inspections)

2. Jacob Hill Roofing LLC will require the necessary client information to proceed with mandatory government and State applications.

3. Jacob  Hill Roofing LLC and its staff will require access to your property to proceed with initial project assessment, construction, inspection and required maintenance. The client will be contacted prior to Jacob Hill Roofing LLC visits, and will need to arrange property access allowing Jacob Hill Roofing LLC to fulfill its portion of the agreement. Jacob Hill Roofing LLC will require all necessary forms filled and full client cooperation to complete its part of the contract.

4. Jacob Hill Roofing LLC, its parents, subsidiaries, affiliates, officers, employees, contractors and agents:

- Are not responsible for any tax liabilities that a client may incur.

- Assume no responsibility for the performance of the equipment or equipment warranty,

- Do not endorse, guarantee or warrant any particular brand, manufacturer or third party services.

5. The client hereby agrees to indemnify, defend and hold harmless, Jacob Hill Roofing LLC, its parents, subsidiaries, affiliates, officers, employees, contractors and agents from any and all liability associated with this program/project except for the labor warranties provided.

6. All payments must be made according to the scheduled agreement. Please pay half up front before the start of job of the job to pay for the materials and then pay the other half when the job is done.  Personal Check, Wire Transfer, all major Credit/Debit Cards (only for initial deposit), and Bankers Draft are all acceptable methods of payment. All goods remain the property of the Jacob Hill Roofing LLC until final payment has been completed. Payments outstanding beyond their respective due dates will incur interest at the rate of 2% on the outstanding balance, until the balance is paid in full and final settlement has been reached.

7.  After tear off of roof, if any damage is found under the shingles such as replacement of OSB, plywood, 2x4, and or beams/ rafters, etc. , the amount will added to the final cost.

8.  If roof is measured by hand instead of satellite, then the proposed cost may be just a little higher or lower and will be adjusted at the end of the job. The amount may be very minimal, but Jacob Hill Roofing wants to ensure that you receive funds back if it cost less and if it cost a little more, then /Jacob Hill Roofing will notify you upon the completion of the job.

9. 10 Year Labor/Workmanship Warranty.  Jacob Hill Roofing LLC,  do hereby warrant that all labor and materials furnished and work performed in conjunction for this project are in accordance to this proposal/contract and authorized modifications thereto, and will be free from defects due to  defective materials or workmanship  for a period of 10 year(s) from the Date of Substantial Completion. Should any defect develop during the warranty period due to improper materials, workmanship or arrangements, the defect, including adjacent work displaced, shall be made good by Jacob Hill Roofing LLC. The home owner shall call, text, mail or email this company the issues of the defects, so, Jacob Hill Roofing LLC can promptly fix the defect.

# Explore options for improvements to consistent audio during work sessions and council meetings **(Farrow)**

| MEETING DATE | PREPARED BY |
| --- | --- |
| November 12, 2024 | Clerk's Office |

Agenda Item # 2024-2884

# FDEP Amended Consent Order - OCG #22-2517B **(Information Only)**

| MEETING DATE | PREPARED BY |
|---|---|
| November 12, 2024 | |

## BACKGROUND

On October 18, 2024, the City Manager executed an amendment to the Consent Order by and between the Florida Department of Environmental Protection and the City. The original Consent Order (CO) (attached) was entered into on January 23, 2023 and resolved issues identified in the operation of the City's wastewater facility between 9/1/20 and 5/31/22. The Consent Order contained a Corrective Action Plan and other stipulated terms and conditions. Since the CO was entered into, the City and the City's engineering firm, Baskerville-Donovan have been implementing the various aspects of the CO.

In June of 2024, in coordination with FDEP, the City proposed a pilot project to assist with the reduction of copper in the City's treated effluent (see attached FDEP meeting summary). This pilot project was not identified in the original CO but was agreed to by FDEP. The City also requested and FDEP concurred that an extension of time to complete the Inflow and Infiltration Projects (I&I) was warranted. To incorporate the pilot project and extend the I&I deadline, an amendment to the CO was required.

There fines paid to FDEP by the City under the terms of the original CO are as follows:

(1) $4,000 penalty for 9 Sanitary Sewer Overflows
(1) $4,000 penalty for Effluent-Limitation exceedances
(1) $500.00 Department Costs
(1) $11.00 economic benefit calculation for number of unrecovered gallons of untreated effluent released during SSOs

TOTAL FINE $8,511.00
The fines are stipulated and agreed to by the City in the original CO.

The Amended Consent Order (ACO) (attached) memorializes the changes agreed to by the parties. All changes to the CO and now the ACO must be in writing and executed by both parties. Failure of the City to execute the ACO would have placed the City in violation of the CO and subject to daily fines and other penalties.

The most recent Quartely Report (through September 30, 2024) is attached. FDEP, through their Compliance Assurance Office, certified that the City is in full compliance with the ACO as of October 25, 2024 (email attached).

## SUMMARY

## RECOMMENDATION

## ATTACHMENTS

1. Consent Order from DEP January 2023
2. FDEP _ Milton_ACO_Meeting Agenda_06.07.2024
3. Milton_ACO_Executed 10.18.2024
4. Milton OGC#22-2517B_2024_Q3_Report
5. FDEP ACO Compliance Statement 10-25-24

FLORIDA DEPARTMENT OF
Environmental Protection

Northwest District
160 W. Government Street, Suite 308
Pensacola, Florida 32502



January 23, 2023

Randy Jorgenson, City Manager
City of Milton
PO Box 909, Milton, Florida 32572
citymanager@mymiltonflorida.com

Re: Executed Long Form Consent Order; Department of Environmental Protection v. City of Milton, OGC File No.: OGC22-2517; Santa Rosa County

Dear Mr. Jorgenson,

Enclosed is the executed Long Form Consent Order, which addresses issues related to the subject facility. Please note the requirements of the Long Form Consent Order for which you are responsible and fulfill all pertinent actions accordingly. Unless otherwise noted, all deadlines for completing requirements and actions in the Long Form Consent Order are to be calculated from its executed date, which is the date the Consent Order was filed with the Department Clerk, as noted on the signature page.

Your cooperation in resolving this matter is greatly appreciated. If you have any questions, please contact Rebecca Bacewicz at Rebecca.Bacewicz@FloridaDEP.gov or via phone at 850-595-0612.

Sincerely,

Elizabeth Mullins Orr

Elizabeth Mullins Orr
Director
Northwest District

EMO / db

Enclosure: Executed Long Form Consent Order

cc: Ashley Johnston (ajohnston@miltonfl.org)
Joe Cook (jecook@miltonfl.org)
Christie Haarmann (chaarmann@miltonfl.org)

BEFORE THE STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

| | | |
|---|---|---|
| STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | ) ) ) | IN THE OFFICE OF THE NORTHWEST DISTRICT |
| v. | ) ) | OGC FILE NO. 22-2517 |
| CITY OF MILTON | ) ) | |

**CONSENT ORDER**

This Consent Order (Order) is entered into between the State of Florida Department of Environmental Protection (Department) and the City of Milton (Respondent) to reach settlement of certain matters at issue between the Department and Respondent.

The Department finds and Respondent admits the following:

1. The Department is the administrative agency of the State of Florida having the power and duty to protect Florida's air and water resources and to administer and enforce the provisions of Chapter 403, Florida Statutes (F.S.), and the rules promulgated and authorized in Title 62, Florida Administrative Code (F.A.C.). The Department has jurisdiction over the matters addressed in this Order.

2. Respondent is a person within the meaning of Section 403.031(5), F.S.

3. Respondent is the owner and is responsible for the operation of the Milton WWTF, a 2.5 MGD three-month average daily flow activated sludge wastewater treatment facility providing Class I Reliability. The extended aeration treatment system consists of an influent pump station, aerated grit chamber pretreatment with a flow equalization basin, an anoxic basin, internal recycle pump station, a carousel oxidation ditch, three secondary clarifiers, two disk filters, four chlorine contact chambers, onsite reuse pump station, reject pump station with a 3.0 MGD reject water storage tank, and cascade aeration after dechlorination prior to discharge to surface waters with an existing 2.5 MGD three-month average daily flow discharge to Blackwater River, Class III Marine waters, (WBID# 24AB) which is approximately 20 feet in length and discharges at a depth of approximately 1 feet. The

point of discharge is located approximately at latitude 30°37' 4" N, longitude 87°2' 2" W (Facility). The Facility is operated under Wastewater Permit No. FL0021903 (Permit), which was issued on June 19th, 2020 and will expire on June 19th, 2025. The Facility is located at 5903 Municipal Road, in Santa Rosa County, Florida (Property). Respondent owns the Property on which the Facility is located.

4. The Department finds that the following violation(s) occurred:

a) Respondent reported effluent exceedances for Nitrogen, Kjeldahl in December 2021, January 2022, February 2022, and March 2022, see Table 1, below. These Nitrogen, Kjeldahl exceedances are in violation of permit condition I.A.1. and Section 403.161(1)(b), F.S.

| Month/Year | Parameter | Result | Limit | Units | Statistical Base |
|---|---|---|---|---|---|
| March 2022 | Nitrogen, Kjeldahl, Total | 11.2 | 8 | mg/L | Maximum |
| March 2022 | Nitrogen, Kjeldahl, Total | 11.2 | 6 | mg/L | Weekly Average |
| February 2022 | Nitrogen, Kjeldahl, Total | 13.6 | 8 | mg/L | Maximum |
| February 2022 | Nitrogen, Kjeldahl, Total | 6.73 | 4 | mg/L | Monthly Average |
| February 2022 | Nitrogen, Kjeldahl, Total | 13.6 | 6 | mg/L | Weekly Average |
| January 2022 | Nitrogen, Kjeldahl, Total | 7.93 | 4 | mg/L | Monthly Average |
| January 2022 | Nitrogen, Kjeldahl, Total | 14 | 8 | mg/L | Maximum |
| January 2022 | Nitrogen, Kjeldahl, Total | 14 | 6 | mg/L | Weekly Average |
| December 2021 | Nitrogen, Kjeldahl, Total | 6.5 | 6 | mg/L | Weekly Average |

*Table 1 – Effluent exceedances reported from December 2021 through March 2022.*

**Corrective actions for the listed exceedances have been enacted by the Respondent. Total levels of Nitrogen, Kjeldahl are being monitored and tested.*

b) An Office File Review was completed by the Department on June 9th, 2022. During this inspection the following violations were discovered.

i. The facility has reported sanitary sewer overflows (SSOs) from its wastewater collection system. Eight SSOs were reported from September 2020 through May 2022 (See Table 2, below). These SSOs constitute a violation of Rules 62-604.130(1) and 62-604.500, F.A.C. SWOs 2020-5672, 2020-5673, and 2022-3780 all had water quality violations for exceeding *Enterococci* limits as evidenced by sampling reports.

| SWO # | Incident Date | Incident Location | Cause | Final Spill Volume (gal.) | WW Characteristic | Waterbody Affected |
|---|---|---|---|---|---|---|
| 2020-5023 | 9/16/2020 | 6903 Municipal Dr | Hurricane Sally | 47,875 | Biosolids | / |
| 2020-5035 | 9/16/2020 | Mary St and Walker St | Hurricane Sally | 10,000 | Untreated | / |
| 2020-5037 | 9/17/2020 | Industrial Blvd | Hurricane Sally | 20,000 | Untreated | / |
| 2020-5672 | 10/10/20 | Riverwalk St and Berryhill Rd | Heavy rain | 5,000 | Untreated | Blackwater River |
| 2020-5673 | 10/10/20 | Carpenter Park, Milton – Dixon St and Broad St | Heavy rain | 12,000 | Untreated | Blackwater River |
| 2021-3207 | 6/19/2021 | 5755 E Milton Rd | Heavy rain | 1,000 | Untreated | / |
| 2022-3777 | 5/26/2022 | 6903 Municipal Dr | Clarifier, Heavy rain | 10,000 | Partially Treated | / |
| 2022-3780 | 5/26/2022 | Willing St and Broad St | Manhole, heavy rain | 300 | Untreated | Blackwater Creek |

*Table 2 – Sanitary Sewer Overflows (SSOs) reported between September 2020 through May 2022.*

**Weather events are the most common cause of the above referenced spills. Inflow and Infiltration ("I&I") are derived from both the state prison and N.A.S Whiting Field. These entities have been notified by the Respondent to take corrective actions related to I&I concerns.*

5. Facility was previously under interim limits for an Administrative Order, AO-114NW. AO-114NW sets an interim limit to report monthly amounts of copper, zinc, and Polycyclic Aromatic Hydrocarbons (PAHs) to set up a compliance timeline for effluent discharge limits for copper, zinc, and PAH's by July 31st, 2022. Monthly sampling final limit for copper is 3.7 ug/L maximum, PAH's total limit is 0.031 ug/L maximum, and quarterly sampling for zinc final limit is 86 ug/L maximum. The facility is reporting consistent compliance with zinc and PAH final permit limits.

a) Respondent reported effluent exceedances for Copper which exceed the final limits in July 2021, August 2021, September 2021, October 2021, January 2022, March 2022, May 2022, and June 2022, see Table 3, below.

| Month/Year | Parameter | Result | Limit | Units | Statistical Base |
|---|---|---|---|---|---|
| July 2021 | Copper | 4.1 | 3.7 | µg/L | Monthly Average |
| August 2021 | Copper | 7.9 | 3.7 | µg/L | Monthly Average |
| September 2021 | Copper | 4.7 | 3.7 | µg/L | Monthly Average |
| October 2021 | Copper | 4.0 | 3.7 | µg/L | Monthly Average |
| January 2022 | Copper | 4.0 | 3.7 | µg/L | Monthly Average |
| March 2022 | Copper | 4.3 | 3.7 | µg/L | Monthly Average |
| May 2022 | Copper | 5.8 | 3.7 | µg/L | Monthly Average |
| June 2022 | Copper | 5.5 | 3.7 | µg/L | Monthly Average |

*Table 3 – Final limit-exceeding effluent exceedances reported from July 2021 through June 2022.*

Having reached a resolution of the matter Respondent and the Department mutually agree and it is

**ORDERED:**

6. Respondent shall comply with the following corrective actions within the stated time periods:

7. Within 30 days of the effective date of this Order, Respondent shall submit to the Department an evaluation conducted by a professional engineer registered in the state of Florida, of the Facility, including the effluent disposal system and associated collection system, to discover the cause or causes of the violations identified in paragraphs 4.a. and 5.a., above. Respondent shall contact the Department, by telephone or in person, for written approval prior to initiating the treatment system evaluation.

8. Respondent shall immediately comply with the interim limits for Copper listed in the table below. These interim limits will remain effective through September 30, 2024.

| | | | Effluent Limitations | | | Monitoring Requirements | |
|---|---|---|---|---|---|---|---|
| Parameter | Units | Max/Min | Interim Limit | Statistical Basis | Frequency of Analysis | Sample Type | Monitoring Site Number |
| Copper | μg/L | Max | 9.25 | Monthly Average | Monthly | 16-hr FPC | EFF-01 |

9. Within 90 days of the due date for submission of the evaluation in paragraph 7 Respondent shall submit to the Department Facility design modifications, prepared and submitted under seal by a professional engineer registered in the state of Florida, to remedy the cause or causes of the violations identified in paragraph 4.a. and 5.a., above and ensure the Facility and effluent disposal system will function in full and consistent compliance with all applicable rules.

10. Within 90 days of the due date for submission of the design modification(s) in paragraph 9, Respondent shall submit a complete application for a Department wastewater permit to construct the modifications submitted pursuant to paragraph 9, if such a permit is required. In the event the Department requires additional information to process the permit

application Respondent shall provide a written response containing the information requested by the Department within 30 days of the date of the request.

11. Within 365 days (one calendar year) after issuance of the wastewater permit referenced in paragraph 10 above, or if no permit is required, within 60 days of the approval of the design modification(s) in paragraph 9, Respondent shall complete construction of the modification(s) submitted pursuant to paragraph 9.

12. Within 30 days after completion of the construction, Respondent shall submit to the Department a Certification of Completion, prepared and sealed by a professional engineer registered in the State of Florida, stating that modifications to the Facility, effluent disposal system, and collection system have been constructed in accordance with the provisions of the Permit or, if no Permit is required the design modification(s) submitted pursuant to paragraph 9.

13. Within 60 days of the effective date of this Consent Order, Respondent shall submit to the Department a plan and schedule (hereinafter, I&I Plan) to reduce infiltration and inflow (I&I) into the collection system. Referring to the EPA Quick Guide for Estimating Infiltration and Inflow dated June 2014 which is attached to this Order and also available at the following link:
https://www3.epa.gov/region1/sso/pdfs/QuickGuide4EstimatingInfiltrationInflow.pdf, (copy provided as Attachment 1), the I&I Plan shall reduce Average Dry Weather (ADW) flow to less than 120 gallons per person per day (gppd), reduce gallons per day per inch of diameter per mile of pipe (gpd/idm) to less than 1,500 gpd/idm, and reduce the Average Wet Weather Flow (WWF) to less than 275 gallons per person per day (gppd). The actions in the I&I Plan shall have a completion date no later than 10/21/2022.

14. Within 60 days of the effective date of this Consent Order, Respondent shall submit a plan and schedule (hereinafter, Lift Station Plan) to the Department for comment and approval of the schedule to bring all of the Facility's lift stations into compliance with the standards specified in the "Recommended Standards for Wastewater Facilities," the current version of which is referenced in Rule 62-604.300(5)(g), Florida Administrative Code. The plan

shall specifically describe how emergency pumping capability is provided for all pump stations, including during long duration wide-spread power outages.

If the Facility has not returned to compliance after completing the actions in the Lift Station Plan, Respondent shall, submit to the Department a permit application with a schedule to expand or upgrade the system to bring Respondent into compliance with Permit FL0021903 and Fla. Admin. Code Chapters 62-600, 62-604, 62-610, 62-620, and 62-640.

15. Every quarter after the effective date of this Order and continuing until all corrective actions have been completed, Respondent shall submit to the Department a written report containing information about the status and progress of projects being completed under this Order, information about compliance or noncompliance with the applicable requirements of this Order, including construction requirements and effluent limitations, and any reasons for noncompliance. These reports shall also include a projection of the work Respondent will perform pursuant to this Order during the 12-month period which will follow the report. Respondent shall submit the reports to the Department within 30 days of the end of each quarter.

16. Respondent's completion of all corrective actions required by paragraphs 7-15 within the respective deadlines specified thereunder shall constitute full compliance with Rules 62-4, 62-160, 62-302, 62-600, 62-604, 62-620, and62-699, F.A.C.

17. Within 30 days of the effective date of this Order, Respondent shall pay the Department $ 50,500.00 in settlement of the regulatory matters addressed in this Order. This amount includes $ 50,000.00 for civil penalties and $ 500.00 for costs and expenses incurred by the Department during the investigation of this matter and the preparation and tracking of this Order. The civil penalty in this case includes 7 violations that each warrant a penalty of $ 2,000.00 or more.

18. Respondent agrees to pay the Department stipulated penalties in the amount of $ 1,000.00 per day for each and every day Respondent reports Total Nitrogen, Kjeldahl exceedances.

19. Respondent agrees to pay the Department stipulated penalties in the amount of $ 100.00 per day for each and every day Respondent fails to timely comply with any of the requirements of paragraphs 6-16 & 37 of this Order. Additionally, Respondent shall pay the Department stipulated penalties for any discharges of wastewater from the WWTF and/or collection/transmission system. Respondent shall pay penalties as follows:

| Amount p/day p/discharge | Discharge Volume |
|---|---|
| $ 1,000.00 | up to 5,000 gallons |
| $ 2,000.00 | 5,001 to 10,000 gallons |
| $ 5,000.00 | 10,001 to 25,000 gallons |
| $ 10,000.00 | 25,001 to 100,000 gallons |
| $ 15,000.00 | in excess of 100,000 gallons |

The Department may demand stipulated penalties at any time after violations occur. Respondent shall pay stipulated penalties owed within 30 days of the Department's issuance of written demand for payment, and shall do so as further described in paragraph 20, below. Nothing in this paragraph shall prevent the Department from filing suit to specifically enforce any terms of this Order. Any stipulated penalties assessed under this paragraph shall be in addition to the civil penalties agreed to in paragraph 17 of this Order.

20. Respondent shall make all payments required by this Order by cashier's check, money order or on-line payment. Cashier's check or money order shall be made payable to the "Department of Environmental Protection" and shall include both the OGC number assigned to this Order and the notation "Water Quality Assurance Trust Fund." Online payments by e-check can be made by going to the DEP Business Portal at: http://www.fldepportal.com/go/pay/. It will take a number of days after this order is final, effective and filed with the Clerk of the Department before ability to make online payment is available.

21. Except as otherwise provided, all submittals required by this First Amended Order shall be sent to electronically by e-mail to the Department of Environmental Protection at the program's shared e-mail box at NWD_WastewaterCompliance@floridadep.gov.

Payments required by this Order shall be sent to Department of Environmental Protection, Northwest District Office at 160 West Government Street, Suite 308, Pensacola, Florida 32502.

22. In lieu of making cash payment of $ 50,000.00 in civil penalties as set forth in paragraph 17 above, Respondent may elect to off-set this amount by implementing an in-kind penalty project, which must be approved by the Department. An in-kind project must be either an environmental enhancement, environmental restoration or a capital/facility improvement project and may not be a corrective action requirement of the Order or otherwise required by law. The Department may also consider the donation of environmentally sensitive land as an in-kind project. The value of the in-kind penalty project shall be one and a half times the civil penalty off-set amount, which in this case is the equivalent of at least $ 75,000.00. If Respondent chooses to implement an in-kind project, Respondent shall notify the Department of its election by certified mail within 15 days of the effective date of this Consent Order. Notwithstanding the election to implement an in-kind project, payment of the remaining $ 500.00 in costs must be paid within 30 days of the effective date of the Consent Order.

23. If Respondent elects to implement an in-kind project as provided in paragraph 25, then Respondent shall comply with all the requirements and time frames in Exhibit B entitled In-Kind Projects.

**In-Kind Projects for Stipulated Penalties**

24. In lieu of making cash payment of civil penalties and stipulated penalties required under paragraphs 18 & 19 above, the Department, at its discretion, may allow Respondent to off-set this amount by implementing an in-kind project, which must be approved by the Department. An in-kind project must be either an environmental enhancement, environmental restoration or a capital/facility improvement project. The Department may also consider the donation of environmentally sensitive land as an in-kind project. The value of the in-kind penalty project shall be one and a half times the portion of the stipulated penalty amount for which the approved project off-sets. The Respondent shall request consideration of applying stipulated penalties toward an in-kind project within 15 days of notification by the Department that stipulated penalties are being assessed under

paragraphs 18 & 19. If acceptable, the Respondent shall comply with all the requirements and timeframes in Exhibit B, entitled In-Kind Projects. If not acceptable, the Respondent will pay the stipulated penalties within 30 days of receipt of the Department's notification that applying the stipulated penalties to an in-kind project is not acceptable.

25. In the event that Respondent elects to off-set civil penalties by implementing an in-kind penalty project which is approved by the Department, during the period that this Order remains in effect or during the effective date of any Department issued Permit to Respondent whichever is longer (Prohibited Transfer Duration), Respondent shall not transfer or use funds obtained by the Respondent from the collection of sewer rates for any purpose not related to the management, operation, or maintenance of the Sewer System or to any capital improvement needs of the Sewer System (hereinafter, Prohibited Transfer). Respondent shall annually certify to the Department using the Annual Certification Form located on Exhibit A to this Order that no Prohibited Transfer has occurred. In the event of any Prohibited Transfer, the In-Kind project option shall be forfeited, and entire civil penalty shall immediately become due and owing to the Department irrespective of any expenditures by the Respondent in furtherance of the In-Kind project.

26. Respondent shall allow all authorized representatives of the Department access to the Facility and the Property at reasonable times for the purpose of determining compliance with the terms of this Order and the rules and statutes administered by the Department.

27. In the event of a sale or conveyance of the Facility or of the Property upon which the Facility is located, if all of the requirements of this Order have not been fully satisfied, Respondent shall, at least 30 days prior to the sale or conveyance of the Facility or Property, (a) notify the Department of such sale or conveyance, (b) provide the name and address of the purchaser, operator, or person(s) in control of the Facility, and (c) provide a copy of this Order with all attachments to the purchaser, operator, or person(s) in control of the Facility. The sale or conveyance of the Facility or the Property does not relieve Respondent of the obligations imposed in this Order.

28. If any event, including administrative or judicial challenges by third parties unrelated to Respondent, occurs which causes delay or the reasonable likelihood of delay in complying with the requirements of this Order, Respondent shall have the burden of proving the delay was or will be caused by circumstances beyond the reasonable control of Respondent and could not have been or cannot be overcome by Respondent's due diligence. Neither economic circumstances nor the failure of a contractor, subcontractor, materialman, or other agent (collectively referred to as "contractor") to whom responsibility for performance is delegated to meet contractually imposed deadlines shall be considered circumstances beyond the control of Respondent (unless the cause of the contractor's late performance was also beyond the contractor's control). Upon occurrence of an event causing delay, or upon becoming aware of a potential for delay, Respondent shall notify the Department by the next working day and shall, within seven calendar days notify the Department in writing of (a) the anticipated length and cause of the delay, (b) the measures taken or to be taken to prevent or minimize the delay, and (c) the timetable by which Respondent intends to implement these measures. If the parties can agree that the delay or anticipated delay has been or will be caused by circumstances beyond the reasonable control of Respondent, the time for performance hereunder shall be extended. The agreement to extend compliance must identify the provision or provisions extended, the new compliance date or dates, and the additional measures Respondent must take to avoid or minimize the delay, if any. Failure of Respondent to comply with the notice requirements of this paragraph in a timely manner constitutes a waiver of Respondent's right to request an extension of time for compliance for those circumstances.

29. The Department, for and in consideration of the complete and timely performance by Respondent of all the obligations agreed to in this Order, hereby conditionally waives its right to seek judicial imposition of damages or civil penalties for the violations described above up to the date of the filing of this Order. This waiver is conditioned upon Respondent's complete compliance with all of the terms of this Order.

30. This Order is a settlement of the Department's civil and administrative authority arising under Florida law to resolve the matters addressed herein. This Order is not a

settlement of any criminal liabilities which may arise under Florida law, nor is it a settlement of any violation which may be prosecuted criminally or civilly under federal law. Entry of this Order does not relieve Respondent of the need to comply with applicable federal, state, or local laws, rules, or ordinances.

31. The Department hereby expressly reserves the right to initiate appropriate legal action to address any violations of statutes or rules administered by the Department that are not specifically resolved by this Order.

32. Respondent is fully aware that a violation of the terms of this Order may subject Respondent to judicial imposition of damages, civil penalties up to $ 15,000.00 per day per violation, and criminal penalties.

33. Respondent acknowledges and waives its right to an administrative hearing pursuant to sections 120.569 and 120.57, F.S., on the terms of this Order. Respondent also acknowledges and waives its right to appeal the terms of this Order pursuant to section 120.68, F.S.

34. Electronic signatures or other versions of the parties' signatures, such as .pdf or facsimile, shall be valid and have the same force and effect as originals. No modifications of the terms of this Order will be effective until reduced to writing, executed by both Respondent and the Department, and filed with the clerk of the Department.

35. The terms and conditions set forth in this Order may be enforced in a court of competent jurisdiction pursuant to sections 120.69 and 403.121, F.S. Failure to comply with the terms of this Order constitutes a violation of section 403.161(1)(b), F.S.

36. This Consent Order is a final order of the Department pursuant to section 120.52(7), F.S., and it is final and effective on the date filed with the Clerk of the Department unless a Petition for Administrative Hearing is filed in accordance with Chapter 120, F.S. Upon the timely filing of a petition, this Consent Order will not be effective until further order of the Department.

37. Respondent shall publish the following notice in a newspaper of daily circulation in Santa Rosa County, Florida. The notice shall be published one time only within 15 days of

the effective date of the Order. Respondent shall provide a certified copy of the published notice to the Department within 10 days of publication.

STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

NOTICE OF CONSENT ORDER

The Department of Environmental Protection ("Department") gives notice of agency action of entering into a Consent Order with CITY OF MILTON pursuant to section 120.57(4), Florida Statutes. The Consent Order addresses the domestic wastewater facility at 5903 Municipal Road, in Santa Rosa County, Florida. The Consent Order is available for public inspection during normal business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays, at the Department of Environmental Protection, 160 West Government Street, Suite 308, Pensacola, Florida 32502.

Persons who are not parties to this Consent Order, but whose substantial interests are affected by it, have a right to petition for an administrative hearing under sections 120.569 and 120.57, Florida Statutes. Because the administrative hearing process is designed to formulate final agency action, the filing of a petition concerning this Consent Order means that the Department's final action may be different from the position it has taken in the Consent Order.

The petition for administrative hearing must contain all of the following information:

a) The name and address of each agency affected and each agency's file or identification number, if known;

b) The name, address, any e-mail address, any facsimile number, and telephone number of the petitioner, if the petitioner is not represented by an attorney or a qualified representative; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

c) A statement of when and how the petitioner received notice of the agency decision;

d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action, including an explanation of how the alleged facts relate to the specific rules or statutes; and

g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

The petition must be filed (received) at the Department's Office of General Counsel, 3900 Commonwealth Boulevard, MS# 35, Tallahassee, Florida 32399-3000 or received via electronic correspondence at Agency_Clerk@floridadep.gov, within 21 days of receipt of this notice. A copy of the petition must also be mailed at the time of filing to the District Office at 160 W Government St #308, Pensacola, FL 32502. Failure to file a petition within the 21-day period constitutes a person's waiver of the right to request an administrative hearing and to participate as a party to this proceeding under sections 120.569 and 120.57, Florida Statutes. Before the deadline for filing a petition, a person whose substantial interests are affected by this Consent Order may choose to pursue mediation as an alternative remedy under section 120.573, Florida Statutes. Choosing mediation will not adversely affect such person's right to request an administrative hearing if mediation does not result in a settlement. Additional information about mediation is provided in section 120.573, Florida Statutes and Rule 62-110.106(12), Florida Administrative Code.

38. Rules referenced in this Order are available at https://floridadep.gov/ogc/ogc/content/rules

FOR THE RESPONDENT:

1/20/2023

Randy Jorgenson
City Manager

Date

DONE AND ORDERED this 23rd day of January 2023, in Pensacola Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

Elizabeth Mullins Orr

Elizabeth Mullins Orr
Director
Northwest District

Filed, on this date, pursuant to section 120.52, F.S., with the designated Department Clerk, receipt of which is hereby acknowledged.

Pamela Welch

Clerk

January 23, 2023

Date

Copies furnished to:

Lea Crandall, Agency Clerk
Mail Station 35

Exhibit A

**<u>In-Kind Projects – Civil Penalties</u>**

## I. <u>Introduction</u>

**Proposal**

a. Within 60 days of the effective date of this Consent Order, or, of the Department's notification that applying stipulated penalties to an in-kind project is acceptable, Respondent shall submit, by certified mail, a detailed in-kind project proposal to the Department for evaluation. The proposal shall include a summary of benefits, proposed schedule for implementation and documentation of the estimated costs which are expected to be incurred to complete the project. These costs shall not include those incurred in developing the proposal or obtaining approval from the Department for the in-kind project.

**Proposal Certification Form**

b. The proposal shall also include a Certification by notarized affidavit from a senior management official for __________ (insert name of Respondent) who shall testify as follows:

My name is ______________ (print or type name of senior management official) and do hereby testify under penalty of law that:

A. I am a person with management responsibilities for ___________ (print or type name of Respondent) budget and finances. During the eighteenth month period prior to the effective date of Consent Order OGC Case No.: _______ there has not been any transfer or use of funds obtained by the __________ (print or type name of Respondent) from the collection of sewer rates for any purpose not related to the management, operation, or maintenance of the Sewer System or to any capital improvement needs of the Sewer System.

B. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowingly submitting false information in this certification.

Sworn to and subscribed before me, by means of ☐ physical presence or ☐ online notarization, this ____ day of __________________, 20___ by

________________________________________

Personally, known or by Production of the following Identification _________

Notary Public, State of Florida

Printed/typed or stamped name:

My Commission Expires: __________________

Commission/Serial No.: ___________________

**Annual Certification Form**

My name is ______________ (print or type name of senior management official) and do

hereby testify under penalty of law that:

A. I am a person with management responsibilities for ___________ (print or type name of Respondent) budget and finances. During the twelve month period immediately preceding the notary date on this Certification, there has not been any transfer or use of funds obtained by the __________ (print or type name of Respondent) from the collection of sewer rates for any purpose not related to the management, operation, or maintenance of the Sewer System or to any capital improvement needs of the Sewer System.

B. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowingly submitting false information in this certification.

Sworn to and subscribed before me, by means of ☐ physical presence or ☐ online notarization, this ____ day of __________________, 20___ by

________________________________________

Personally, known or by Production of the following Identification _________

Notary Public, State of Florida

Printed/typed or stamped name:

My Commission Expires: ___________________

Commission/Serial No.: ___________________

c. If the Department requests additional information or clarification due to a partially incomplete in-kind project proposal or requests modifications due to deficiencies with Department guidelines, Respondent shall submit, by certified mail, all requested additional information, clarification, and modifications within 15 days of receipts of written notice.

d. If upon review of the in-kind project proposal, the Department determines that the project cannot be accepted due to a substantially incomplete proposal or due to substantial deficiencies with minimum Department guidelines; Respondent shall be notified, in writing, of the reason(s) which prevent the acceptance of the proposal. Respondent shall correct and redress all the matters at issue and submit, by certified mail, a new proposal within 30 days of receipt of written notice. In the event that the revised proposal is not approved by the Department, Respondent shall make cash payment of the civil penalties as set forth in paragraph 17 above, within 30 days of Department notice.

e. Within 120 days of the effective date of this Consent Order, or, of the Department's notification that applying stipulated penalties to an in-kind project is acceptable Respondent shall obtain approval for an in-kind project from the Department. If an in-kind project proposal is not approved by the Department within 120 days of the effective date of this Consent Order, or, of the Department's notification that applying stipulated penalties to an in-kind project is acceptable then Respondent shall make cash payment of the civil penalties as set forth in paragraph 17 above, within 30 days of Department notice.

f. Within 180 days of obtaining Department approval for the in-kind proposal or in accordance with the approved schedule submitted pursuant to paragraph 2(a) above, Respondent shall complete the entire in-kind project.

g. During the implementation of the in-kind project, Respondent shall place appropriate sign(s) at the project site indicating that Respondent's involvement with the project is the result of a Department enforcement action. Respondent may remove the sign(s) after the project has been completed. However, after the project has been completed Respondent shall not post any sign(s) at the site indicating that the reason for the project was anything other than a Department enforcement action.

h. In the event, Respondent fails to timely submit any requested information to the Department, fails to complete implementation of the in-kind project or otherwise fails to comply with any provision of this paragraph, the in-kind penalty project option shall be forfeited, and the entire amount of civil penalties shall be due from the Respondent to the Department within 30 days of Department notice. If the in-kind penalty project is terminated and Respondent timely remits the $ 50,000.00 penalty, no additional penalties shall be assessed under paragraph 4 for failure to complete the requirement of this paragraph.

i. Within 15 days of completing the in-kind project, Respondent shall notify the Department, by certified mail, of the project completion and request a verification letter from the Department. Respondent shall submit supporting information verifying that the project was completed in accordance with the approved proposal and documentation showing the actual costs incurred to complete the project. These costs shall not include those incurred in developing the proposal or obtaining approval from the Department for the project.

j. If upon review of the notification of completion, the Department determines that the project cannot be accepted due to a substantially incomplete notification of completion or due to substantial deviations from the approved in-kind project; Respondent shall be notified, in writing, of the reason(s) which prevent the acceptance of the project. Respondent shall correct and redress all the matters at issue and submit, by certified mail, a new notification of completion within 15 days of receipt of the Department's notice. If upon review of the new submittal, the Department determines that the in-kind project is still incomplete or not in accordance with the approved proposal, the in-kind penalty project option shall be forfeited, and the entire amount of civil penalty shall be due from the Respondent to the Department within 30 days of Department notice. If the in-kind penalty project is terminated and Respondent timely remits the $ 50,000.00, no additional penalties shall be assessed under paragraph 19 for failure to complete the requirements of this paragraph.

**Exhibit B**

**In-Kind Projects – Stipulated Penalties**

## I. Introduction

**Proposal**

a. Within 60 days of written demand for assessed stipulated penalties, Respondent shall submit, by e-mail, a detailed in-kind project proposal to the Department for evaluation. The proposal shall include a summary of benefits, proposed schedule for implementation and documentation of the estimated costs which are expected to be incurred to complete the project. These costs shall not include those incurred in developing the proposal or obtaining approval from the Department for the in-kind project.

b. If the Department requests additional information or clarification due to a partially incomplete in-kind project proposal or requests modifications due to deficiencies with Department guidelines, Respondent shall submit, by e-mail, all requested additional information, clarification, and modifications within 15 days of receipts of written notice.

c. If upon review of the in-kind project proposal, the Department determines that the project cannot be accepted due to a substantially incomplete proposal or due to substantial deficiencies with minimum Department guidelines; Respondent shall be notified, in writing, of the reason(s) which prevent the acceptance of the proposal. Respondent shall correct and redress all of the matters at issue and submit, by e-mail, a new proposal within 30 days of receipt of written notice. In the event that the revised proposal is not approved by the

Department, Respondent shall make cash payment of the stipulated penalties assessed as set forth in paragraph 20 above, within 30 days of Department notice.

d. Within 120 days written demand for assessed stipulated penalties, Respondent shall obtain approval for an in-kind project from the Department. If an in-kind project proposal is not approved by the Department within 120 days of written demand for assessed stipulated penalties, then Respondent shall make cash payment of the stipulated penalties assessed as set forth in paragraph 20 above, within 30 days of Department notice.

e. Within 180 days of obtaining Department approval for the in-kind proposal or in accordance with the approved schedule submitted pursuant to paragraph 2(a) 1.a above, Respondent shall complete the entire in-kind project.

f. During the implementation of the in-kind project, Respondent shall place appropriate sign(s) at the project site indicating that Respondent's involvement with the project is the result of a Department enforcement action. Respondent may remove the sign(s) after the project has been completed. However, after the project has been completed Respondent shall not post any sign(s) at the site indicating that the reason for the project was anything other than a Department enforcement action.

g. In the event, Respondent fails to timely submit any requested information to the Department, fails to complete implementation of the in-kind project or otherwise fails to comply with any provision of this paragraph, the in-kind penalty project option shall be forfeited and the entire amount of stipulated penalties assessed shall be due from the Respondent to the Department within 30 days of Department notice. If the in-kind penalty project is terminated and Respondent timely remits the assessed stipulated penalties, no additional penalties shall be assessed under paragraphs 18 & 19 for failure to complete the requirement of this paragraph.

h. Within 15 days of completing the in-kind project, Respondent shall notify the Department, by e-mail, of the project completion and request a verification letter from the Department. Respondent shall submit supporting information verifying that the project was completed in accordance with the approved proposal and documentation showing the actual costs incurred to complete the project. These costs shall not include those incurred in developing the proposal or obtaining approval from the Department for the project.

i. If upon review of the notification of completion, the Department determines that the project cannot be accepted due to a substantially incomplete notification of completion or due to substantial deviations from the approved in-kind project; Respondent shall be notified, in writing, of the reason(s) which prevent the acceptance of the project. Respondent shall correct and redress all of the matters at issue and submit, by e-mail, a new notification of completion within 15 days of receipt of the Department's notice. If upon review of the new submittal, the Department determines that the in-kind project is still incomplete or not in accordance with the approved proposal, the in-kind penalty project option shall be forfeited and the entire amount of stipulated penalties assessed shall be due from the Respondent to the Department within 30 days of Department notice. If the in-kind penalty project is terminated and Respondent timely remits the stipulated penalties assessed, no additional penalties shall be assessed under paragraphs 18 & 19 for failure to complete the requirements of this paragraph.

FLORIDA DEPARTMENT OF
Environmental Protection

Northwest District Office
160 West Government Street, Suite 308
Pensacola, Florida 32502

Ron DeSantis
Governor

Jeanette Nuñez
Lt. Governor

Shawn Hamilton
Secretary

# MEETING AGENDA

| | |
|---|---|
| **Subject:** | Milton WWTP Pilot Study & Amended Consent Order |
| **Time:** | 10:00 a.m. CST |
| **Date:** | June 7, 2024 |
| **Location:** | Microsoft Teams Teleconference<br>Join on your computer, mobile app or room device |
| **Purpose:** | Discuss the on-going pilot study, permit revisions, and milestones for the amended consent order |

Topics of Discussion

- Introductions
  - DEP Staff
  - Facility Staff
- Pilot Study
  - In-Progress (Implemented November 2023)
  - Intended Completion Date
  - Current Findings
  - Post Study Plans
- Permit Revisions (Modification may be needed)
  - Chemical addition dosages
- Amended Consent Order
  - Pilot Study Schedule
  - Post Study Corrective Actions
    - i. What happens if the study does not show good results
      1. Alternative chemicals
      2. Facility evaluation
  - Extend interim limits
- Open Discussion
- Confirm Action Items and Timeframes
- Closing

Reference Links:

- Permit FL0021903-016-DW1P (June 19, 2020): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.896278.1]&[profile=Permitting_Authorization
- Executed Consent Order (January 23, 2023): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.1159806.1]&[profile=Enforcement_Legal

- Engineer Evaluation/Pilot Study Report (September 28, 2023): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.1229292.1]&[profile=Enforcement_Legal
- Email Thread - Statement of compliance/pilot study, no permit required (December 4-26, 2023): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.1261680.3]&[profile=Enforcement_Legal
    - Pilot Study Permitting RAI (January 26, 2024): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.1262138.1]&[profile=Permitting_Authorization
        - Pilot Study Permitting RAI Response 1 & Revision RAI (February 23, 2024): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.1289648.1]&[profile=Enforcement_Legal
        - Pilot Study Permitting RAI Response 2 - Revisions/Final Report (March 4, 2024): https://depedms.dep.state.fl.us:443/Oculus/servlet/shell?command=getEntity&[guid=38.1289650.1]&[profile=Enforcement_Legal

# FLORIDA DEPARTMENT OF
# Environmental Protection

Northwest District
160 W. Government Street, Suite 308
Pensacola, FL 32502

**Ron DeSantis**
Governor

**Jeanette Nuñez**
Lt. Governor

**Shawn Hamilton**
Secretary

October 18, 2024

Edward Spears, City Manager
City of Milton
P.O. Box 909
Milton, FL 32572-0909
espears@miltonfl.org

RE: Executed Amended Consent Order; DEP vs. City of Milton; Facility ID No. FL0021903; OGC File No. 22-2517B; Santa Rosa County

Dear Mr. Spears:

Enclosed is the executed Amended Consent Order (OGC 22-2517B), to resolve issues relating to the City of Milton wastewater treatment plant, (FL0021903), located in Santa Rosa County.

Please note the requirements of the Consent Order for which you are responsible and fulfill all pertinent actions accordingly. All Consent Order time requirements begin the date that it is clerked in our Department unless otherwise noted.

Your cooperation in resolving this matter is greatly appreciated. If you have any questions, please contact Deneale Miller at (850) 595-0677 or by email at Deneale.M.Miller@FloridaDEP.gov.

Sincerely,

Erin Lasnake *on behalf of*

Elizabeth Mullins Orr
Director
Northwest District

EMO/dmm

cc: Joe Cook (jecook@miltonfl.org)
Robert Gloyd (rgloyd@miltonfl.org)
Jonathan Blake (jblake@baskervilledonovan.com)
Jim Anderson (janderson@baskervilledonovan.com)

BEFORE THE STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

| | | |
|---|---|---|
| STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | ) ) ) | IN THE OFFICE OF THE NORTHWEST DISTRICT |
| v. | ) ) | OGC FILE NO. 22-2517B |
| CITY OF MILTON | ) ) | |

**CONSENT ORDER**

**FIRST AMENDED CONSENT ORDER**

The State of Florida Department of Environmental Protection (Department) and City of Milton (Respondent) entered into Consent Order OGC File No. 22-2517 (Original Order), which became effective on January 23, 2023. This First Amended Consent Order (First Amendment) is entered into between the two parties. Respondent and Department agree that this First Amendment replaces and supersedes the Original Order.

The Department finds and Respondent admits the following:

1. The Department is the administrative agency of the State of Florida having the power and duty to protect Florida's air and water resources and to administer and enforce the provisions of Chapter 403, Florida Statutes (F.S.), and the rules promulgated and authorized in Title 62, Florida Administrative Code (F.A.C.). The Department has jurisdiction over the matters addressed in this First Amendment.

2. Respondent is a person within the meaning of Section 403.031(5), F.S.

3. Respondent is the owner and is responsible for the operation of the Milton WWTF, a 2.5 MGD three monthly average daily flow activated sludge wastewater treatment facility providing Class I Reliability (Facility). The extended aeration treatment system consists of an influent pump station, aerated grit chamber pretreatment with a flow equalization basin, an anoxic basin, internal recycle pump station, a carousel oxidation ditch, three secondary clarifiers, two disk filters, four chlorine contact chambers, onsite reuse pump station, reject pump station with a 3.0 MGD reject water storage tank, and cascade aeration after

dechlorination prior to discharge to surface waters with an existing 2.5 MGD three-month average daily flow discharge to Blackwater River, Class III Marine waters, (WBID# 24AB) which is approximately 20 feet in length and discharges at a depth of approximately 1 feet. The point of discharge is located approximately at latitude 30°37' 4" N, longitude 87°2' 2" W. The Facility is operated under Wastewater Permit No. FL0021903 (Permit), which was issued on June 19th, 2020, and will expire on June 19th, 2025. The Facility is located at 5903 Municipal Road, in Santa Rosa County, Florida (Property). Respondent owns the Property on which the Facility is located.

4. The Department finds that the following violations occurred:

a) Respondent failed to timely comply with corrective actions established in the Original Order including completing a permit application for design modifications established in the engineering evaluation received on September 28, 2023. This untimely submittal and unapproved changes to the system are in violation of Rule 62-620.610(2), and OGC 22-2517 paragraphs 10, 11, and 12.

b) During an August 2024, stipulated penalty review, the Department observed Sanitary sewer overflow (SSO) reports for the period from June 1, 2022, through August 31, 2024, indicating that the facility had unauthorized discharges or unpermitted SSOs of approximately 3,920 gallons in violation of Chapter 403, F. S., and Rules 62-620 and 62-604, F.A.C., attached hereto as Exhibit C.

5. Facility was previously under interim limits for an Administrative Order, AO-114NW. AO-114NW sets an interim limit to report monthly amounts of copper, zinc, and Polycyclic Aromatic Hydrocarbons (PAHs) to set up a compliance timeline for effluent discharge limits for copper, zinc, and PAH's by July 31st, 2022. With the execution of the Original Order the copper limit was raised from 3.7 ug/L to 9.25 ug/L. Monthly sampling final limit for copper is 9.25 ug/L maximum, PAH's total limit is 0.031 ug/L maximum, and quarterly sampling for zinc final limit is 86 ug/L maximum. The facility is reporting consistent compliance with zinc and PAH final permit limits.

a) The Respondent reported effluent quality monitoring results that failed to meet the Facility's permit limits for Total Nitrogen, Total Recoverable Copper, and PAH at Outfall D-001 from April 2022 to August 2024 as summarized in Exhibit B. These permit limit exceedances are in violation of Permit Condition I.A.1, and Rules 403.161(1)(b), F.S. and 62-302.530(48)(a) F.A.C.

Having reached a resolution of the matter Respondent and the Department mutually agree and it is

**ORDERED:**

6. Respondent shall comply with the following corrective actions within the stated time periods:

7. Complete the Pilot Study for chemical addition provided to the Department on March 4, 2024, in accordance with permit revision FL0021903-020-DWF:

a) Within 30 days of the effective date of this First Amendment, Respondent shall complete installation of additional equipment for chemical addition to reduce copper in the effluent.

b) No later than 60 days after completion of the Pilot Study, Respondent shall submit a final report (Final Report) summarizing all data and analyses. The purpose of the Final Report is to provide the Department with reasonable assurance that any discharges from the Milton WWTF are not causing or contributing to a violation of permit limits for copper.

c) Alternatively, Respondent has been advised that it may be required to perform additional studies for copper reduction if water quality standards cannot be met through the Pilot Study chemical addition by January 30, 2025. If Respondent provides evidence by March 30, 2025, additional studies are needed, the parties agree they will modify the terms and conditions of this First Amendment. Amendments to the First Amendment will be to establish reasonable timelines and guidelines for the alternative study.

8. Respondent shall continue to comply with the revised I&I Plan submitted on September 26, 2023, to reduce gallons per day per inch of diameter per mile of pipe (gpd/idm) to less than 1,500 gpd/idm. The actions in the I&I Plan shall be completed no later than April 30, 2028.

9. Respondent shall immediately comply with the interim limits for copper listed in the table below. These interim limits will remain effective through January 30, 2025.

| | | | Effluent Limitations | | | Monitoring Requirements | |
|---|---|---|---|---|---|---|---|
| Parameter | Units | Max/Min | Interim Limit | Statistical Basis | Frequency of Analysis | Sample Type | Monitoring Site Number |
| Copper | µg/L | Max | 9.25 | Single Sample | Monthly | 16-hr FPC | EFF-01 |

10. Every calendar quarter after the effective date of this First Amendment and continuing until all corrective actions have been completed, Respondent shall submit to the Department a written report containing information about the status and progress of projects being completed under this First Amendment, information about compliance or noncompliance with the applicable requirements of this First Amendment, including construction requirements and effluent limitations, and any reasons for noncompliance. These reports shall also include a projection of the work Respondent will perform pursuant to this First Amendment during the 12-month period which will follow the report. Respondent shall submit the reports to the Department within 30 days of the end of each quarter.

11. Respondent's completion of all corrective actions required by paragraphs 6-10 within the respective deadlines specified thereunder shall constitute full compliance with Chapter 403, Rules 62-302, 62-604, 62-620, F.A.C.

12. Within 30 days of the effective date of this First Amendment, Respondent shall pay the Department $8,511.00 in settlement of the regulatory matters addressed in this First Amendment. This amount includes $8,011.00 for civil penalties and $500.00 for costs and

expenses incurred by the Department during the investigation of this matter and the preparation and tracking of this First Amendment. The civil penalty in this case includes 2 violations that each warrant a penalty of $4,000.00 or more.

13. Respondent agrees to pay the Department stipulated penalties in the amount of $100.00 per day for each and every day Respondent fails to timely comply with any of the requirements of paragraph(s) 6-10, and Exhibit A of this First Amendment. Additionally, Respondent shall pay the Department stipulated penalties for any discharges of wastewater from the WWTF and/or collection/transmission system. Respondent shall pay penalties as follows:

| Amount p/day p/discharge | Discharge Volume |
|---|---|
| $1,000.00 | up to 5,000 gallons |
| $2,000.00 | 5,001 to 10,000 gallons |
| $5,000.00 | 10,001 to 25,000 gallons |
| $10,000.00 | 25,001 to 100,000 gallons |
| $15,000.00 | in excess of 100,000 gallons |

The Department may demand stipulated penalties at any time after violations occur. Respondent shall pay stipulated penalties owed within 30 days of the Department's issuance of written demand for payment, and shall do so as further described in paragraph 14, below. Nothing in this paragraph shall prevent the Department from filing suit to specifically enforce any terms of this First Amendment. Any stipulated penalties assessed under this paragraph shall be in addition to the civil penalties agreed to in paragraph 12 of this First Amendment.

14. Respondent shall make all payments required by this First Amendment by cashier's check, money order or on-line payment. Cashier's check or money order shall be made payable to the "Department of Environmental Protection" and shall include both the OGC number assigned to this First Amendment and the notation "Water Quality Assurance Trust Fund." Online payments by e-check can be made by going to the DEP Business Portal at: http://www.fldepportal.com/go/pay/. It will take a number of days after this order is final,

effective and filed with the Clerk of the Department before ability to make online payment is available.

15. Except as otherwise provided, all submittals and payments required by this First Amendment shall be sent to Assistant District Director, Department of Environmental Protection, Northwest District Office, 160 West Government St., Pensacola, FL 32502. Online submittals can be made at: NWD_WastewaterCompliance@FloridaDEP.gov. Subject lines should include the OGC number assigned to this First Amendment and the corresponding paragraph number for the corrective action being addressed.

16. In lieu of making cash payment of $8,011.00 in civil penalties as set forth in paragraph 12 above, Respondent may elect to off-set this amount by implementing an in-kind penalty project, which must be approved by the Department. An in-kind project must be either an environmental enhancement, environmental restoration or a capital/facility improvement project and may not be a corrective action requirement of the First Amendment or otherwise required by law. The Department may also consider the donation of environmentally sensitive land as an in-kind project. The value of the in-kind penalty project shall be one and a half times the civil penalty off-set amount, which in this case is the equivalent of at least $12,016.50. If Respondent chooses to implement an in-kind project, Respondent shall notify the Department of its election by certified mail within 15 days of the effective date of this First Amendment. Notwithstanding the election to implement an in-kind project, payment of the remaining $500.00 in costs must be paid within 30 days of the effective date of the First Amendment.

17. In the event that Respondent elects to off-set civil penalties including stipulated penalties by implementing an in-kind penalty project which is approved by the Department, during the period that this First Amendment remains in effect or during the effective date of any Department issued Permit to Respondent whichever is longer (Prohibited Transfer Duration), Respondent shall not transfer or use funds obtained by the Respondent from the collection of sewer rates for any purpose not related to the management, operation, or maintenance of the Sewer System or to any capital improvement needs of the Sewer System

(hereinafter, Prohibited Transfer). Respondent shall annually certify to the Department using the Annual Certification Form located on Exhibit A to this First Amendment that no Prohibited Transfer has occurred. In the event of any Prohibited Transfer, the In-Kind project option shall be forfeited, and entire civil penalty shall immediately become due and owing to the Department irrespective of any expenditures by the Respondent in furtherance of the In-Kind project.

18. Respondent shall allow all authorized representatives of the Department access to the Facility and the Property at reasonable times for the purpose of determining compliance with the terms of this First Amendment and the rules and statutes administered by the Department.

19. In the event of a sale or conveyance of the Facility or of the Property upon which the Facility is located, if all of the requirements of this First Amendment have not been fully satisfied, Respondent shall, at least 30 days prior to the sale or conveyance of the Facility or Property, (a) notify the Department of such sale or conveyance, (b) provide the name and address of the purchaser, operator, or person(s) in control of the Facility, and (c) provide a copy of this First Amendment with all attachments to the purchaser, operator, or person(s) in control of the Facility. The sale or conveyance of the Facility or the Property does not relieve Respondent of the obligations imposed in this First Amendment.

20. If any event, including administrative or judicial challenges by third parties unrelated to Respondent, occurs which causes delay or the reasonable likelihood of delay in complying with the requirements of this First Amendment, Respondent shall have the burden of proving the delay was or will be caused by circumstances beyond the reasonable control of Respondent and could not have been or cannot be overcome by Respondent's due diligence. Neither economic circumstances nor the failure of a contractor, subcontractor, materialman, or other agent (collectively referred to as “contractor”) to whom responsibility for performance is delegated to meet contractually imposed deadlines shall be considered circumstances beyond the control of Respondent (unless the cause of the contractor's late performance was also beyond the contractor's control). Upon occurrence of an event causing delay, or upon

becoming aware of a potential for delay, Respondent shall notify the Department by the next working day and shall, within seven calendar days notify the Department in writing of (a) the anticipated length and cause of the delay, (b) the measures taken or to be taken to prevent or minimize the delay, and (c) the timetable by which Respondent intends to implement these measures. If the parties can agree that the delay or anticipated delay has been or will be caused by circumstances beyond the reasonable control of Respondent, the time for performance hereunder shall be extended. The agreement to extend compliance must identify the provision or provisions extended, the new compliance date or dates, and the additional measures Respondent must take to avoid or minimize the delay, if any. Failure of Respondent to comply with the notice requirements of this paragraph in a timely manner constitutes a waiver of Respondent's right to request an extension of time for compliance for those circumstances.

21. The Department, for and in consideration of the complete and timely performance by Respondent of all the obligations agreed to in this First Amendment, hereby conditionally waives its right to seek judicial imposition of damages or civil penalties for the violations described above up to the date of the filing of this First Amendment. This waiver is conditioned upon Respondent's complete compliance with all of the terms of this First Amendment.

22. This First Amendment is a settlement of the Department's civil and administrative authority arising under Florida law to resolve the matters addressed herein. This First Amendment is not a settlement of any criminal liabilities which may arise under Florida law, nor is it a settlement of any violation which may be prosecuted criminally or civilly under federal law. Entry of this First Amendment does not relieve Respondent of the need to comply with applicable federal, state, or local laws, rules, or ordinances.

23. The Department hereby expressly reserves the right to initiate appropriate legal action to address any violations of statutes or rules administered by the Department that are not specifically resolved by this First Amendment.

24. Respondent is fully aware that a violation of the terms of this First Amendment may subject Respondent to judicial imposition of damages, civil penalties up to $15,000.00 per day per violation, and criminal penalties.

25. Respondent acknowledges and waives its right to an administrative hearing pursuant to sections 120.569 and 120.57, F.S., on the terms of this First Amendment. Respondent also acknowledges and waives its right to appeal the terms of this First Amendment pursuant to section 120.68, F.S.

26. Electronic signatures or other versions of the parties' signatures, such as .pdf or facsimile, shall be valid and have the same force and effect as originals. No modifications of the terms of this First Amendment will be effective until reduced to writing, executed by both Respondent and the Department, and filed with the clerk of the Department.

27. The terms and conditions set forth in this First Amendment may be enforced in a court of competent jurisdiction pursuant to sections 120.69 and 403.121, F.S. Failure to comply with the terms of this First Amendment constitutes a violation of section 403.161(1)(b), F.S.

28. This First Amendment is a final order of the Department pursuant to section 120.52(7), F.S., and it is final and effective on the date filed with the Clerk of the Department unless a Petition for Administrative Hearing is filed in accordance with Chapter 120, F.S. Upon the timely filing of a petition, this First Amendment will not be effective until further order of the Department.

29. Respondent shall publish the following notice in a newspaper of daily circulation in Santa Rosa County, Florida. The notice shall be published one time only within 15 days of the effective date of the First Amendment. Respondent shall provide a certified copy of the published notice to the Department within 10 days of publication.

STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

NOTICE OF CONSENT ORDER

The Department of Environmental Protection ("Department") gives notice of agency action of entering into a First Amendment with CITY OF MILTON pursuant to section

120.57(4), Florida Statutes. The Frist Amendment addresses the domestic wastewater facility at 5903 Municipal Road, in Santa Rosa County, Florida. The First Amendment is available for public inspection during normal business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays, at the Department of Environmental Protection, 160 West Government Street, Suite 308, Pensacola, Florida 32502.

Persons who are not parties to this First Amendment, but whose substantial interests are affected by it, have a right to petition for an administrative hearing under sections 120.569 and 120.57, Florida Statutes. Because the administrative hearing process is designed to formulate final agency action, the filing of a petition concerning this First Amendment means that the Department's final action may be different from the position it has taken in the First Amendment.

The petition for administrative hearing must contain all of the following information:

a) The name and address of each agency affected and each agency's file or identification number, if known;

b) The name, address, any e-mail address, any facsimile number, and telephone number of the petitioner, if the petitioner is not represented by an attorney or a qualified representative; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

c) A statement of when and how the petitioner received notice of the agency decision;

d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action, including an explanation of how the alleged facts relate to the specific rules or statutes; and

g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

The petition must be filed (received) at the Department's Office of General Counsel, 3900 Commonwealth Boulevard, MS# 35, Tallahassee, Florida 32399-3000 or received via electronic correspondence at Agency_Clerk@floridadep.gov, within 21 days of receipt of this notice. A copy of the petition must also be mailed at the time of filing to the District Office at 160 West Government Street, Suite 308, Pensacola, Florida 32502. Failure to file a petition within the 21-day period constitutes a person's waiver of the right to request an administrative hearing and to participate as a party to this proceeding under sections 120.569 and 120.57, Florida Statutes. Before the deadline for filing a petition, a person whose substantial interests are affected by this First Amendment may choose to pursue mediation as an alternative remedy under section 120.573, Florida Statutes. Choosing mediation will not adversely affect such person's right to request an administrative hearing if mediation does not result in a settlement. Additional information about mediation is provided in section 120.573, Florida Statutes and Rule 62-110.106(12), Florida Administrative Code.

30. Rules referenced in this Order are available at http://www.dep.state.fl.us/legal/Rules/rulelist.htm

FOR THE RESPONDENT:

Edward E. Sears SEARS
City Manager

Date
Oct. 11, 2024

DONE AND ORDERED this __day of Month, 2024, in County__________ , Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

Erin Rasnake *On behalf of*

Elizabeth Mullins Orr
Director
Northwest District

Filed, on this date, pursuant to section 120.52, F.S., with the designated Department Clerk, receipt of which is hereby acknowledged.

Miranda Coffey

Clerk

October 18,2024
Date

Copies furnished to:

Lea Crandall, Agency Clerk
Mail Station 35

Enclosures: Exhibit A, B, C

Exhibit A

**In-Kind Projects**

I. **Introduction**

**Proposal**

a. Within 60 days of the effective date of this Consent Order, or, of the Department's notification that applying stipulated penalties to an in-kind project is acceptable, Respondent shall submit, by certified mail, a detailed in-kind project proposal to the Department for evaluation. The proposal shall include a summary of benefits, proposed schedule for implementation and documentation of the estimated costs which are expected to be incurred to complete the project. These costs shall not include those incurred in developing the proposal or obtaining approval from the Department for the in-kind project.

**Proposal Certification Form**

b. The proposal shall also include a Certification by notarized affidavit from a senior management official for __________ (insert name of Respondent) who shall testify as follows:

My name is ______________ (print or type name of senior management official) and do hereby testify under penalty of law that:

A. I am a person with management responsibilities for ___________ (print or type name of Respondent) budget and finances. During the eighteenth month period prior to the effective date of Consent Order OGC Case No.: _______ there has not been any transfer or use of funds obtained by the __________ (print or type name of Respondent) from the collection of sewer rates for any purpose not related to the management, operation, or maintenance of the Sewer System or to any capital improvement needs of the Sewer System.

B. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowingly submitting false information in this certification.

Sworn to and subscribed before me, by means of ☐ physical presence or ☐ online notarization, this ____ day of __________________, 20___ by

__________________________________________

Personally, known or by Production of the following Identification _________

Notary Public, State of Florida

Printed/typed or stamped name:

My Commission Expires: _____________

Commission/Serial No.: _____________

**Annual Certification Form**

My name is ______________ (print or type name of senior management official)

and do hereby testify under penalty of law that:

A. I am a person with management responsibilities for ___________ (print or type name of Respondent) budget and finances. During the twelve month period immediately preceding the notary date on this Certification, there has not been any transfer or use of funds obtained by the __________ (print or type name of Respondent) from the collection of sewer rates for any purpose not related to the management, operation, or maintenance of the Sewer System or to any capital improvement needs of the Sewer System.

B. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowingly submitting false information in this certification.

Sworn to and subscribed before me, by means of ☐ physical presence or ☐ online notarization, this ____ day of __________________, 20___ by

______________________________________

Personally, known or by Production of the following Identification _________

Notary Public, State of Florida

Printed/typed or stamped name:

My Commission Expires: _____________

Commission/Serial No.: _____________

c. If the Department requests additional information or clarification due to a partially incomplete in-kind project proposal or requests modifications due to deficiencies with Department guidelines, Respondent shall submit, by certified mail, all requested additional information, clarification, and modifications within 15 days of receipts of written notice.

d. If upon review of the in-kind project proposal, the Department determines that the project cannot be accepted due to a substantially incomplete proposal or due to substantial deficiencies with minimum Department guidelines; Respondent shall be notified, in writing, of the reason(s) which prevent the acceptance of the proposal. Respondent shall correct and redress all the matters at issue and submit, by certified mail, a new proposal within 30 days of receipt of written notice. In the event that the revised proposal is not approved by the Department, Respondent shall make cash payment of the civil penalties as set forth in paragraph 12 above, within 30 days of Department notice.

e. Within 120 days of the effective date of this Consent Order, or, of the Department's notification that applying stipulated penalties to an in-kind project is acceptable Respondent shall obtain approval for an in-kind project from the Department. If an in-kind project proposal is not approved by the Department within 120 days of the effective date of this Consent Order, or, of the Department's notification that applying stipulated penalties to an in-kind project is acceptable then Respondent shall make cash payment of the civil penalties as set forth in paragraph 12 above, within 30 days of Department notice.

f. Within 180 days of obtaining Department approval for the in-kind proposal or in accordance with the approved schedule submitted pursuant to paragraph I.a above, Respondent shall complete the entire in-kind project.

g. During the implementation of the in-kind project, Respondent shall place appropriate sign(s) at the project site indicating that Respondent's involvement with the project is the result of a Department enforcement action. Respondent may remove the sign(s) after the project has been completed. However, after the project has been completed Respondent shall not post any sign(s) at the site indicating that the reason for the project was anything other than a Department enforcement action.

h. In the event, Respondent fails to timely submit any requested information to the Department, fails to complete implementation of the in-kind project or otherwise fails to comply with any provision of this paragraph, the in-kind penalty project option shall be forfeited, and the entire amount of civil penalties shall be due from the Respondent to the Department within 30 days of Department notice. <u>If the in-kind</u>

penalty project is terminated and Respondent timely remits the $8,011.00 penalty, no additional penalties shall be assessed under paragraph 13 for failure to complete the requirement of this paragraph.

i. Within 15 days of completing the in-kind project, Respondent shall notify the Department, by certified mail, of the project completion and request a verification letter from the Department. Respondent shall submit supporting information verifying that the project was completed in accordance with the approved proposal and documentation showing the actual costs incurred to complete the project. These costs shall not include those incurred in developing the proposal or obtaining approval from the Department for the project.

j. If upon review of the notification of completion, the Department determines that the project cannot be accepted due to a substantially incomplete notification of completion or due to substantial deviations from the approved in-kind project; Respondent shall be notified, in writing, of the reason(s) which prevent the acceptance of the project. Respondent shall correct and redress all the matters at issue and submit, by certified mail, a new notification of completion within 15 days of receipt of the Department's notice. If upon review of the new submittal, the Department determines that the in-kind project is still incomplete or not in accordance with the approved proposal, the in-kind penalty project option shall be forfeited, and the entire amount of civil penalty shall be due from the Respondent to the Department within 30 days of Department notice. If the in-kind penalty project is terminated and Respondent timely remits the $8,011.00, no additional penalties shall be assessed under paragraph 13 for failure to complete the requirements of this paragraph.

## Exhibit B

City of Milton WWTP (FL0021903)

### Table 1: Permit/CO Interim Limit Exceedances from April 2022 – August 2024

| Date | Monitoring Group | Monitoring Location | Description | Result | Limit | Units | Statistical Base |
|---|---|---|---|---|---|---|---|
| 8/31/2022 | D-001 | EFF-01 | Copper, Total Recoverable | 9.9 | 3.7 | ug/L | MB - Maximum |
| 9/30/2022 | D-001 | EFF-01 | Copper, Total Recoverable | 9.8 | 3.7 | ug/L | MB - Maximum |
| 10/31/2022 | D-001 | EFF-01 | Nitrogen, Kjeldahl, Total (as N) | 9.3 | 6 | mg/L | WA - Weekly Average |
| 10/31/2022 | D-001 | EFF-01 | Nitrogen, Kjeldahl, Total (as N) | 9.3 | 8 | mg/L | MB - Maximum |
| 1/31/2023 | D-001 | EFF-01 | Copper, Total Recoverable | 4.9 | 3.7 | ug/L | MB - Maximum |
| 3/31/2023 | D-001 | EFF-01 | Polycyclic Aromatic Hydrocarbon s, Total | 11.39 | 0.031 | ug/L | MB - Maximum |

**Exhibit C**

City of Milton WWTP (FL0021903)

**Table 1: City of Milton WWTP SSOs (June 1, 2022 – August 31, 2024)**

| Incident Timeline | Incident Location | Characteristic | Cause | Final Spill Volume (gal.) | Volume Recovered (gal.) | Affected Waterbody |
|---|---|---|---|---|---|---|
| **Start:** 8/8/2022 17:30 **End:** 8/8/2022 19:45 | 3900 Ward Basin Rd Milton, FL 32570 | Untreated | Break-in-Line | 500 | 0 | N/A |
| **Start:** 10/7/2022 19:46 **End:** 10/7/2022 21:00 | Piper Circle Milton, FL 32572 | Untreated | Equipment | 70 | 70 | N/A |
| **Start:** 10/17/2022 12:00 **End:** 10/17/2022 12:30 | 4693 Determination Ct Milton, FL 32570 | Untreated | Accident | 600 | 300 | N/A |
| **Start:** 10/31/2022 14:00 **End:** 10/31/2022 15:20 | 4717 Determination Ct Milton, FL 32570 | Untreated | Negligence | 500 | 0 | N/A |
| **Start:** 1/27/2023 12:40 **End:** 1/27/2023 13:15 | 7917 Beneva Rd Milton, FL 32583 | Untreated | Negligence | 600 | 600 | N/A |
| **Start:** 6/29/2023 08:45 **End:** 6/29/2023 08:55 | 4154 Ward Basin Rd Milton, FL 32570 | Untreated | Negligence | 200 | 200 | N/A |
| **Start:** 1/17/2024 08:30 **End:** 01/17/2024 09:00 | 7778 Sunfish Lane Milton, FL 32583 | Untreated | Extreme Weather | 300 | 300 | N/A |
| **Start:** | 5270 Overbrook Dr | Untreated | Blockage | 900 | 0 | Locklin Lake Drain to |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1/29/2024 10:45 **End:** 1/29/2024 11:45 | Milton, FL 32570 | | | | | Locklin Lake (Class 3F - Not an OFW) |
| **Start:** 8/9/2024 13:00 **End:** 08/9/2024 14:55 | 4688 Integrity Ct Milton, FL 32570 | Untreated | Break-in-Line | 250 | 100 | N/A |

BASKERVILLE-DONOVAN, INC.
ENGINEERING THE SOUTH SINCE 1927

449 West Main Street
Pensacola, Florida 32502
**Phone:** 850.438.9661

**November 1, 2024**

**Florida Department of Environmental Protection**
**Northwest District**
**Attn: Elizabeth M. Orr**

**RE: City of Milton (OGC File No. 22-2517B)**

| | |
|---|---|
| **FDEP Permit** | **FL0021903** |
| **From:** | **Baskerville-Donovan, Inc.** |
| **Date:** | **October 29, 2024** |
| **Subject:** | **2024 Third Quarter Report** |

**Dear Ms. Orr,**

On behalf of the City of Milton in response to Consent Order (CO), OGC File No. 22-2517B, the City is submitting this third quarterly report of the calendar year 2024 (July through September) in accordance with Paragraph 12. Details of this report are found in the attached Progress Report, following the format provided by the Department.

The conclusion within this report is that the City has complied with the interim copper limits of 9.25 ug/l through September 2024 as stated in Paragraph 9. Results from sampling for the month of October have yet to be received from the approved third party testing lab at this time. The City will continue with the recommended chemical addition that has shown to reduce copper to limits below 3.7 µg/L. Pending the evaluation of the Pilot Study's success, the City will pursue an alternative design solution in accordance with the CO. The Pilot Study period is planned to end in the fourth quarter, December 30, 2024. Evaluation of the Pilot Study will be submitted by January 30, 2025. The City will continue to comply with the interim copper limit of 9.25 µg/L as extended by the Department.

Equipment related to the approved 'Pilot Study' was delivered, installed, and now operational as of the September 19, 2024. This equipment was specifically for the improved application of lime slurry, which has been an existing additive to the treatment facility for many years prior to the consent order. The purpose of the added equipment, to assist the Facility and operators with control lime application, has thus far been successful. The intent of the equipment in the Pilot Study is to provide more consistent control over the pH level at the point of application (of the Department approved Aquahawk 530). Because of the difficulty in controlling pH as a process parameter and the importance of pH on the effectiveness of precipitating copper, it was discussed with the Department in June that there would need to be a period of adjustment with the new equipment. Metals sampling was done on September 23, only a few days after the lime equipment was installed. Therefore, the new lime equipment should not be considered to have effected the Pilot Study for copper removal until October 2024.

449 West Main Street
Pensacola, Florida 32502
**Phone:** 850.438.9661

The City reported a sanitary sewer overflow (SSO) to the Department on August 9, 2024, when a total spill volume of 250 gallons was spilled on 4688 Integrity Court in Milton. One hundred (100) gallons was recovered and no waterbody was effected. This was the only SSO Milton experienced during this quarter. Details are provided in the Progress Report. As stated in the SSO report to the Department, the incident occurred as a result of repairs being made to a concrete driveway that broke a 1.25" forcemain connection. The City was notified at 1 PM of the occurrence. At 1:41 PM flow was ceased and repairs were complete and cleanup were complete at 3 PM. The City has constructed several repairs across the collection system this quarter that are documented in the Progress Report. The City continues to comply with the revised I&I Plan submitted on September 26, 2023. The actions in the I&I Plan are to be completed no later than April 30, 2028.

The City made payment of $8,511.00 to the Department on October 24, in accordance with Paragraph 12 of the CO. The Department will send a formal notification when the payment has been processed.

On October 30$^{th}$, the City has submitted confirmation to the Department that a Public Notice of the Amended CO (OGC File No. 22-2517B) will be published on November 1, 2024. The City will provide a certified copy within 10 days of publication by November 11, 2024.

This cover letter includes a revised Progress Report that was submitted on October 29, 2024 to the Department. An extension to submit this revised Quarterly Report was made until November 4, 2024. There are no other anticipated requests for extension from the City at this time.

Should you have any questions or need additional information please feel free to contact us.

Sincerely,

JD Blake, E.I.
Water Resources Engineer
Baskerville-Donovan, Inc.

Cc: Ric Delp, CSI (Baskerville Donovan, Inc.)
Ed Spears, City Manager (City of Milton)
Joe Cook, Public Works Director (City of Milton)
Robert Gloyd, WWTF Director (City of Milton)
Jim Anderson, PE (Baskerville Donovan, Inc.)

# Consent Order Progress Report

Facility Name: Milton WWTF
Facility ID#: FL0021903
OGC #: 22-2517B
Progress Report Monitoring Period: 2024 Q3 – July 1st – September 30th

I. Case Progress Summary & Compliance Statement (including reasons for non-compliance, extension needs, etc.): Please include the following: (See attached Cover letter)
    a. Brief description of concerns being addressed in the consent order
    b. Anticipated Compliance with upcoming deadlines & extension needs (please note this report does not constitute as a formal extension request as is required by the delay clause)
    c. Any Non-compliance issues and their reasoning/cause

II. Corrective Action Status Update (exact dates are required to establish compliance):

| Paragraph # | Corrective Action | Project Status | CO Schedule Deadline | Corrective Action Completion Date | Notes |
|---|---|---|---|---|---|
| 7. | Complete Pilot Study for the chemical addition (to remove copper) provided to the Department in accordance with permit revisions FL0021903-020-DWF | **In Progress** | December 30, 2024 | | Pilot Study proposed to the Department on March 4, 2024 |
| 7.a. | Within 30 days of the effective date of this First Amendment, Respondent shall complete installation of additional equipment for chemical addition to reduce copper in the effluent | **Complete** | November 17, 2024 | September 19, 2024 | |
| 7.b. | Submit a final report (Final Report) summarizing all data and analyses. | **In Progress** | February 28, 2025 | | <60 days after Pilot Study completion |

| Paragraph # | Corrective Action | Project Status | CO Schedule Deadline | Corrective Action Completion Date | Notes |
|---|---|---|---|---|---|
| 7.c. | Perform additional studies for copper reduction if water quality standards cannot be met through the Pilot Study chemical addition | **In Progress** | March 30, 2025 | | End of Pilot Study evaluation period January 30, 2025. |
| 8. | Continue to comply with the revised I&I Plan and complete Plan actions | **In Progress** | April 30, 2028 | | According to I&I Plan submitted 09/26/2023 |
| 9. | Comply with the interim limitations for copper | **In Progress** | January 30, 2025 | | |
| 9. | Immediately comply with interim limit of 9.25 µg/L for copper as provided by the Department | **In Compliance** | January 30, 2025 | In Progress | (2024)<br>01/17 – 4.9 µg/L<br>02/14 – 2.9 µg/L<br>03/20 – 7.6 µg/L<br>04/17 – 3.0 µg/L<br>05/20 – 2.4 µg/L<br>06/19 – 5.0 µg/L<br>07/23 – 4.7 µg/L<br>08/27 – 3.7 µg/L<br>09/23 – 5.4 µg/L |
| 10. | Submit to the Department every calendar quarter a report containing information on the status and progress of projects under this First Amendment, information | **In Progress** | Q1 – April 30, 2024<br>Q2 – July 30, 2024<br>Q3 – October 30, 2024<br>Q4 – January 30, 2025 | April 19, 2024<br><br>July 12, 2024 | Submit the reports to the Department within 30 days of the end of each quarter. |
| 11 | Complete all corrective actions required by paragraphs 6-10 within the respective deadlines specified thereunder shall constitute full compliance with Chapter 403, | **In Progress** | April 30, 2028 | | |

| Paragraph # | Corrective Action | Project Status | CO Schedule Deadline | Corrective Action Completion Date | Notes |
|---|---|---|---|---|---|
| | Rules 62-302, 62-604, 62-620, F.A.C. | | | | |
| 12 | Pay Penalties of $8,511.00 (if an In-Kind Project is not elected)<br>Pay Civil Penalties of $8,011.00 (Covered by In-Kind Project if approved)<br>Pay Dept. Costs of $500.00 (if an In-Kind Project is elected) | **Complete** | November 17, 2024 | October 24, 2024 | Department confirmed that payment has been received, notifications will be sent when processing is completed. |
| 16 | In-Kind Project Election | **Not Elected** | November 2, 2024 | | The In-Kind Penalty Project Election is no longer applicable for civil penalties with completion of paragraph 12 of the First Amendment. |
| 17. Exhibit A.I.a. | Submit In-Kind Project Proposal (if elected) | **Not Elected** | December 17, 2024 | | The election of an In-Kind project in lieu of stipulated penalties is still an option and will require election notice within 15 days of stipulated penalty demand |
| 17. Exhibit A.I.b. | Certification Forms | **Not Elected** | December 17, 2024 | | |
| 17. Exhibit A.I.c. | Respond to all RAIs and modification requests | **Not Elected** | Within 15 days of receipt of written notice | | |
| 17. Exhibit A.I.d. | If proposal is rejected; submit new proposal | **Not Elected** | Within 30 days of receipt of written notice | | |
| 17. Exhibit A.I.e. | Obtain Department approval of In-Kind Project | **Not Elected** | February 15, 2025 | | |
| 17. Exhibit A.I.f. | Complete In-Kind Project | **Not Elected** | Within 180 days of obtaining approval | | |

| Paragraph # | Corrective Action | Project Status | CO Schedule Deadline | Corrective Action Completion Date | Notes |
|---|---|---|---|---|---|
| 17. Exhibit A.I.i. | Submit notification of project completion with actual costs incurred | **Not Elected** | Within 15 days of completion | | |
| 18. | Allow all authorized representatives of the Department access to the Facility and the Property at reasonable times for the purpose of determining compliance with the terms, rules, and statutes administered by the Department. | **In Compliance** | April 30, 2028 | | The requested inspection is in addition to any permit related inspection per permit condition IX.9. that might occur before or after the project completion. |
| 29. | Publish the notice in a newspaper in Santa Rosa County, Florida | **Complete** | November 2, 2024 | October 30, 2024 | |
| 29.+ | Provide certified copy of published notice | **In Progress** | November 11, 2024 | | |

III. Construction Update & Requirements (if applicable) - Exact dates are required to establish compliance:

(Lime Slurry Application Equipment – Pilot Study for Copper removal – 3rd Quarter 2024)
July 1, 2024 – Detail documentation of all equipment (for lime slurry application) that will be part of the Pilot Study at the Milton plant, received by FDEP.
August 8, 2024 - Pilot Study equipment was installed
August 13, 2024 - email received by FDEP that the Pilot Study equipment was installed. Notification that some of the parts needed adjustments to match the specific needs of your facility.
September 19, 2024 - the Department received notification that all parts had been modified and the new lime slurry application was fully implemented into the system processes. Requirement complete.

(Construction related to I&I Plan – 3rd Quarter 2024)
07/17/2024-repair manhole on broad street
07/30/2024- repair sewer main bell @ 6418 sellers dr
08/19/2024-killed swr service going to vacant lot Sanders st @community center
09/23/24-Repair broken sewer stub out across from 4612 church st

IV. List of Effluent Limitation Exceedances with justification of cause and mitigation efforts (if applicable):

No reportable exceedances. Monthly copper sampling of effluent was within compliance, less than the interim limit of 9.25 µg/L extended until January 30, 2025.

V. List of SSOs:

3rd Quarter 2024 (July 1st to September 30th)

| DEP Incident ID | Incident Start | Incident Address | Impacted Waterbody | Volume Released (gallons) | Volume Recovered (gallons) | Clean-Up/ Sampling Actions |
|---|---|---|---|---|---|---|
| **25189** | 08/09/2024 13:00:00 PM | 4688 Integrity CT Milton, FL 32570 | None | 250 | 100 | Area was cleaned with vac truck, bleach was applied, and bano deoderizer was applied. |

VI. 12-month Projection of Future Work:

November 2024 - The City plans to inspect sewer main (via camera) near Collins Mill Creek on outer drive to evaluate the condition of liner there.
December 2024 – the City plans to inspect condition of terracotta main.

## Ed Spears

**From:** Miller, Deneale <Deneale.M.Miller@FloridaDEP.gov>
**Sent:** Friday, October 25, 2024 5:08 PM
**To:** Ed Spears
**Cc:** Harrison, Savanna
**Subject:** Milton OGC 22-2517B Compliance Statement



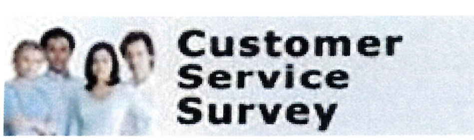
Good afternoon Mr. Spears,
The City of Milton entered into OGC 22-2517 consent order on January 23, 2023, to settle issues with effluent exceedances and sanitary sewer overflows. Due to funding delays the city was unable to meet the requirements of consent order schedule. As a result of this non-compliance the Department assessed stipulated penalties for sanitary sewer overflows and exceedances reported during the length of the consent order and applied them to new civil penalties for an amended consent order.

On October 18, 2024, the Department executed an Amended Consent Order (OGC Case #22-2517B) for the City of Milton's Milton WWTF. The ACO revised corrective action requirements to reflect the City's ongoing efforts to address copper exceedances, including a pilot study authorized by minor permit revision FL0021903-020-DWF (issued on August 20, 2024), and extends interim limits for copper through January 2025. The ACO also requires the City to continue implementation of their approved plan to reduce infiltration and inflow (I&I) into their sanitary sewer system, which has a final compliance deadline of April 30, 2028. The first ACO compliance schedule deadlines are October 30, 2024, and November 17, 2024. Department records indicate that the City is currently in compliance with the terms of the ACO.

If you have any questions or concerns regarding this case, feel free to contact your case manager, Deneale Miller, at Deneale.M.Miller@FloridaDEP.gov or (850) 595-0677. Thank you again for your efforts to maintain compliance.

Sincerely,

**Deneale M**
Florida Depa
Compliance .



Agenda Item # 2024-2885

# State Audit Response **(Information Only)**

| MEETING DATE | PREPARED BY |
|---|---|
| November 12, 2024 | Ed Spears, City Manager |

## BACKGROUND

On October 22, 2024, the City received a preliminary and tentative audit report from the Office of the Florida Attorney General.

The audit was a request of Senator Doug Broxson based upon the receipt of a petition that detailed concerns over the Northwest Florida Regional Water Reclamation Facility. The petition alleged a lack of transparency by the City which "fostered a sense of distrust in the planning, engineering and site placement of the proposed plant." Further the petition expressed concerns over the cost of the project, requesting the state investigate the reasons for the more than 100% increase in the projected cost of the project and the City's ability to fund the project.

The field work for the audit was completed in approximately six months and the preliminary report was provided to the City approximately two months later. The City is required to submit a written response to the preliminary report within 30 days of receipt (November 21). The City's response must include any actions taken or proposed to correct any deficiencies identified in the preliminary report. The City's response will be included in the final report from the auditors. The City's draft response is attached.

Staff will review the draft response and proposed corrective actions with Council at the work session.

## SUMMARY

N/A

## RECOMMENDATION

This item is for informational purposes. No action is required.

## ATTACHMENTS

1. City of Milton Preliminary Audit Report 10-22-24
2. DRAFT - Auditor General's 10-22-24 Audit Findings and Improvement Plans 11-6-24

Sherrill F. Norman, CPA
Auditor General

# AUDITOR GENERAL
## STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Phone: (850) 412-2722
Fax: (850) 488-6975

October 22, 2024

Honorable Heather Lindsay
Mayor, City of Milton
6738 Dixon Street
Milton, Florida 32572

Dear Mayor Lindsay:

Enclosed is a list of eleven (11) preliminary and tentative audit findings and recommendations that may be included in a report to be prepared on our operational audit of the City of Milton.

Pursuant to Section 11.45(4)(d), Florida Statutes, you are required to submit within thirty (30) days after receipt of this list a written statement of explanation concerning all of the findings, including therein your actual or proposed corrective actions. If within the 30-day period you have questions or desire further discussion on any of the preliminary and tentative audit findings and recommendations, please contact this Office.

Your written explanation should be submitted electronically in source format (e.g., Word) and should be accompanied by a cover letter with your digitized signature. For quality reproduction purposes, if you are not submitting your response in source format, please convert your response to PDF and not scan to PDF. If technical issues make an electronic response not possible, a hard copy (paper) response will be acceptable.

Please e-mail this Office at flaudgen_audrpt_lg@aud.state.fl.us to indicate receipt of the list of preliminary and tentative audit findings and recommendations. Absent such receipt, delivery of the enclosed list is presumed, by law, to be made when it is delivered to your office.

Sincerely,

Sherrill F. Norman

Sherrill F. Norman

SFN/bk

Enclosure

c: Councilmembers
City Manager

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

# *SUMMARY*

This audit of the City of Milton (City) focused on selected practices, procedures, and activities, including those related to wastewater treatment capital planning and outlays and the application for funds related to the Deepwater Horizon oil spill. Our audit disclosed the following:

**Finding 1:** The City needs to enhance capital planning policies and procedures and complete a comprehensive multi-year capital plan that includes the proposed new wastewater treatment facility (WWTF) project.

**Finding 2:** The City had not established grant policies and procedures, which may have resulted in forfeited funding opportunities for the proposed new WWTF project.

**Finding 3:** City policies and procedures over contracted services need improvement.

**Finding 4:** The City had not established policies and procedures for direct purchases of construction materials, and the City did not take advantage of sales tax exemptions by directly purchasing construction materials.

**Finding 5:** The City had not established land acquisition policies and procedures.

**Finding 6:** The City had not fully complied with a Florida Department of Environmental Protection consent order relating to the existing WWTF.

**Finding 7:** The City had not established policies and procedures that require and ensure periodic water and sewer rate studies are performed and that the rate studies include consideration of the City's future capital plans.

**Finding 8:** The City had not established policies and procedures to ensure that resources transferred from the Water and Sewer Fund to the General Fund are calculated using a reasonable and consistent methodology.

**Finding 9:** The City needs to strengthen its conflict-of-interest policies.

**Finding 10:** The City needs to enhance public records policies and procedures to ensure that electronic communications are made available to members of the public pursuant to State law.

**Finding 11:** The City could enhance its anti-fraud policies and procedures for the mitigation, detection, and reporting of suspected or known fraud.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

# BACKGROUND

The Town of Milton was originally incorporated in 1844 under the Florida Territorial Acts of 1844 and later incorporated as the City of Milton (City) in 1959 under the provisions of Chapter 59-1574, Laws of Florida. The City is located in Santa Rosa County (County), Florida, and had an estimated population of 10,120 as of April 1, 2023.[1] The City Council, composed of eight elected Council Members and a separately elected Mayor, govern the City. The Mayor is recognized as the head of City government but does not vote except in cases of a City Council tie vote. The City Council is responsible for enacting ordinances, resolutions, and policies governing the City, as well as appointing the City Manager, who serves as the chief executive officer and administers all City affairs.

The City provides a variety of services to its citizens and customers in surrounding areas, including public safety, roads and streets, sanitation, natural gas, and water and sewer utility services. The City's current wastewater treatment facility (WWTF) is reaching its permitted capacity. For years, the City has considered ways to effectively deal with increased wastewater treatment demands resulting from growth and development, including acquiring land and constructing a proposed new WWTF. In March 2010, the City solicited requests for qualifications and, in August 2011, contracted with a firm to provide engineering services related to the proposed new WWTF. However, due, in part, to concerns over the cost of construction and funding, as of August 2024, construction of the proposed new WWTF had not begun.

The City's current WWTF discharges effluent (treated wastewater) into the Blackwater River. In June 2020, the Florida Department of Environmental Protection (FDEP) issued an administrative order[2] requiring the City, in part, to cease discharging effluent into the Blackwater River in two phases. In Phase 1, the City was required to divert 50 percent of the flow into or discharged from the current WWTF to the proposed new WWTF as influent (raw wastewater) or reclaimed water for land application no later than December 31, 2023. In Phase 2, the City is required to divert 100 percent of the flow into or discharged from the current WWTF to the proposed new WWTF no later than December 31, 2025. At the City's request, the FDEP revised the administrative order in January 2024 to extend the compliance date for Phase 1 to June 18, 2025. The City is currently taking actions to comply with the administrative order.

City personnel estimated that, as of December 2023, the City had spent $4.8 million on professional services, materials and supplies, and other miscellaneous expenses associated with actions taken to comply with the administrative order and plan for the proposed new WWTF.

[1] *Florida Estimates of Population 2023*, Bureau of Economic and Business Research College of Liberal Arts and Sciences University of Florida.

[2] Florida Department of Environmental Protection Administrative Order No. AO-114NW.

**PRELIMINARY AND TENTATIVE AUDIT FINDINGS**
**NOT AN AUDIT REPORT**

# FINDINGS AND RECOMMENDATIONS

## Finding 1: Capital Planning

Capital planning is an important process that governments should undertake to assist in allocating limited financial resources to long-term capital projects such as acquiring new or expanding existing infrastructure. Government Finance Officers Association (GFOA) best practices[3] recommend that governments develop and adopt capital planning policies that consider their unique organizational characteristics including the services they provide, how they are structured, and their external environment, and that the policies include various elements, including:

- A description of how an organization will approach capital planning, including how stakeholder departments will collaborate to prepare a plan that best meets the operational and financial needs of the government.
- Establishment of a capital improvement program review committee and identification of the committee members (e.g., the finance officer or budget officer and representatives from planning, engineering, project management, and the operations departments most affected by capital plans), along with a description of the responsibilities of the committee and its members.
- A description of the role of the public and other external stakeholders in the process, with the level and type of public participation consistent with community expectations and past experiences.
- Identification of how decisions will be made in the capital planning process including a structured process for prioritizing need and allocating limited resources.
- A requirement that the planning process include an assessment of the government's fiscal capacity so that the final capital plan is based on what can realistically be funded by the government rather than being simply a wish list of unfunded needs.
- A procedure for accumulating necessary capital reserves for both new and replacement purchases.
- A policy for linking funding strategies with useful lives of the assets that includes identifying when debt can be issued and any restrictions on the length of debt.
- A requirement that a multi-year capital improvement plan be developed that includes long-term financing considerations and strategies.
- A process for funding to ensure that capital project funding is consistent with legal requirements regarding full funding, multi-year funding, or phased approaches to funding.
- Provisions for monitoring and oversight of the capital planning program that includes reporting requirements and how to handle plan changes and amendments.

[3] GFOA Best Practice, *Capital Planning Policies*.

**_PRELIMINARY AND TENTATIVE AUDIT FINDINGS_**
**_NOT AN AUDIT REPORT_**

A properly prepared capital plan is essential to the cost effective and quality delivery of services to citizens and businesses. As such, GFOA best practices[4] also recommend that governments prepare and adopt a comprehensive, fiscally sustainable, multi-year capital plan. The plan should cover a period of 5 to 25 years or more and identify and prioritize expected needs based on a strategic plan, establish project scope and cost, detail estimated amounts of funding from various sources, and project future operating and maintenance costs.

According to City personnel, the City's capital planning policies are included in the City's comprehensive plan[5] adopted by the Board in January 2021. Our review of the comprehensive plan disclosed that, while it included goals, objectives, and policies relating to capital improvements, the comprehensive plan did not include the following capital planning policy elements recommended by GFOA best practices:

- A description of how stakeholder departments will collaborate to prepare a plan that best meets the operational and financial needs of the City.
- A description of the role of the public and other external stakeholders in the process.
- Identification of how decisions will be made in the capital planning process, including a structured process for prioritizing need and allocating limited resources.
- A requirement that the planning process includes an assessment of the City's fiscal capacity.
- A procedure for accumulating necessary capital reserves for both new and replacement purchases.
- A policy for linking funding strategies with useful lives of the assets that includes identifying when debt can be issued and any restrictions on the length of debt.
- A process for funding to ensure that capital project funding is consistent with legal requirements regarding full funding, multi-year funding, or phased approaches to funding.

In response to our inquiries, City personnel indicated that, although not in formal policy, the City has informal procedures that address several of the recommendations. For example, City personnel indicated that public and external stakeholders are engaged in the capital planning process via the City's advisory boards and City Council meetings.[6]

The City began working on plans to construct the proposed new WWTF in 2009 and contracted with an engineering firm in August 2011 for services related to the proposed new WWTF. However, according to City records, with no reasonable funding sources secured, plans for the proposed new WWTF were

[4] GFOA Best Practice, *Multi-Year Capital Planning*.

[5] The comprehensive plan was defined as "a document based upon relevant and appropriate data and analysis and permanent and seasonal population projections and estimates which provides the principles, guidelines, standards, and strategies for the orderly and balanced growth of all aspects of an area including but not limited to 5 and 10 year planning periods."

[6] Chapter 2, *Capital Improvement Elements*, of the City's comprehensive plan provides that the City shall make efforts to seek public input for the projects being proposed for inclusion in the "5-Year Schedule of Improvements;" however, the plan does not describe how such public input is to be solicited and considered.

**PRELIMINARY AND TENTATIVE AUDIT FINDINGS**
**NOT AN AUDIT REPORT**

put on hold for several years. In October 2019, the project engineer estimated the total cost for the proposed new WWTF project at $33.6 million. Once potential funding sources were identified, the City requested bids for certain phases of the proposed new WWTF project and, in February 2021, received low responsive bids totaling $57.2 million. After consulting with the low bidders and the project engineer, the City rejected all bids and began to seek additional funding.

Subsequently, the City revised the proposed new WWTF project scope to include additional elements such as increased plant capacity, additional spray fields and piping, and the decommissioning of the existing WWTF. City records indicated that, as of March 2024, the proposed new WWTF project was estimated to cost $96 million. In August 2024, the City requested bids for a portion of Phase 1 of the proposed new WWTF project with an October 2024 response deadline.

The City Council approved the City's 2023-24 through 2027-28 fiscal year *Capital Improvements: Multi-Year Plan* (Capital Plan) on September 12, 2023. Our examination of the Capital Plan found that the document did not include any requests related to the proposed new WWTF project or requests for any projects for the final year of the Plan. The Capital Plan indicated that no capital requests were included for the final year of the Plan as the City was in a transition period with the anticipated construction of the new WWTF and the hiring of a new City Manager. In response to our inquiries, City personnel indicated that requests regarding the proposed new WWTF project were excluded due to the complexity, enormity, and fluidity of the yet-to-be-authorized project and, although not included in the Capital Plan, City personnel indicated that they have identified potential funding sources for the proposed new WWTF project.

In the absence of comprehensive capital planning policies and a comprehensive, fiscally sustainable, multi-year capital plan, there is an increased risk that the City may not effectively plan for and fund future capital projects, and that critical projects such as the proposed new WWTF project may be unnecessarily delayed, resulting in increased costs to the City, its citizens, and utility customers.

**Recommendation: The City Council should enhance existing capital planning policies to include all elements recommended by the GFOA and prepare and approve a comprehensive, fiscally sustainable, multi-year capital plan that includes proposed projects, including the proposed new WWTF project.**

## Finding 2: Grant Management Policies and Procedures

Governments often apply for significant grant funding from other governments and organizations to support programs and activities. Effective grant management policies and procedures provide guidance to staff regarding the related processes and procedures necessary to maximize benefits and minimize risks. GFOA best practices[7] recommend that governments develop a formal grants policy that addresses

[7] GFOA Best Practice, *Establishing and Effective Grants Program*.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

steps to take prior to applying for or accepting grants, including a requirement that the government obtain a detailed understanding of grant terms and conditions and specify how the grant will be monitored. For example, a grants policy should require the establishment of procedures requiring the identification of, and proper training for, the personnel responsible for carrying out the grant and ensuring that the proper resources are available to support the grant. Effective grant management policies and procedures would also include steps to ensure that, prior to submitting applications to the grantor, the information included in the grant application is verified and approved. In response to our inquiry in September 2024, City personnel indicated that draft grant management policies and procedures were developed in March 2020 but that formal approval by the City Council was not pursued.

To evaluate City processes related to grant applications and awards, we examined City documentation related to selected grant awards from the Federal Government and a grant pre-application to Triumph Gulf Coast, Inc. Our examination found that:

- **Federal Grant Awards.** In September 2021 and August 2022, respectively, the United States Department of Defense, through the Office of Local Defense Community Cooperation (OLDCC), and the United States Department of Commerce, Economic Development Administration (EDA), made grant awards to the City totaling $8.9 million. The OLDCC award provided support for the construction of a sewer line from Naval Air Station Whiting Field to the proposed new WWTF, and the EDA award provided support to the complementary construction of the proposed new WWTF. Both awards included a requirement that the City comply with the provisions of the National Environmental Policy Act (NEPA). Correspondence from the OLDCC and EDA indicated that a technically sufficient NEPA document was necessary to conclude the NEPA process and to proceed with the respective awards.

  In a July 2024 letter to the City, the OLDCC and the EDA indicated that they had determined the City's environmental assessment submission was still not legally sufficient in accordance with the NEPA requirements and requested the City to voluntarily terminate both awards or the OLDCC and the EDA would terminate the awards for material failure to comply with award terms and conditions. In a letter to the OLDCC and EDA later that month, the City voluntarily terminated the awards, indicating that the City understood the environmental assessment remained legally insufficient for an OLDCC finding of no significant impact within the critical timeframes of both grants, and that all time extensions available to address all public concerns and comments, obtain all permits for all project components, and comply with the NEPA were exhausted.

  Had the City established effective grant management policies and procedures, it may have been better positioned to timely resolve the NEPA concerns and retain the grant funding.

- **Triumph Gulf Coast, Inc., Grant Pre-Application.** Pursuant to State law,[8] Triumph Gulf Coast, Inc. (Triumph) makes awards for projects or programs that meet priorities for economic recovery, diversification, and enhancement of counties disproportionately affected by the Deepwater Horizon oil spill that occurred in April 2010. Triumph created a pre-application process to provide

[8] Section 288.8017, Florida Statutes.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

initial consideration of eligibility for potential ideas of projects or programs that may seek an award of funding, and applicants were required to participate in the pre-application process.

In February 2020, the City submitted to Triumph a grant pre-application form requesting $6 million to help construct the proposed new WWTF to increase wastewater treatment capacity and allow for the development of industrial parks on which a company would construct a new facility. On the pre-application form, the City indicated that the company would make a capital investment of $12 million and bring 150 additional jobs to the area with an average wage of $42,000 and that total project costs were estimated to be $42.5 million.

We requested City records to support the number of additional jobs, the average wage of the jobs, and the estimated cost of the proposed project included in the grant pre-application. In response to our inquiry, City personnel indicated that the pre-application information was provided by the Santa Rosa County Office of Economic Development (County OED) and, because the information was considered confidential pursuant to State law,[9] the City did not have records supporting the pre-application information. Subsequent to our inquiry, City personnel requested supporting records from the County OED. However, County OED personnel indicated that supporting records were unavailable as the project information was verbally provided by the company due to the uncertainty of the project.

In March 2020, Triumph determined that the project met the minimum requirements for further consideration and informed the City that it could submit a full application for formal consideration. However, according to City personnel, due to unforeseen circumstances, such as economic and supply chain issues resulting from the COVID-19 pandemic, the project was indefinitely delayed and, as of August 2024, the City had not submitted a full application for the grant funding.

When unverified information is provided to a grantor as part of the grant application process, there is an increased risk that the grantor may make incorrect decisions regarding project eligibility and potential grant funding.

**Recommendation: The City should continue efforts to establish City Council approved grant management policies and procedures that address steps to take prior to applying for or accepting grants. Such policies and procedures should include:**

- **Requirements that the City obtain a detailed understanding of grant terms and conditions, assign responsibility and provide proper training for the specific City personnel carrying out the grant, and ensure that proper resources are available to support the grant.**
- **Consideration of the City's ability to meet grantor deadlines and ensure that grant terms and conditions are fulfilled should the grant be awarded to the City.**
- **Steps to ensure that information included in grant pre-applications and applications is verified for accuracy and supported prior to submitting the applications to the grantor.**

[9] Section 288.075, Florida Statutes.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

## Finding 3: Contracted Services

Effective construction project management policies and procedures require that significant project additions or modifications (task orders) be approved by authorized personnel before implementation or payment to ensure that the task orders are necessary, align with the project's scope and objectives, are within the project's budget, and are consistent with existing contract provisions. Such policies and procedures should also include provisions to verify that contractor proposals or billings for task orders are correctly calculated and consistent with existing contract provisions. While City policy[10] does not specifically address task orders, it does require City Council approval prior to making a purchase or authorizing a service to be performed with costs exceeding $10,000.

As part of our audit procedures, we examined City records supporting 23 payments totaling $1.4 million during the period October 2022 through December 2023 relating to two projects: the Blackwater River Directional Drill Project (Drill Project) and the Spray Field[11] Disposal Area Project. These projects were designed to ensure compliance with the FDEP administrative order[12] requiring the City to cease discharging effluent into the Blackwater River. Our examination disclosed that:

- The City made 8 payments totaling $43,210 to the Drill Project engineer under the terms of a task order and task order amendment totaling $93,580 without City Council approval, contrary to City policy. In response to our inquiries, City personnel indicated that the City Council did not approve the task order or task order amendment due to oversight.
- The City made an additional $78,375 payment to the Drill Project engineer under the terms of a $96,340 task order dated September 2023. However, the contractor completed the services in May 2023, prior to the City Council approving the task order in September 2023. City personnel indicated that they gave the contractor verbal authorization to proceed because the services were urgently needed to obtain permitting from the FDEP.
- The Drill Project engineer billed the City for subcontractor services at a factor greater than that allowed by the engineer's contract with the City, and City procedures to review engineer invoices submitted for payment did not detect the billing errors. Subsequent to our inquiry, the City performed a review of all invoices submitted by the engineer through April 2024 and determined that the engineer overbilled the City $41,418 due to the incorrect factor and for a task that was not required. According to City personnel, the overbilled amount was reflected as a credit in subsequent payments to the engineer, and our examination of supporting documentation for a July 2024 payment to the engineer confirmed that a credit for $41,418 had been applied.

[10] City Policy 9.0, *Purchasing Policy*.
[11] A spray field is a land surface onto which effluent is sprayed.
[12] FDEP Administrative Order No. AO-114NW.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

Absent City Council approval for significant project additions or modifications and effective procedures for reviewing contractor billings, there is an increased risk that the City may incur expenses for unauthorized or unnecessary services and overpay for services provided.

**Recommendation: The City should establish effective construction project management procedures that ensure City Council approval is obtained for all existing contract additions or modifications with costs exceeding $10,000 in accordance with City policies. The City should also enhance contractor billing review procedures to verify that such billings are accurate and in accordance with contract rates and provisions before payment is made.**

## Finding 4: Direct Purchase of Construction Materials

Sales tax exemptions for direct purchases can significantly reduce costs for governments. Pursuant to State law,[13] the City is exempt from paying sales tax on direct purchases, including certain directly purchased goods (e.g., materials, equipment, and fixtures) for construction projects. Consequently, City policies and procedures should require and ensure that this exemption is applied when in the City's best interests. However, as of August 2024, City policies and procedures did not require the direct purchase of construction materials or, alternatively, documentation in City records explaining how the contractor's purchase of the materials would result in greater savings.

In January 2021, the City contracted with an underground utility contractor to complete the Drill Project. However, the City's contract with the contractor did not contain a provision for the City to take advantage of its sales tax-exempt status by directly purchasing the Project's construction materials. Our review of City records also disclosed that the City did not make any direct purchases that resulted in sales tax savings on the Drill Project. According to City personnel, the City decided not to make direct purchases so that the contractor would be fully liable for the materials. However, although we requested, City records were not provided to document whether any cost savings were realized by the contractor's purchase of the materials.

The most recent contractor payment application for work performed through April 2024 indicated that the City paid $1.9 million to the contractor for work completed on the Drill Project. Insofar as the Drill Project included substantial purchases of piping and other accessory materials, we requested City records supporting the values of the purchased materials; however, the contractor's schedule of values and payment applications did not separately identify these costs. While it may not be feasible for the City to directly purchase all construction materials, the City could have directly purchased a portion of the required construction materials and benefited from the resulting sales tax savings. For example, for every $100,000 of construction materials directly purchased, the City would have realized savings of $7,000, assuming a sales tax rate of 7 percent.

[13] Section 212.08(6), Florida Statutes.

**Recommendation: City policy and procedures over construction projects should be established to require and ensure that the City takes advantage of sales tax exemptions by making direct purchases of construction materials or, alternatively, documents in City records how the contractor's purchase of the materials would result in greater savings.**

## Finding 5: Land Appraisals

The City is responsible for establishing effective land acquisition policies and procedures that, among other things, require sufficient independent appraisals of current property values be obtained and considered by the City Council prior to purchasing real property. State law[14] provides that, when a municipality seeks to purchase property for a municipal purpose, every appraisal, offer, or counteroffer must be in writing. Such appraisals, offers, and counteroffers are not available for public disclosure or inspection and are exempt from the provisions of State law[15] until an option contract is executed or, if no option contract is executed, until 30 days before a contract or agreement for purchase is considered for approval by the governing body of the municipality. If the public disclosure exemptions allowed by State law are utilized by the municipality, two appraisals are required for purchases over $500,000. If the agreed purchase price exceeds the average appraised price of the two appraisals, the governing body is required to approve the purchase by an extraordinary vote.

According to City personnel, as of August 2024 the City had not established land acquisition policies and procedures. During the period January 2024 through March 2024, the City purchased three parcels of land totaling 274 acres for use as spray fields for effluent. The City paid over $500,000 for each parcel of land, and the purchase prices for all three parcels of land totaled $1.8 million. Our review of City records and inquiries with City personnel disclosed that, although the City utilized the public disclosure exemptions allowed by State law, the City only obtained one appraisal each for the three parcels of land. In response to our inquiries, City personnel indicated that the City contracts with a firm for land acquisitions and, due to an oversight, the City did not ensure that two appraisals were obtained for each of the three land parcels.

Absent effective land acquisition policies and procedures, there is an increased risk that the City will not acquire real property at a fair and appropriate price and, without obtaining the required number of appraisals, City records do not demonstrate compliance with State law.

**Recommendation: To ensure compliance with State law and promote the acquisition of real property at a fair and appropriate price, the City should establish land acquisition policies and procedures that require sufficient independent appraisals of current property values be obtained and considered by the City Council prior to purchasing real property.**

[14] Section 166.045(1), Florida Statutes.
[15] Section 119.07(1), Florida Statutes.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

## Finding 6: Florida Department of Environmental Protection Consent Order Compliance

Pursuant to State law,[16] the FDEP has the power and duty to control and prohibit pollution of air and water in accordance with the law and rules adopted and promulgated by the FDEP. Among other things, for this purpose, the FDEP may issue orders to effectuate the control of air and water pollution and enforce the same by all appropriate administrative and judicial proceedings.

On January 23, 2023, the City and the FDEP entered into a consent order[17] to settle certain matters such as effluent exceedances and sanitary sewer overflows relating to the City's existing WWTF. The consent order required the City to pay the Department $50,500 in fines and to implement the following corrective actions:

- Immediately comply with interim copper effluent limits through September 2024.
- Within 30 days of the consent order (subsequently extended until March 12, 2023), submit an evaluation performed by a certified engineer to discover the causes for the violations.
- Within 90 days of submitting the evaluation (subsequently extended until September 30, 2023), submit WWTF design modifications to ensure that the WWTF functions in full and consistent compliance with all applicable FDEP rules.[18]
- Within 60 days of the consent order, submit a plan and schedule to bring all WWTF lift stations into compliance with specified standards.
- Within 60 days of the consent order, submit a plan and schedule to reduce infiltration and inflow into the collection system to acceptable levels with planned actions to reduce infiltration and inflow completed no later than October 21, 2023.

The consent order stated that failure to timely comply with the requirements of the consent order could result in stipulated penalties of $100 per day (in addition to the $50,500 settlement already paid) and that the City must submit written quarterly reports to the FDEP containing information about the status and projects being completed under the consent order until all corrective actions have been completed.

Our review of the quarterly reports submitted to the FDEP during the period June 2023 through July 2024 indicated that the City reported compliance with all corrective actions except for the City efforts to reduce infiltration and inflow into the collection system to acceptable levels. City efforts included ongoing testing and repairs by maintenance crews that, at the levels undertaken, did not result in corrective action being completed by the October 2023 deadline. The City's contracted engineering firm estimated that compliance could be achieved by April 2028. In response to our inquiries, City personnel indicated that,

[16] Section 403.061, Florida Statutes.

[17] FDEP Office of General Counsel File No. 22-2517.

[18] On September 28, 2023, a City-contracted engineer responded to the FDEP that no significant WWTF modifications were determined necessary and requested that the FDEP approve a pilot study to use chemical additives to address the copper effluent exceedances. On August 20, 2024, the FDEP approved the pilot study through December 2024.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

as of August 2024, the FDEP had not requested payment of stipulated penalties relating to this noncompliance.

**Recommendation: The City should continue efforts to implement all corrective actions and comply with the FDEP consent order.**

## Finding 7: Water and Sewer Fund Rate Studies

Enterprise funds are established in governmental entity financial records to report activities for which a fee is charged to external users for goods and services. The City provides water and sewer services to customers and accounts for the associated revenues and expenditures in a water and sewer enterprise fund (Water and Sewer Fund). City ordinances[19] establish rates for the water and sewer services, and the City Council may periodically adjust the rates. Periodic rate studies are essential to evaluate the adequacy of existing rates and to recommend potential rate adjustments based upon the City's unique circumstances, including future capital plans such as the proposed new WWTF.

Our examination of City records and inquiries with City personnel disclosed that, as of August 2024, the City did not have policies or procedures that require periodic water and sewer services rate studies and City personnel could not recall the last time a rate study was performed. According to City personnel, the City Council annually adjusts rates based on a variety of factors, including inflation, perceived needs, projected capital improvement estimates, and required revenue to augment the City's General Fund operating expenses (as further discussed in Finding 8). City personnel also indicated that they compare rate surveys of other Florida communities to City utility rates. Notwithstanding, periodic rate studies would provide the City with additional insight into the adequacy and fairness of current rates and whether those rates align with and support future utility capital projects, including the proposed new WWTF.

**Recommendation: The City should establish policies and procedures that require periodic water and sewer utility rate studies and that such rate studies consider the City's future capital outlay needs.**

## Finding 8: Water and Sewer Fund Transfers to the General Fund

Municipalities that provide water and sewer services to its customers often transfer utility resources to the General Fund to support general government services. To balance the competing priorities of providing reliable utility services to customers and financially supporting general government services, it is imperative that the City use a reasonable and consistent methodology for determining transfer amounts. Such methodologies should consider all relevant factors, such as future utility capital outlay plans and the associated long-term financial implications (e.g., debt issuance).

[19] Chapter 48, Article II, Division 3, Section 48, City of Milton Code of Ordinances, *Commercial Charges for Water and Sewer*.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS NOT AN AUDIT REPORT***

As shown in Table 1, the Water and Sewer Fund provided substantial support for general government services by transferring $10.9 million over the past 4 years to the City's General Fund.

**Table 1**
**Water and Sewer Fund Transfers to the General Fund**
**For the 2019-20 Through 2022-23 Fiscal Years**
**(in Millions)**

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|---|---|---|---|
| Water and Sewer Fund Transfer to the General Fund | $ 2.3 | $ 2.3 | $ 2.9 | $ 3.4 |
| General Fund Revenue and Other Financing Sources | $10.2 | $10.5 | $12.4 | $13.9 |
| Transfer as a Percentage of General Fund Revenue and Other Financing Sources | 22.5% | 21.9% | 23.4% | 24.5% |
| Water and Sewer Fund Income [a] | $ 3.4 | $ 4.2 | $ 4.0 | $ 8.6 |
| Transfer as a Percentage of Water and Sewer Fund Income | 67.6% | 54.8% | 72.5% | 39.5% |

[a] Income was calculated as operating revenues and capital contributions less operating and non-operating expenses. Per the City's notes to the financial statements for the 2022-23 fiscal year, capital contributions represent impact fees and capital grant funding for engineering fees associated with the proposed new WWTF.

Source: City's Audited Financial Statements.

Although we requested, City records evidencing the specific methodology used and calculations made to support the amounts of the Water and Sewer Fund transfers to the General Fund were not provided. In response to our inquiries, City personnel indicated that the methodology for the transfers is not governed by City policy; however, the budget is governed by City policy that requires a balanced budget. City personnel also indicated that transfer amounts are generally determined by adjusting the amount of the previous fiscal year's transfer for various factors, such as changes in water and sewer rates, departmental budget projections, overall City capital outlay requests, and City Manager and City Council directives.

Notwithstanding, absent City records evidencing the specific methodology used and calculations made to support the amounts of the Water and Sewer Fund transfers to the General Fund, City records do not demonstrate that the City considered the effect of the transfers on the provision of reliable utility services to customers or the impact on the financing of future capital projects such as the proposed new WWTF.

**Recommendation: The City should adopt and consistently utilize a sustainable methodology to calculate Water and Sewer Fund transfers to the General Fund. Such methodology should consider the provision of reliable utility services and all relevant factors, such as future utility capital outlay plans and the associated long-term financial implications.**

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

## Finding 9: Conflicts of Interest

The Legislature has declared that it is essential to the proper conduct and operation of government that public officials be independent and impartial and that public office not be used for private gain other than the enumeration provided by law, and the public interest requires that the law protect against any conflict of interest.[20] It is the policy of the State that no officer or employee of a governmental entity have any interest, financial or otherwise, direct or indirect; engage in any business transaction or professional activity; or incur any obligation of any nature which is in substantial conflict with the proper discharge of his or her duties in the public interest.[21] State law[22] provides that no public officer or employee is to have or hold any employment or contractual relationship with any business entity or any agency that is subject to the regulation of, or is doing business with, the agency of which he or she is an officer or employee. State law[23] also requires certain local officers, as applicable, to file a statement of financial interests within 30 days of appointment, no later than July 1 of each year, and within 60 days of leaving office or employment. Local officers include, among others:

- Elected officials.
- Chief administrative employees of a municipality.
- Municipal attorneys.
- Municipal finance directors.
- Municipal clerks.
- Chief municipal building code inspectors.
- Appointed members of the planning and zoning board or other boards having the power to recommend, create, or modify land planning or zoning within a political subdivision.
- Purchasing agents having the authority to make any purchase exceeding $35,000 on behalf of a municipality.

To assist the City in identifying an existing or potential conflict of interest, City policies[24] require employees to complete a Conflict-of-Interest Disclosure Form (COI Form) identifying any personal or business relationships which may pose or may appear to pose a conflict of interest. While not required by City policies, City practice is to require a similar COI Form from all vendors bidding on contracts or purchases over $25,000. City Employee COI Forms are filed in the Human Resources Department and vendor COI forms are filed in the Purchasing Department. However, the City has not established

[20] Section 112.311(1), Florida Statutes.
[21] Section 112.311(5), Florida Statutes.
[22] Section 112.313(7)(a), Florida Statutes.
[23] Section 112.3145(1) and (2), Florida Statutes.
[24] City Policy 1.3, *Conflict of Interest*.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

procedures for periodic documented reviews of the COI Forms to increase the assurance of detecting potential conflicts of interest. In response to our inquiries, City personnel indicated that, if a conflict-of-interest concern is brought to their attention, City practice is to refer the concern to the City Attorney for a legal opinion. Notwithstanding, in the absence of established procedures for documented reviews of conflict-of-interest disclosure forms submitted by employees and vendors, there is an increased risk that City personnel may be unaware of potential conflicts of interest when procuring goods or services.

Additionally, although we requested, we were not provided records evidencing that City personnel responsible for approving purchases routinely reviewed and considered the statements of financial interests filed by local officers. Our audit procedures disclosed that, as of May 2024, 9 current or former local officers (5 City Council members, 2 City Managers, a City Clerk, and a City Planning Board member) of the 44 local officers required by State law to file statements of financial interests did not file for the 2022 or 2023 calendar years or both. Specifically, 3 local officers did not file a statement of financial interests for the 2022 calendar year, 5 local officers did not file a statement of financial interests for the 2023 calendar year, and 1 local officer did not file a statement of financial interests for either the 2022 or 2023 calendar years. In response to our inquiries, City personnel indicated that the City had not established written policies and procedures to ensure compliance with the statutorily required statement of financial interests filings, and the 9 local officers failed to file the required forms due, in part, to a lack of oversight by City personnel who did not inform the local officers of the filing requirements.

Disclosures of financial interests are essential to provide a public record of the financial interests, activities, and associations of local officers, as well as potential conflicts of interest. Also, absent the required statements of financial interests, and the routine review and consideration of the disclosures on those statements by City personnel responsible for approving purchases, there is an increased risk that City personnel may be unaware of potential conflicts of interest when procuring goods or services.

**Recommendation: The City should enhance its conflict-of-interest policies and procedures. Such enhancements should require and ensure that local officers complete and timely submit the required statements of financial interests and that City personnel responsible for approving purchases routinely review and consider the statement disclosures along with employee and vendor COI Forms to avoid potential conflicts of interest when procuring goods and services.**

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

## Finding 10: Public Records – Electronic Communications

State law[25] requires the City to maintain public records in accordance with the records retention schedule[26] established by the Florida Department of State, Division of Library and Information Services. The schedule specifies that the retention periods for electronic communications, including e-mail and text messages, are determined by the content, nature, and purpose of the messages, and are based on their legal, fiscal, administrative, and historical values, regardless of the format in which they reside or the method by which they are transmitted. Failure to maintain records in accordance with State law could result in City officials being subjected to the penalties specified in State law.[27]

City ordinances[28] provide that the Mayor and City Council are responsible for preserving, or providing to the custodian of records for preservation, public records created on cell phones, whether issued by the City or privately owned. According to City personnel, as of June 2024 the City owned 129 active cell phones. However, our examination of City records and discussion with City personnel disclosed that, as of August 2024, the City had not established procedures to provide for the collection and retention of public records from City-owned cell phones.

City policy[29] outlines legal requirements, responsibilities, and procedures for providing access to public records and states that City officials and employees who elect to use personal computers, communication devices, or e-mail accounts to conduct City business must ensure that all public records on such computers, devices, and accounts are retained according to law and that access to such records is provided pursuant to a request for inspection. Additionally, City officials and employees who elect to use personal computers, communication devices, or e-mail accounts to conduct City business are advised to copy their respective City accounts in connection with all transactions of official business. In response to our inquiry, City personnel indicated that, while e-mails sent and received from City e-mail accounts are retained on City computer servers, e-mail and text messages related to City business that are sent and received from personal e-mail accounts and personal wireless communication devices are not collected and retained.

In May 2024, the City filed a Complaint to Enforce Florida's Public Records Act Declaratory Relief and Petition for Writ of Mandamus in the Circuit Court of the First Judicial Circuit in and for Santa Rosa County, Florida. The complaint alleges that the Mayor refused to produce certain communication

[25] Section 119.021(2)(b), Florida Statutes.

[26] State of Florida General Records Schedule GS1-SL for State and Local Government Agencies. The records retention schedule applies to records regardless of the format in which they reside; therefore, records created or maintained in electronic format must be retained in accordance with the minimum retention requirements presented in the schedule.

[27] Section 119.10, Florida Statutes.

[28] Chapter 2, Article II, Section 2-33, City of Milton Code of Ordinances, *Compliance*.

[29] City Policy 1.13, *Public Records Policy.*

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

records, including e-mails and text messages, that were the subject of public records requests by the City Attorney. The complaint requests the court to declare the Mayor in violation of the Public Records Act and issue a writ of mandamus compelling the Mayor to produce the requested public records in her possession.

While City policy requires City officials and employees electing to conduct City business using personal computers, communication devices, or e-mail accounts retain and provide access to City-related public records, the City has no means to verify that all such records are maintained in accordance with State law. Absent effective public records retention policies and procedures and adequate controls to ensure compliance with record retention laws, the City has limited assurance that City officials and personnel consistently and appropriately maintain public records.

**Recommendation: The City should enhance policies and procedures to ensure compliance with State public records laws. Such enhancements should include provisions for the collection and retention of public records from City-owned cell phones. In addition, we recommend that the City prohibit the use of personal e-mail accounts and personal wireless communication devices when conducting City business or implement a process that ensures the City captures and archives all City-related communications from such devices.**

## Finding 11: Anti-Fraud Policy

Appropriate policies and procedures for communicating, reporting, and investigating known or suspected fraud is essential to aid in the mitigation, detection, and prevention of fraud. GFOA best practices[30] recommend that governments establish policies and procedures to encourage and facilitate the reporting of fraud and that, at a minimum, governments should:

- Widely distribute and publicize policies that can serve as a practical basis for identifying potential instances of fraud.
- Establish practical mechanisms (e.g., a hot line) to permit the confidential, anonymous reporting of concerns about fraud.
- Regularly publicize, both internally and externally, the availability of reporting mechanisms and encourage individuals who may have relevant information to provide it to the government.

The City Council adopted a fraud policy[31] in December 2019 with a requirement that the policy be provided to new employees and posted on the City Web site. The policy includes, in part, definitions of fraud and corruption, responsibilities for reporting fraud or corruption, protections for those reporting such activity, and internal controls to help deter, detect, and prevent such activity. The policy also indicates that reported concerns may be made anonymously and that all reported concerns will be

[30] GFOA Best Practice, *Whistleblowing*.
[31] City Policy 9.1, *City of Milton Fraud Policy*.

***PRELIMINARY AND TENTATIVE AUDIT FINDINGS***
***NOT AN AUDIT REPORT***

forwarded to the City Manager who will designate appropriate personnel to perform an investigation, and, if deemed necessary, notify law enforcement.

While the City's fraud policy has many positive features, the policy does not:

- Establish practical mechanisms to report fraud confidentially and anonymously.
- Indicate how concerns regarding the City Manager or the City Council should be reported and investigated.

In addition, although the City's fraud policy is posted on the City's Web site under the Purchasing Department Web page and new employees are provided with a copy of the policy, City personnel indicated that the policy is not otherwise widely distributed or publicized, internally or externally, to encourage and facilitate the reporting of fraud.

Absent effective policies and procedures for communicating, reporting, and investigating known or suspected fraud that are widely distributed and publicized, there is an increased risk that fraud will not be detected and reported. In response to our inquiries, in May 2024, City personnel indicated that senior staff were conducting a review of all City policies for revision and approval by the City Council.

**Recommendation: The City should strengthen policies and procedures to encourage and facilitate the reporting of fraud. Specifically, the policies and procedures should:**

- **Establish practical mechanisms for the confidential and anonymous reporting of concerns about fraud.**
- **Address how concerns regarding the City Manager or the City Council should be reported and investigated.**
- **Be widely distributed and publicized.**

**End of Preliminary and Tentative Audit Findings.**

# CITY OF MILTON

# PRELIMINARY AUDIT FINDINGS, EXPLANATIONS, AND IMPROVEMENT PLANS

The City of Milton (City) wishes to thank the staff of the Auditor General of the State of Florida for their professional, timely and thorough review of its operations and specifically its management of the North Santa Rosa Regional Water Reclamation Facility Project (NSRRWRF).

The City takes the audit findings seriously and is convinced that the implementation of the Improvement Plans, as identified for each finding, will result in better management practices to make our City stronger and better prepared for future project success. While having identified areas for improvement, it is our sincere hope that the public can view these results as evidence that, overall, the City is committed to serving the best interest of its citizens by remaining responsible stewards of the public's financial and environmental resources.

As discussed with the state auditors, this audit does not highlight all the positive achievements and successful practices we have implemented. The auditors undertook a comprehensive review of our policies, procedures, actions, transactions, decisions and millions in project expenditures. The purpose was to evaluate and assess the performance and integrity of the City's Management in establishing and maintaining internal controls and fulfilling assigned responsibilities in accordance with laws, rules, regulations, contracts, grant agreements, and other guidelines. There were no instances of fraud, waste or abuse identified.

The City of Milton appreciates the Auditor's time and recommendations and looks forward to the Auditor's 18-month review of its recommended Improvement Plans as identified below.

## *1. The City needs to enhance capital planning policies and procedures and complete a comprehensive multi-year capital plan that includes the proposed new wastewater treatment facility (WWTF) project.*

EXPLANATION: The City only included goals, objectives, and policies relating to capital improvements in its adopted Comprehensive Plan. While the City's past capital improvement processes did include department collaboration, prioritization and resource allocation, fiscal capacity assessment, and public and external stakeholder involvement activities, the City agrees that these and all other elements recommended by GFOA need to be included in the Comprehensive Plan and that a comprehensive, multi-year capital plan that includes the proposed new wastewater treatment facility (WWTF) project needs to be completed.

IMPROVEMENT PLAN: The City's Chief Financial Officer will work with the City's Budget Coordinator to begin enhancing existing capital planning policies to include all elements recommended by GFOA and prepare a comprehensive, fiscally sustainable, multi-year capital plan that includes all proposed projects as recommended for City Council Approval.

IMPLEMENTATION TIMELINE: On or before FY 2026 Budget Workshop (July 2025).

## *2. The City had not established grant policies and procedures, which may have resulted in forfeited funding opportunities for the proposed new WWTF project.*

EXPLANATION: The City agrees that its drafted grant policies and procedures need to be finalized and approved. It is important to note that the City mitigated risks associated with a newly formed department by hiring an experienced federal/state grants manager and by developing close partnerships with grantor-assigned project managers, as well as by partnering with other government agencies and by hiring multiple specialty grant (CDBG, EDA) and environmental consultants as needed.

Specifically related to the new WWTF project, it is also important to note that NEPA team meetings were ongoing throughout the process. These NEPA team meetings included representatives from the City, hired consultants (environmental, EDA, and engineering), and each grantor. In 2022, NEPA compliance requirements and detailed grant deadlines were presented to the City Council.

IMPROVEMENT PLAN: The City's Assistant City Manager will work with the City's Grant Manager to continue efforts to establish City Council approved grant management policies and procedures that address steps to be taken prior to applying for or accepting grants as recommended. Such policies and procedures will include:

- A requirement that the city obtains a detailed understanding of grant terms and conditions, assigns responsibility and provides proper training for specific City personnel carrying out the grant, and ensures the proper resources are available to support the grant.
- A consideration of the City's ability to meet grant deadlines and ensure that grant terms and conditions are fulfilled should the grant be awarded to the City.

- Identify steps to ensure the information included in grant pre-applications and applications are verified for accuracy and supported with documentation prior to submitting the applications to the grantor.

IMPLEMENTATION TIMELINE: On or before January 2025.

### *3. City policies and procedures over contracted services need improvement.*

EXPLANATION: The City acknowledges the need for policy and procedure improvements over contracted services. As a note of clarification, the identified overbill was due to an oversight regarding a percentage cap placed on a specific service type within a single contract that impacted multiple task orders. Unfortunately, the oversight was not detected within current purchasing verification systems. Once identified, the City and vendor staff immediately implemented improvements within their processes to prevent any future overbillings of this kind and the City was issued a credit for the overbilling by the vendor.

The Purchasing Team will continue to research Naviline system software capabilities for catching billing errors effectively and quickly to maintain compliance with 715.12 Florida Statutes the Prompt Payment Act and will revise policies and procedures to include task order processing and approval in urgent and exigent situations to ensure City policy compliance.

IMPROVEMENT PLAN: The City's Assistant City Manager will work with the City's Purchasing Director to establish effective construction project management procedures that ensure City Council approval will be obtained for all existing contract additions or modifications that exceed the established threshold costs in accordance with City policies. The City's Purchasing Team will also continue to enhance contractor billing review procedures to verify that such billings are accurate and in accordance with contract rates and provisions, before payments are made.

IMPLEMENTATION TIMELINE: On or before January 2025.

### *4. The City had not established policies and procedures for direct purchases of construction materials, and the City did not take advantage of sales tax exemptions by directly purchasing construction materials.*

EXPLANATION: The City agrees that direct material purchases policies and procedures need to be established and that sales tax exemption advantage evaluations need to be conducted on construction projects. The potential need for warehousing materials, the potential for fraud, the potential liabilities assumed by the City staff under direct construction material purchases have been deterrents to direct material purchases. The City is currently reviewing Sales Tax Exempt Purchasing Agreements that could mitigate the liabilities and risks associated with direct material purchases.

IMPROVEMENT PLAN: The City's Assistant City Manager will work with the City's Public Works Director and Purchasing Director to establish a construction project policy and procedures to require and ensure that the City takes advantage of sales tax exemptions by making purchases of construction materials or, alternatively, ensure that City documents how the contractor's purchase of the materials would result in greater savings.

IMPLEMENTATION TIMELINE: On or before January 2025.

## *5. The City had not established land acquisition policies and procedures.*

EXPLANATION: The City recognizes the need to ensure State law compliance in all situations and will require the submission of complete and accurate records of every land acquisition appraisal, offer, and counteroffer to be submitted to the City's Purchasing Department for review and determination of State law compliance prior to any future land acquisitions. For the record, it may be important to note, the specific land acquisitions identified were not funded by Federal or State dollars and the acquired land was needed to meet exigent demands.

IMPROVEMENT PLAN: The City's Assistant City Manager will work with the City's Economic Development Director and Purchasing Director to establish land acquisition policies and procedures that require sufficient independent appraisals of current property values be obtained and considered by the City Council prior to purchasing real property to ensure compliance with State law and promote the acquisition of real property at a fair and appropriate price.

IMPLEMENTATION TIMELINE: On or before January 2025.

## *6. The City had not fully complied with a Florida Department Environmental Protection consent order relating to the existing WWTF.*

EXPLANATION: On October 24, 2024, FDEP deemed the City to be compliant with the terms of the first amended consent order executed on October 18, 2024.

IMPROVEMENT PLAN: The City Manager will work with the City's Public Works Director to continue efforts to implement all corrective actions and comply with FDEP consent orders on or before the established deadlines. The City will continue to comply with the implementation of the Inflow and Infiltration (I&I) Plan and complete the actions found within that plan no later than April 30, 2028. If the City is unable to submit any of the corrective actions timely, the City will submit a formal extension request to avoid stipulated penalties.

IMPLEMENTATION TIMELINE: Currently, the City is up to date on the consent order compliance actions relating to the existing WWTF.

### *7. The City had not established any policies and procedures that require and ensure periodic water and sewer rate studies are performed and that the rate studies include consideration of the City's future capital plans.*

EXPLANATION: The City recognizes the need identified within the findings. It is important to note that the City of Milton did conduct a Water and Wastewater Study that was published in the 2020 UNC Utility Rate Study. The City's utility rates were compared to approximately 270 other cities across the State of Florida within this study.

IMPROVEMENT PLAN: The Chief Financial Officer will work with the City's Planning and Public Works Directors to establish policies and procedures that ensure periodic water and sewer utility rate studies are performed and ensure such rate studies consider the City's future capital outlay needs as recommended.

IMPLEMENTATION TIMELINE: On or before January 2025.

### *8. The City had not established any policies and procedures to ensure the resources transferred from the Water and Sewer Fund to the General Fund are calculated using a reasonable and consistent methodology.*

EXPLANATION: The City has previously acknowledged the need for policy and procedures for Enterprise Transfers to the General Fund. Improvements are already underway through the development of a cost allocation plan.

IMPROVEMENT PLAN: The Chief Financial Officer will work with the Budget Coordinator to continue the development of a cost allocation plan. The City will also adopt and consistently utilize a sustainable methodology to calculate Water and Sewer Fund transfers to the General Fund. Such methodology will consider the provision of reliable utility services and all relevant factors, such as future utility capital outlay plans and the associated long-term financial implications.

IMPLEMENTATION TIMELINE: Prior to FY 2026 budget preparation cycle (April 2025).

## *9. The City needs to strengthen its conflict-of-interest policies.*

EXPLANATION: The City recognizes the need that was identified within the findings to create and implement policy and procedures to ensure that certain local officers file their statement of financial interests with the Commission on Ethics within 30 days of appointment, annually, no later than July 1st of each year, and within 60 days of leaving his/her office or employment. Additionally, the policy will include documented periodic reviews and comparisons of the Conflict-of-Interest Forms (signed by employees & vendors) with the Financial Disclosure Forms that are being filed with Commission on Ethics.

IMPROVEMENT PLAN: The City Clerk will work with the Human Resource Director to formalize an official on-board training for newly elected council members and board appointees with an annual refresher that will include a review of the strengthened conflict-of-interest policies. The City Clerk will enhance the conflict-of-interest policies and procedures to ensure the local officers complete and timely submit the required statements of financial interest. Additionally, the City Clerk will include documented periodic reviews and comparisons of the Conflict-of-Interest Forms (signed by employees & vendors) with the Financial Disclosure Forms that are being filed with the Commission on Ethics.

The Assistant City Manager will work with the City's Purchasing Director to incorporate in the procurement of goods and services procedures, the routine review and consideration of statement disclosures, along with employee and vendor Conflict-of-Interest Forms to avoid potential conflicts of interest when procuring goods and services.

IMPLEMENTATION TIMELINE: On or before January 2025.

## *10. The City needs to enhance public records policies and procedures to ensure the electronic communications are made available to members of the public pursuant to State law.*

EXPLANATION: The City recognizes the need identified within the findings. Due to the findings, the City accepts the recommendations and will also formalize an official onboarding for newly elected council members and board appointees with an annual refresher that will include a review of the enhanced public records policies and procedures.

IMPROVEMENT PLAN: The City Clerk will enhance policies and procedures to ensure compliance with State public records laws. Such enhancements will include the regular inventory and routine maintenance and backup provisions for the collection and retention of public records from City-owned cell phones through the City's IT Department. In addition, the City will prohibit the use of personal e-mail accounts and personal cell phones when conducting city business.

IMPLEMENTATION TIMELINE: On or before January 2025.

### *11. The City could enhance its anti-fraud policies and procedures for the mitigation, detection and reporting of suspected or known fraud.*

EXPLANATIONS/COMMENTS: The City recognizes the need identified within the findings. The City's IT team has already created an email account for employees to anonymously report fraud.

IMPROVEMENT PLAN: The Chief Financial Officer will strengthen policies and procedures to encourage and facilitate the reporting of fraud. Specification, the policies and procedures will:

- The City will establish practical mechanisms for the confidential and anonymous reporting of concerns about fraud.
- Address how concerns regarding the City Manager or the City Council should be reported and investigated.
- Be widely distributed and publicized.

IMPLEMENTATION TIMELINE: On or before January 2025.

Agenda Item # 2024-2887

# ITB 2024-09 North Santa Rosa Regional Water Reclamation Facility

| MEETING DATE | PREPARED BY |
|---|---|
| November 12, 2024 | Ed Spears, City Manager |

## BACKGROUND

On October 23, 2024, the City opened the bids for ITB 2024-09 for the construction of the new North Santa Rosa Regional Water Reclamation Facility (NSRRWRF). Three bids were received by the deadline. The bids were:

1. Max Foote Construction $64,424,000
2. Warton-Smith, Inc. $71,457,000
3. Weiss Construction $74,803,728

Following the first bidding on this project in February 2021, staff, project engineers and the contractor were able to reduce project costs by approximately $10,000,000. The project team believes that level of savings may be achievable again.

The City has the following funds available for the NSRRWRF:

| | |
|---|---|
| Restore Grant | $6,500,000 |
| SRLF Loan | $14,000,000 |
| SRLF Grant | $4,022,475 |
| FEMA HMGP | $18,644,083 |
| | |
| TOTAL | $43,166,558 |

The funding gap based on the low bid is $21,257,442. That gap will be reduced by any cost savings generated during negotiations. The City has two pending grants for this project that will be announced in December. If approved, they total $24,567,175. This would provide adequate funding to complete the project as currently designed and permitted. If the grants are not awarded, the City has had preliminary discussions for up to $25,000,000 in project financing from our banking partner. The loan would have to be finalized and a guaranteed funding source identified to service the loan. For a $25,000,000 loan at 5% interest and a 30-year payback, the monthly payment would be approximately $140,000 ($1,680,000 annually). The amount borrowed would be reduced dollar for dollar in identified project savings during negotiations.

Council has several options to consider:

1. Select Max Foote Construction as the lowest and most responsive bidder and authorize staff to engage in contract negotiations, finalize the price and develop a financing plan.
2. Reject all bids.

3. Direct staff to identify a new project location and authorize the funds necessary to acquire the property, redesign and permit the facility for the new site.
4. Place the project on an indefinite hold until better economic conditions are realized or complete project funding is achieved.
5. Delay any action on this item until the new Council is seated on December 10, 2024.

In considering the options, it is important to note that relocating the project or other substantial delay will result in the loss of most, if not all, of the grant funds already acquired for the project. Those grants may be reapplied for at a later time, but an award is not guaranteed. For any project financing, a dedicated funding source to service any loan would have to be identified, recurring annual budget cuts made or both.

If Council chooses to move the project to a new site, the additional costs would include land acquisition, geotechnical testing, engineering redesign fees and permitting fees. There would also be a loss of 1-2 years which would add an inflationary factor to the new project costs. There are no economic indicators that any costs drivers (labor, materials, etc.) will decrease over the next two years. However, a redesign could allow the City to increase the initial base project from the currently designed 2 MGD to allow the addition of new customers following the first phase versus a later expansion project. Relocation of the plant would allow the City to sell the current 25-acre site to generate revenue for the project. A relocation project would allow the City to generate 1-2 years of additional reserves, but the anticipated costs of such a project may exceed the new reserves.

If the project is shelved, the City would lose all grants. Funds would need to be reserved for increased maintenance and repair of the existing, aging plant, which would still be in danger from any future storm. The new plant is serviceable in the short term, but a long term solution would have to be identified. Expansion at the current site is not allowed nor advisable. Delaying the project will allow the City to increase the current reserves annually and generate a greater return from investing. The future project would be estimated to cost 10% more each year it is delayed, unless a situation such as COVID occurs, at which time project costs doubled.

Any delay from option #3 or 4 would extend the de-facto moratorium on new connections to the City's sewer system outside the City limits which will result in the proliferation of septic tanks and could hamper economic development.

The bids for the new plant are good for 90 days. The bids expire on Tuesday, January 21, 2025. If Council chooses to go forward with the selection and authorize negotiations, the final contract would have to be presented to Council for approval. This would provide the Council with the final price for the project and identify the actual funding gap. The City will also know the results of the two grant applications in December. Council could, at that time, accept or reject the contract. After November, Council has four (4) meetings prior to January 21 and special meetings can always be scheduled.

If Council chooses to delay any decision until the new Council is seated, the selection, contract negotiations and financing plan development would have to be completed in a shorter time frame, but could be achieved. The new Council would have three meetings prior to January 21 and the option for special meetings, if necessary. All of the above options would be available to the new Council.

Staff is requesting direction from City Council.

## SUMMARY

## RECOMMENDATION

Council provide direction to staff.

## ATTACHMENTS

None