

Dispatches from DeFuniak



From Councilman Ron Kelley

D E F U N I A K

F L O R I D A

S P R I N G S

SPECIAL POINTS OF INTEREST:

- Walton County Heritage Museum on Circle Drive.
- The DeFuniak Springs Library on Circle Drive.
- The Chautauqua Winery on U.S. Hwy. 331 South.



SPECIAL EDITION

Greetings!

It has now been over a year since the City Council was first informed that the city might lose state revenue if its annual audit was not turned in on time. Even then, February 2017, the full story was still being hidden from the Council.

Slowly, over a period of several months, the rest of the facts emerged and it did not paint a pretty picture.

In this Special Edition issue we are going to examine the facts surrounding that event and the false narrative that has been put forth by a small group of people with their own agenda.

This group has taken the State Attorney's Grand Jury Report and used it like a bludgeon in an attempt to embarrass and condemn the Council. However, that report and many of the conclusions it contained are based on incomplete facts and, in a few instances, incorrect information.

You will be hearing more facts about the Grand Jury Report in the coming days and it may be necessary to file another Special Edition just to cover it.

In the meantime, this small group of people have sought to appointed themselves as the un-elected caretakers of the city. They use smear tactics

and innuendos to spread as much sludge as they can and hopefully hound the Council out of office.

I might be more concerned about this had I not seen so many instances in which the people of this city have demonstrated that they are smart enough to see through the smokescreens and behind the curtains. Although they are looked down upon by the Elites, local people here can recognize the truth when they see it. So I am putting my trust in the people, who are a lot wiser than the Elites can possibly imagine.

- Councilman Ron Kelley
June 20, 2018

A POINT OF CLARIFICATION

Recently, a lot of incorrect information has been posted on Internet blogs, on Facebook, and other places, and passed off as fact. One recent article was titled "City Council Fires Another City Manager." That, of course, is not true.

I cannot remember another city manager being fired within the last 30 years, though I am told that it did happen in the 1970s.

The Council did terminate Danny Lucas' employment because he presented false information on his application. The public is now learning that there were other problems with his performance, too. However, the point is, Mr. Lucas is the only city manager to be fired in over 30 years.

Former City Manager Mike Standley held the job for 20 years but never worked for this Council. Kim Kirby resigned as city

manager shortly after the 2011 election. Following her resignation, the Council did advertise for a replacement. Mike Standley applied and was selected by the Council. The Council moved to install him immediately because he had served in the position for so long but they were reminded that he should go through the same process as any other candidate, which included a background check.

Unfortunately, a simple background check by the DeFuniak Springs Police turned into a full-scale investigation that went on and on, despite Standley having no criminal record. This move by city officials to prevent him from getting the job worked. Standley eventually withdrew his application.

Next, the Council hired former Finance Director Sara Bowers as city manager. She resigned in 2016 and took a job with the City of Freeport.

The Council attempted to designate Assistant City Manager Tilman Mears as the permanent city manager, but that move was blocked by former Councilman Mac Carpenter.

Mears eventually resigned, citing continuous harassment by Carpenter and Mayor Bob Campbell. Following Mears' resignation as interim city manager, Public Works Director Craig Drake served as interim until the hiring of Danny Lucas.

By the way, Thomas Carman was the only finance director to ever be fired, after he failed to reconcile the city accounts on time, which is what started all these problems. John McCue, who followed Bowers in finance, resigned without warning after only five months and Joe Brown resigned last year when the audit truth began to surface.

See what a difference **facts** make?

IN THE BEGINNING...

DeFuniak Springs is a small town. The concept of "working together for the good of the city" is not just a nice idea – it is a requirement. City officials and staff must help each other. Our small chain of command is only as strong as its weakest link.

The City Council has been very disappointed to discover that the weakest link appears to be the person currently holding the office of mayor, who purposely withheld vital information from the Council, leading to the loss of hundreds of thousands of dollars.

Most of us are aware that this is not Mayor Bob Campbell's first serious error in judgment. Among other things, he actively sought and entered into an agreement with the county, recorded at the Courthouse, to waive the disposal fees for anticipated construction debris on private property, without the knowledge or consent of the Council. He knowingly ordered city workers to utilize city equipment and to assist with Christmas decorations on private property. He also instructed former City Manager Danny Lucas to violate a city ordinance for a friend - which he did.

In short, it appears that Mayor Campbell repeatedly overstepped his authority.

The following information is based on public records provided by the Florida Joint Legislative Auditing Committee —

On Oct. 14, 2015, the city manager was Sara Bowers and the finance director was Joe Brown. On that date, the city received a certified letter from Kathryn DuBose, coordinator for the Florida Joint Legislative Auditing Committee. The letter stated that

the required financial reports for Fiscal Year 2013-14 had not been submitted and the city was three and a half months past the final deadline. The letter warned that failure to respond could result in "having state revenues withheld from your municipality."

The letter was addressed to Mayor Campbell and signed for by Cecilia Alford. Mayor Campbell did not inform the City Council of the letter or its contents.

Three weeks later, on November 9th, Mayor Campbell received a forwarded copy of a letter sent to Florida Chief Financial Officer Jeff Atwater and Marshall Stranberg, executive director of the Florida Department of Revenue. The letter stated that any money not legally pledged for bond service debt would be withheld from the DeFuniak Springs due to its failure to submit the required financial reports for Fiscal Year 2013-14. The letter was signed by Ms. DuBose and a copy was sent to Mayor Campbell. Mayor Campbell did not inform the City Council of the letter or its contents.

On the same day, Ms. DuBose sent a letter directly to Mayor Campbell, signed for by staffer Cecilia Alford, in which Ms. DuBose outlined the details of the planned withholding of funds described in her letter to the state. A copy of this letter was also enclosed and addressed to Sara Bowers and intended for the City Council. Neither Mayor Campbell nor Ms. Bowers informed the Council of the letter or its contents.

Two months later, on January 20, 2016, the Joint Legislative Auditing Committee sent an email which contained copies of the certified letters sent to the city re-

garding the state having withheld \$89,687 in half-cent sales tax revenue from the city. The email was sent to Mayor Campbell and Ms. Bowers. Neither Mayor Campbell or Ms. Bowers informed the Council of the email or its contents.

On January 28, Mayor Campbell, Ms. Bowers and Cindy Permenter received an email from Debbie White, a CPA analyst with the Joint Legislative Auditing Committee. Ms. White stated that an additional \$74,581 had been withheld from the city. Again, none of the recipients informed the Council of the email or its contents.

About 10 days later, Mayor Campbell, Ms. Bowers and Ms. Permenter received another email from Ms. DuBose stating that some but not all of the required documentation had been received. The email urged the city to get the required reports to the state by Feb. 15 or face losing more money.

Mayor Campbell, Ms. Bowers and Ms. Permenter did not inform the Council of the email or its contents.

On February 9, 2016, Mayor Campbell received a copy of a letter sent by Ms. DuBose to CFO Atwater and DOR Director Stranberg informing them that the State Auditing Committee had finally received the required reports from DeFuniak Springs regarding its 2013-14 annual financial report and audit, so no additional funds would be withheld. Again, Mayor Campbell did not inform the Council of the letter or its contents.

Sadly, eight months later, on Nov. 3, 2016, the entire process started all over again. Mayor Campbell received another certified letter from Ms. DuBose stating that

her agency had not received the required financial reports for Fiscal Year 2014-15 and warned that state revenue funds would be withheld again if the city failed to do so. This certified letter was signed for by former city Finance Director Joe Brown. Neither Mayor Campbell nor Mr. Brown informed the Council of the letter or its contents.

On February 6, Mayor Campbell was notified that the state would be withholding state revenue funds unless the required financial reports were received by March 9.

It was during this period that a staff member brought one of the letters to Interim City Manager Tilman Mears. Mears then brought the matter to the attention of the City Council. However, Mears did not yet know how long city officials had known about it or that state funds had already been lost.

On May 19, 2017, Ms. DuBose notified CFO Atwater and the Department of Revenue that the required 2014-2015 reports from the city of DeFuniak had finally been received and the city should be removed from the state's withholding list.

In an email to City Attorney Clayton Adkinson, dated June 1, 2017, Roger Hinson of the Department of Revenue stated that, in summary, \$65,068 was withheld in 2015, \$49,933 was withheld in 2016 and \$105,944 was withheld in 2017. That is a grand total of \$220,945 of revenue the city of DeFuniak Springs lost due to the gross negligence of some city staff and Mayor Bob Campbell, whose name was on every document.

In Mr. Adkinson's June 6 report to the Council, he stated: *"It is clear from the documents, that the City apparently received those documents. However, what is missing from these documents is any response from the City in regards to any of the certified letters that were forwarded to the City."*

During my discussion with Ms. White, she advised that the reason the Committee had taken the action it did, was that the Committee had never received any response from the city."

Not once during the Council's regular annual budget sessions was any of this information mentioned in the Council's presence. None of the letters were shown to the Council. That cannot be an accident.

Former City Manager Sara Bowers and Finance Director Joe Brown took no action and failed to inform the Council of these serious financial losses. However, there is only one name that is on each and every document – Bob Campbell.

There are only two possible things that can account for this financial disaster. It is either a case of total incompetence or an effort was made to deliberately and pointedly hide this information from the Council.

At a subsequent Council meeting, Mr. Campbell claimed it was not his responsibility to inform the Council. He said he spoke to Joe Brown and Tilman Mears and they should have said something.

Mr. Brown is long gone and is, in any event, unlikely to incriminate himself. However, the city contacted former Interim City Manager Tilman Mears and asked him how and when he came to be aware of the situation and how he responded.

In an email to Interim City Manager Craig Drake and Human Resources Director Lacey Woodham, dated Friday, June 23, Mr. Mears wrote, in part:

"It has been brought to my attention that there have been accusations / insinuations by Mayor Bob Campbell that he shared information with me pertaining to the state withholding funds. Let me make this clear, that is incorrect. I was left out of the loop intentionally, I believe, which I will explain why one would believe that."

"Let me say, the first flag was when I discovered I wasn't being copied or updated on the correspondence between the Finance Director Joe Brown and the auditing firm. When I began to ask questions, it was found that Brown was communicating with Carpenter and Campbell, however, wasn't with myself or other

council members. If you recall, I did mention these concerns to each one of you.

"Next, you will need to pull the Council meeting minutes, where Mr. Carpenter deflected Brown on the one and only letter I was aware of for the dates. To refresh everyone's memory, I had my assistant copy this and place it in your box. What might interest you all is how I come about this letter. One of the ladies in City Hall brought me a copy of this letter, and if she hadn't, perhaps we wouldn't even have knowledge of it. When the letter was brought to me, I went to Brown to discuss it, he advised me that he had spoken to Campbell and Carpenter about it and he assured me it was taken care of and they, Campbell and Carpenter, advised him not to let this get out to the other council members, because it would give them something to fuss about and make bigger than what it was."

"I later discussed this with Campbell and he advised me that Brown had assured him it was ok, and Campbell advised me he thought it would be best if we just kept this quiet. I told him, not on my watch and I would be sharing this with all council members. I think I proved to all of you that I would not keep information from you, good or bad. The only way you all could make good decisions would be, if you had all the information possible."

Let's look at what was said at the regular City Council meeting of Feb. 13, 2017, the very first time the Council learned about the threatening letter from the state.

Councilman Kermit Wright discussed a letter received from State CFO Jeff Atwater stating that the city has not complied with the annual financial reporting requirements. The letter also said that the DOR would withhold any funds not pledged for bond debt service satisfaction until the reports have been received. This would go into effect March 9, 2017.

Joe Brown stated that the 2014-2015 fiscal year audit is currently being prepared by the city's auditor, with a draft audit being completed by Feb. 28. (two weeks) and an audit presentation scheduled for March 27 regular meeting.

Brown was asked directly by Wright whether the city had provided the requested information to our auditing firm in a timely manner or not – in effect, whose fault is it? Brown said we had provided all the requested information whenever it had been requested and that the auditors had *"dragged it out longer than they should been, they are now committed to having the final draft to us and make a presentation to us at the second meeting in March."*

He did not offer a dollar figure of the

amount to be withheld, but noted that *"the state had withheld money for a couple months, but we eventually got every penny of it."* Not true.

Mac Carpenter noted that this had not just suddenly happened this year but had accumulated over several years' time. He said *"You'll remember that we received this same letter last December 2015."* (No one else remembered that.) He praised Joe Brown for doing *"a tremendous job to try to get us on the right track. He has done everything we asked him to do, but he came in and we were way, way behind. I would not expect that we would get this letter next year ... I think we are catching up ... This is a form letter, everybody gets this letter. There is nothing unique to the City of DeFuniak Springs, other than – we didn't get our audit in on time. I think we are making significant progress. I think we are on the right track. That letter is a scary letter if you've never seen one before, or even if we have seen one before, but I think we are making progress. The number of findings have been reduced and we're just digging out of a deep hole."*

Wright noted that he and the Council had asked and offered to provide Brown with any help he needed to bring our audit up to date, *"and I never heard anything."* He requested a monthly update report from Finance Director regarding current finance department activities.

Despite what you may have been led to believe from one-sided media reports, the Council did not lose this money—a few city officials did. However, it is our responsibility to clean up the mess.

For instance, the Council has since designated which staff member picks up the mail and officially designated the city manager and city attorney as two of the people to always receive certified mail. The Council also established specific new rules on how that information is to be presented to the Council members.

So what does all this mean? It means the city lost nearly a quarter of a million dollars – money that could have been spent to boost our reserve funds or provide salary raises for our hard-working employees or reduce utility rates or a hundred other vital uses.

It means that the Council's trust was misplaced and that the city was deliberately harmed by certain officials and staff members who were entrusted to conduct themselves with honesty and integrity, but failed to do so.

The Council's job is to fix it. Your job is to remember why we had to fix it.

NOW FOR THE GOOD NEWS

In a recent Council meeting, a local citizen asked what the Council had done to help the city. Well, that's a topic that is always worth examining, so let's take a look at that.

When three new council members were elected in 2011, the city was truly headed in a dangerous direction. Stores were closing and staying empty, large industry had shuttered and moved away and new businesses were avoiding DeFuniak Springs because of its long-standing reputation of being anti-business in its dealings.

City government was strangling both new and existing businesses with oppressive restrictions on signs and landscaping requirements. Some may have forgotten, but we almost missed getting Lowe's here because of how many trees the city wanted them to plant around the parking lot. In fact, the city did miss some other opportunities.



Heavy impact fees were discouraging growth and development. Downtown was becoming a ghost town. People were up in arms over the behavior of the code enforcement officer, furious with the city planner over the tight restrictions and angry at the city manager who presided over it all. Funding reserves had been all but wiped out, yet people were being hired at City Hall with little regard for qualifications or expertise. Management was top-heavy, but the city was stagnant, going nowhere.

That's the direction the city was headed in 2011.

The three new council members all had very different backgrounds but they shared a vision of a city that welcomed new businesses and actively supported existing businesses, a city council that would keep taxes low and be careful in its spending; one that would limit or eliminate regulations that hurt businesses and ease the burden on the taxpayers as much as possible. The three new members and the two existing council members began to take action.

The Council immediately lowered the already low ad valorem tax rate of 4.5 mils down to 4 mils for one year, before returning it to 4.5, where it remains.

The Council placed a moratorium on impacts fees for new businesses, halting the fees to help spur new development. *(Two years later, after a new council member was elected, impact fees were re-introduced in a tie vote and the mayor cast the deciding vote.)*



In 2011, the Council waived the tap fees for businesses and residents to connect to city utilities for one year. This was done to boost business growth, ease the burden of the expensive tap fees on residents that could not easily afford it and reduce the need for water wells and septic tanks.

At the request of a city-appointed committee of citizens, the Council agreed to eliminate most of the restrictions on business signs. The Council also reduced the landscaping requirements for new businesses.

The Council also increased the existing Enterprise Zone area to cover the entire city. The Enterprise Zone was a state program that offered incentives and tax breaks for new and existing businesses in Florida. It was one of the most cost-effective incentive programs in the state, but the Florida Legislature failed to renew the program, which was by law set to expire at the end of 2015.

The Council created a Special Events Committee, which was tasked with organizing events for local residents and visitors. The events have included the Family Movie Night, Concerts in the Park, gospel concerts in the Community Center, Snowbird Day and more.

The Council established the first skateboard park for youth next to the Community Center and, with the help of a committed staff member, purchased and installed additional skate ramps that are in use today.

With the help of citizens and state grants, the Council launched a project to preserve and renovate the Chautauqua Hall of Brotherhood, our most famous landmark, from the ground up. The first phase is complete, but due to state budget cuts by Gov. Scott, new funding disappeared for this year. The city is applying for other grant funds and looking at ways to obtain new funding to complete the project.

The Council continues to support the Life Enrichment Senior Center, the Boys & Girls Club and lots of other worthy civic organizations, though many cities have ceased donating to civic groups that provide these types of activities.

The Council approved the establishment of a Main Street USA program here in DeFuniak Springs and agreed to help fund the program for a three-year period. Its purpose is to bring commercial development back to the downtown area and to improve the appearance and economic stability of our historic downtown business district.

The Council also created the Economic Development Committee, which has advocated for the approval of a local community redevelopment agency (CRA). A CRA is a special funding district created for the purpose of redeveloping areas designated as having slum and blight. This is done through acquiring slum properties and either demolishing them or renovating them.

The Council has continued to fund improvements at the municipal airport, including clearing land for a new industrial park and leasing space to a company that specializes in general public and military flight school operations. The Council is continuing to seek funding to realign the airport access road, extend the runway to 5,000 feet and build even more hangars to meet the growing need for aircraft storage space.

When it comes to new businesses - in 2011, it took City Hall 16 pages to print out a list of all of the companies that had occupational licenses in DeFuniak Springs. Today, it requires 37 pages to list them all. Back in 2011, there 140 registered businesses in town. Today, the city has 332 businesses. That's real growth.

While we don't yet have every company, service or amenity we might want, we have more than doubled the number of city businesses from just a few short years ago, and more are on the way.

When the state wanted to either build a highway through our airport or else bypass U.S. 90 West - destroying half of our business community - this Council said no. The Council made it clear that residents wanted to maintain the current route, without demolishing any established businesses. Recently the state announced their decision to leave the highway alone and not make those "improvements" after all.



The Council also joined the City of Freeport and the Walton County Commission in planning for a major project to lay water and sewer lines along the newly-widened U.S. 331 South highway, linking the two cities and all the unincorporated area in between. Funding is slated to come from monies connected with the BP Oil Spill Disaster, proving there really is a silver lining behind every cloud.

Finally, the Council recently welcomed Veteran's Lodge, the planned health and rehabilitation center to be located just southeast of Interstate 10, behind the Best Western Motel. Though still in the early planning and permitting stages, Veteran's Lodge will benefit U.S. military service members who have sustained serious, debilitating injuries in body, mind and spirit. I have been told by Director Julie Smith that Veterans Lodge also plans to sell the excess acreage for commercial and light industrial development. That sounds means an additional boost from an already great project.

All these things are changing DeFuniak Springs for the better and there is so much more that I have not mentioned here. Yes, there is still work to be done, but for the first time in my lifetime, we have an entire City Council that is committed to seeing DeFuniak Springs grow and prosper. They know that change is inevitable and understand that the key to our future is carefully directing that growth so that we all grow together.

So when a small group of people who hate the Council start to complain to you that the Council is not doing anything or complains about the direction the city is going, you can tell them you already know the direction this city is going - the right direction!

