

MANAGEMENT CONTROL REVIEW OF THE OKALOOSA COUNTY PUBLIC TRANSIT SYSTEM



Institute for Senior Professionals
at
Northwest Florida State College

May 2018

Management Control Review of the Okaloosa County Public Transit System

Table of Contents

INTRODUCTION.....	3
FINDINGS.....	4
Transit System Overview.....	4
Operational Trends.....	6
Contracting.....	7
Funding.....	9
Transit System Performance.....	11
Organization and Staffing.....	15
RECOMMENDATIONS.....	16
Immediate Actions.....	17
Long-Term Actions.....	19
ANOTHER ITEM.....	22
APPENDICES.....	23

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INTRODUCTION

By letter dated September 7, 2017, to the Institute for Senior Professionals (ISP) Chair Bill Landsberg, Okaloosa County Administrator John Hofstad asked ISP to conduct a Management Control Review of Okaloosa County's Public Transit System (see Appendix A). Through discussion with Okaloosa County Administrator Hofstad and Deputy County Administrator Kay Godwin, the scope of work was modified to focus on the performance of the transit system, its cost and funding, and the organization of the functions required to administer the system.

A team consisting of Phil Hoge (Team Lead), Dick Schoditsch (Assistant Team Lead), Mike Anderson, Pat Hollarn, Darrell James, Bill Landsberg, Wayne Smith, and David Underwood was formed to conduct the work. Multiple individuals were interviewed (see Appendix B). In addition, a variety of documents concerning system operations, contracts, grants, and transit studies were reviewed (see Appendix C).

Please note that the team did not conduct an audit. Data from documentation examined and used in this report as relevant to findings and recommendations is illustrative and not exhaustive. Unless otherwise cited, the data used to compile the financial data, statistics and trends in this report were taken from county transit-related reports.

Public transportation is needed in Okaloosa County (County). The *Okaloosa County Transit Development Plan August 2016* (a comprehensive study by Tindal Oliver), reported that 98% of the households in the County have a car and over 75% have two or more cars. With the growth of the County and with private vehicles being the preferred means of transportation, roadway congestion continues to grow. Getting to work, medical appointments, and other everyday tasks are increasingly difficult, especially on heavily used corridors such as State Road 85 and U.S. Highway 98. Roadway congestion impacts the quality of life and taints the recreational lure of our tourist attractions, particularly during peak tourist season.

The County has an active construction program costing millions of dollars to relieve traffic congestion by widening roads and building new ones. While this will help, leveraging transportation investments in a well-run public transit system could have significant benefits at much lower cost, including:

- Reducing traffic congestion,
- Providing a sustained transit service for elderly and transportation disadvantaged persons,

- Offering a valuable service in place of frustration for those that chose the service.

Given the availability of grant funding to cover much of the management and operation of the transit system, the cost to the County is less than three percent.

What is needed now, to make good on the promise of service to county residents and visitors and to reap the benefits of quality of life and economic gain, is a well-managed and operated program of public transit. This report presents ISP's findings concerning the current transit situation and makes both systemic and contract-specific recommendations based on those findings.

FINDINGS

Transit System Overview

- The County provides two types of transit service: fixed route and paratransit
 - Ten fixed, deviated, routes connect Crestview in the northern part of the County with Fort Walton Beach and routes into western Walton County along the southern part of the County
 - Buses follow a fixed route, but drivers can make minor deviations from the route to handle riders with special needs
 - One-way fares are \$1.50, but seniors can ride for \$0.75
 - Buses operate five days a week
 - Paratransit services, intended for those people that have a transportation disability, operate on-demand, taking qualified riders from point-to-point
 - Riders qualify if they are 60 years or older, 17 years or younger, are lower income, or are physically disabled
 - Prospective riders submit an application and, if approved, are placed in one of several classifications that are based on need
 - Based on their classification they pay full fare (\$1.25 per mile), a co-pay, or ride free if they have a physical disability and their medical insurance provides transportation coverage
 - Medical brokers contract with the County to handle their clients with physical disabilities
 - The brokers schedule client trips and provide the County payment for the trips based on mileage
 - Currently two brokers, LogistiCare Solutions and Secure Transportation, have contracts with the County and handle the vast majority of the physical disability riders

- A third broker, Nat Med Trans Network, is interested in having the County handle the transportation needs of their 166 clients
 - Paratransit services are available seven days a week
 - The County currently contracts with Maruti Transportation (Contractor) to operate the transit system
 - Based on the contract, the functions the Contractor is required to provide include:
 - Route planning and adjustments
 - Paratransit rider vetting
 - Reservations
 - Scheduling
 - Dispatch
 - Data entry
 - Billing to the County and medical brokers
 - Cash collection
 - Driver hiring and management
 - Advertising solicitation
 - The Contractor is paid an hourly rate times the number of eligible revenue hours incurred
 - Cash collected for fares and co-pays is deducted from the amount owed the Contractor based on the hourly rate
 - The County determines the transit services the system must deliver and the approach for providing those services, as well as arranging the funding needed to operate the system
 - The County also contracts for services and oversees the performance of the contractors
 - Bus maintenance is provided by the County's Fleet Operations Division
 - The County's support for transit services is provided by the County Attorney, the Office of Management and Budget (grants and purchasing) and Growth Management
 - Oversight of transit operations is provided by Growth Management using four employees from the Landrum Temporary Agency (temporary employees)
 - Grants are the primary funding mechanism for the transit system
 - Funding is provided by federal and state government public transportation programs
 - These grants cover almost 90% of all transit operating costs
 - Federal and state funds provide a 50/50 match for operating costs and cover 100% of capital costs
 - The main sources of grant funding come from:
 - Federal Transit Administration (FTA)

- Urbanized (FWB and Destin) and un-urbanized (Crestview) formulas
- Funds can be used county-wide
- Transit grants from the Florida Department of Transportation (FDOT)
 - Block, Corridor and Transportation Disadvantaged (TD)
- Toll Revenue Credit
 - Not a grant, but the FDOT allows use of toll revenue credit for soft matching of federal grants
- Advertising income can also be used as matching funds
- Most transit grants require matching funds from the government entity receiving the grant
 - For FY 2018, Okaloosa County will receive \$3.2 million in grants by using the following matching funds:
 - \$103,398 from the county budget
 - \$500,000 of toll revenue credit
- See Appendix D for a detailed description of grants supporting the County's transit program

Operational Trends

- **Fixed route revenue hours and revenue miles have been holding steady while ridership is trending downward**
 - Revenue hours and revenue miles have only changed about one percent from FY 2015 to estimated FY 2018
 - On the other hand, ridership has declined 26.8% over the last five years
 - Riders per revenue hour have fallen from 4.98 FY 2015 to 4.11 FY 2018

Fixed Route Data per Fiscal Year Ending in September

	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	% Change
Riders	161,889	141,789	135,719	123,473	118,472(a)	(26.8) (b)
Revenue Hours	NA	28,477	29,160	28,070	28,797(a)	1.1 (c)
Revenue Miles	NA	404,556	396,415	369,053	363,667(a)	(1.0) (d)

a) Projection of total fiscal year based on the first six months of the fiscal year, adjusted for seasonality

b) Percent decrease from FY 2014 to estimated FY 2018

c) Percent increase from FY 2015 to estimated FY 2018

d) Percent decrease from FY 2015 to estimated FY 2018

- **Paratransit ridership has increased 7.1% over the last five years, but revenue hours have increased 37.7% and revenue miles have gone up 46%**
 - Ridership is measured in trips, with a trip being defined as picking up a registered client and dropping the client off at his/her destination

Paratransit Data per Fiscal Year Ending in September

	Sept 2014	Sept 2015	Sept 2016	Sept 2017	Sept 2018	% Increase
Trips	89,163	90,779	93,888	86,047	95,518(a)	7.1
Revenue Hours	46,686	51,049	54,958	59,153	64,264(a)	37.7
Revenue Miles	789,681	892,335	948,352	1,059,555	1,152,792(a)	46.0

a) Projection for total year based on the first six months of the fiscal year

- Trips per revenue hour decreased from 1.91 in FY2014 to 1.49 in FY2018

Contracting

- **County contract management.** The County has recently enhanced its purchasing practices, including revising the Purchasing Manual (PM) effective November 3, 2017
 - The philosophy is to systematize the preponderance of routine actions so that more/needed attention can be paid to those that are less routine
 - Make more things “second nature” through training and discipline to permit major emphasis on the most challenging and, likely, important purchases
 - The standardization of Invitations To Bid (ITB) should be extended to Request For Proposals (RFP) to the maximum extent practicable so that potential bidders and county employees can become more familiar and, therefore, efficient, in working with county formats
 - We concur with and applaud these efforts in purchasing and believe it is needed for contract administration as well
- **Contract administration. Conspicuous for its recurring absence in various interviews and contexts is the County’s long-standing lack of professional contract administration expertise**
 - That is, once the purchasing function effects award of any contract, the responsibility for its oversight, enforcement of county rights, and fulfillment of contractor obligations under it falls upon the County’s using activity/department/function (see e.g. PM 34.F., 36.02 – 3., 36.04; contrast para 4.01B. with 4.01C.)

- This has, or at best risks, the following consequences:
 - The drafters of the solicitation and contract may not foresee issues relating to oversight and enforcement of contractor obligations under the contract as readily as persons who are focused on those matters and have experience with them would
 - The aforesaid responsibilities fall to persons who perform them as an extra duty without the benefit of specific training or centralized county expertise to turn to for guidance
 - Contract administration by the County is more likely to be reactive than proactive
 - The County is more likely to create unauthorized constructive changes to its contracts
 - The County is more likely to forbear in enforcing or preserving (and therefore possibly forfeiting) its rights upon contractor failures to perform under a contract
 - Senior county managers and the Board of County Commissioners will likely become involved in contract problems more often and less timely
 - County Attorney expenses are more likely to be incurred
- Section 5 of the PM establishes an annual training requirement for “all county employees who are responsible for implementing the *procurement process* within their department/division,” but says nothing about training for the *contract administration process*
- The County should assign responsibility for contract administration training to the Purchasing Department in Section 5
 - Contract administration responsibilities should be defined in Section 36
- **Standing Procurement Selection Committee.** An excellent innovation was begun with the installation of a Standing Procurement Selection Committee consisting of five members and five alternates from five of the County’s departments: Water & Sewer, Public Works, Airports, Corrections, and Tourist Development
 - The committee’s review of all RFPs, Request For Qualifications (RFQ), and Invitations To Negotiate (ITN) and evaluations/recommendations for award of resulting contracts has contributed to the competent solicitation and award of contracts to fulfill county requirements
 - The committee is briefly described in Section 31 of the PM
 - Consistent with and eventually building upon the observations and suggestions above, committee membership should include at least one person trained and experienced in contract administration
 - The selection and, therefore perhaps the focus of, committee members is directed toward technical familiarity with a department’s requirements
 - No consideration is given to expertise in such functional matters as cost/finance, risk management, human resources, etc.

- For particular purchases, the writing of solicitations and the evaluation of proposals and contract provisions by persons expert in functional matters offers dividends for the County
 - Committee membership selection and participation procedures should be revised to make use of functional expertise, either as primary or alternate members, in the purchasing process
 - The diversification of the standing committee has had the effect of placing representation of a given department’s interest substantially on the shoulders of one committee member from that department
 - Once a solicitation has “hit the street,” committee members are limited in their freedom to discuss the acquisition in a non-public “meeting” so the isolation of that member can be an excessive unintended consequence of the diversification of the committee
 - Consider encouraging peers of the committee members (not their supervisors or superiors who might be perceived as having influence over the constituted committee member) to participate in the open meetings of the committee to provide additional insight or technical assistance to a member seeking participation for a requisition
- **Purchasing Manual.** Without attempting to review the county purchasing manual in its entirety, ISP’s analysis brought attention to some matters which warrant consideration
 - They are collected in Appendix E

Funding

The County’s transit budget for FY 2018 is \$3,905,120 and is covered by grants, matching funds, revenue from fare collections and paratransit co-pays and county funds, as shown in the following chart

FY 2018 BUDGETED OPERATING EXPENSE AND FUNDING SOURCES

Expense		Funding Sources	
Contractor		Block grant	\$ 440,190
Fixed Route Operation	\$1,200,774	Section 5311 grant	262,814
Paratransit Operation	1,899,346	Corridor grant	211,785
County		TD grant	509,030
Fuel	465,000	Section 5307 FY16 grant	1,049,683
Utilities	40,000	Local (County budget)	103,398
Other Operating	300,000	Program Revenue	500,000
Total	\$3,905,120	Total	\$3,076,900 (a)

a) Award of Section 5307 FY17 grant funds is pending to balance the budget

- Budgeted fixed route and paratransit operating expenses are based on estimates of the vehicle revenue hours (VRH) that will be required to deliver transit services in the fiscal year
 - To cover the budgeted operating costs, the County estimates the amount of revenue to be collected, applies for grant funding, and determines the amount of county budget funding that is required
- This process works well if the number of actual VRHs incurred is equal to or less than the budgeted vehicle VRHs
 - In recent years, actual VRHs have exceeded budgeted VRHs causing a funding short fall
 - Unused funds from federal grants awarded in previous years have been used to cover the short fall
- **For FY 2018, it appears that the actual number of total VRHs will exceed budgeted VRHs causing a \$344,622 budget overrun**
 - Total Contractor budget of \$3,100,120 divided by \$35.79/VRH = 86,620 VRH
 - Actual projected total VRHs (FR 31,984 + DR 64,265) = 96,249 VRHs
 - Overrun of VRHs is (96,249 – 86,620) = 9,629 VRHs
 - The budget impact of the excess hours is a \$344,622 overrun (9,629 x \$35.79)
- **The cause of the pending budget overrun and those of recent years would appear to be the significant growth in paratransit VRHs as compared to the modest increase in paratransit trip demand**
 - Paratransit trips from FY 2014 to FY 2018 (est.) increased by 7.1%
 - Paratransit vehicle revenue hours in the same period increased by 37.7 %
 - Paratransit vehicle revenue miles increased by 46.0%
 - The number of trips per VRH decreased from 1.97 in FY 2014 to 1.45 in FY 2017 and 1.49 in FY 2018 (est.)
 - The disproportionate growth of VRHs versus the increase in demand may also explain why the total transit budget increased from \$2.6 million at the end of FY 2014 to the estimated \$3.9 million for FY 2018
- **In addition to the concern over the rapid rise in vehicle revenue hours is that there may not be sufficient carry-over of grant funds to cover the projected budget overrun in FY 2018**
 - Reportedly, there are only \$300,000 of available funds to cover a projected overrun of \$344,622
 - Maintaining a balanced budget is complicated by the long lead-time needed for grant requests, particularly when expenses are increasing
 - The dollar-value of grant requests must be established about 18 months before the funds are needed

Transit System Performance

The 2017-2026 Okaloosa County Transit Development Plan (TDP) was published in August 2016. The TDP reviewed area demographic data, design of the system, service, efficiency and cost trends and made recommendations for improvement. The analysis was based on data for the years 2009 to 2014.

The reviewers indicated that fixed routes were serving segments of the population that need transportation, ridership was increasing, and the system was more cost effective than similar transit systems in a peer review. County paratransit services, while serving a larger area than peer systems, demonstrated satisfactory service and effectiveness and were cost effective. While the County's system was ranked below its peers in service effectiveness, efficiency and age of the fleet, it was improving in these categories. Paratransit riders who were interviewed indicated high (90%+) satisfaction with the quality of service they received. Recommendations were made to increase service times and to extend routes to heavy commuting locations like the Eglin Air Force Base.

The contract for operating the County transit system was rebid and a new contractor began running the system on October 1, 2015. ISP's examination of system performance focused on the years since the development of the TDP.

- **System structure.** The scope of system operations is essentially the same as it was when reviewed for the TDP
 - The fixed route structure still consists of 10 routes with some minor adjustments
 - TDP recommendations to expand service hours later in the day and to provide weekend service were not implemented
 - Reportedly, sufficient drivers could not be hired to run the additional trips
 - Another medical broker, Secure Transportation, started bringing its clients to the paratransit program in June of 2017; about 25 trips per day
 - Recommended capital improvements were delayed or not done even though funds were available
 - Bus replacements were delayed
 - Bus stop improvements were not made
- **Service quality. Service quality has declined since the TDP review, mostly for the paratransit program**
 - Fixed routes, although affected by traffic congestion during peak times, are running well
 - There are few customer complaints; at most one per month
 - The main concern is the decline in ridership; 27% decrease over the last four years

- Paratransit on-time performance, reportedly, is now 81% (goal is 90%) and complaints have spiked since the TDP study
 - Performance is defined as being on-time if pickups or drop-offs are up to 30 minutes before and 15 minutes after the scheduled time
 - A formal complaint tracking system was started in September 2016
 - The complainant’s comments are documented, the form is sent to the appropriate party for an explanation, and the resolution is documented
 - Only those complaints that make their way to a county employee are recorded; it is suspected that many complaints are never reported

Complaints by Type

Period/Type	Late	Early	Missed Trip	Contract Employee	Other	Total
Sept 2016	12		6		1	19
FY 2017	43	5	40	4	12	104
Oct 2017 – Mar 2018	34	9	11	7	8	69
Total	89	14	57	11	21	192

- Scheduling difficulties appear to be the cause of most complaints; late and missed trips accounted for 76% of total complaints
- Reportedly, many times, the reason for the complaint cannot be obtained from the Contractor
- The service situation is exacerbated by a perceived cultural/attitudinal problem that results in a “don’t care approach” and rude behavior toward paratransit clients
 - Reportedly, clients have been told by a Contractor dispatcher “If you really want to be on time, take a taxi”
- Because its clients are being picked up late and/or delivered to their destinations late, LogistiCare is evoking the liquidated damages clause in their contract with the County
 - The first month to be contested, November 2017, has recently been resolved resulting in a deduction of \$1,050 from LogistiCare’s reimbursement payments to the County
- **Lost revenue. Poor transit program performance is losing the County money**
 - LogistiCare has stopped paying for client trips where their certification requirements have not been met

- The contracts with the medical brokers require that drivers be certified and that transport vehicles be inspected
- In July 2016, LogistiCare stopped reimbursing the County for trips driven by non-certified drivers or the vehicles used did not have current inspections
- Although the situation has improved, the County has lost over \$64,000 in reimbursements

Loss in LogistiCare Reimbursement Due to Non - compliance

Period	Jul '16 – Sept '16	FY 2017	Oct '17 – Feb '18	Total
Amount	\$41,834	\$21,768	\$541	\$64,143

- Medical broker reimbursements are not covering the Contractor’s charge for client trips
 - Both brokers reimburse the County for their clients’ trips based on the mileage of the trip, while the Contractor bills the County for the same trip based on the revenue hours incurred
 - Using the average time and average miles for all the paratransit trips taken in the first six months of FY 2018, the reimbursement from Secure covers the Contractor’s cost while LogistiCare’s reimbursement does not
 - The comparison uses the highest reimbursement rate for transporting an ambulatory client; rates for non-ambulatory clients are higher
 - LogistiCare: \$14.50 plus \$1.58 for each additional mile over 10 miles
 - Secure: \$14.50 plus \$1.50 for each additional mile over 3 miles
 - Contractor bills the County \$35.79 for every revenue hour

Comparison of Charges and Reimbursement for an Average Ambulatory Trip

Avg. Trip in Hours	Avg. Trip in Miles	Contractor Charge	LogistiCare Reimbursement	Secure Reimbursement
0.6115	10.97	\$21.89	\$16.03	\$26.39

- Using average paratransit trip time and distance, the County did not recover a net of more \$16,000 in contractor costs for the first six months of FY 2018
 - LogistiCare: \$16.03 - \$21.89 x 5928 trips = (\$33,552)
 - Secure: \$26.39 - \$21.89 x 3736 trips = \$16,740

- Although of much smaller magnitude, there are other examples of how the lack of program performance is costing the County money
 - Medical brokers will only pay for wait time if it is preapproved by the broker and shown on the reimbursement bill to the broker
 - A random audit by county temporary employees found that preapproved time had not been entered into the system, by a Contractor employee
 - A reimbursement short fall of \$120 was found over two months
 - The Department of Corrections gives released prisoners transit vouchers and reimburses the County when they are used
 - If the vouchers are not presented to Corrections within a month, they will not be reimbursed
 - Recently, \$52 of vouchers have not been reimbursed because they were not turned in, by Contractor employees, for billing on-time
 - Technically not a program performance issue, the County is in a contract dispute with Secure Transportation
 - As of January 1, 2018, Secure is refusing to reimburse the County for trips where the client is a “no – show” or the trip is “canceled at the door”
 - County Attorney is involved and \$5,666 for the first three months of 2018 is at risk
- **Billing issues. Data entry errors and delays and the lack of procedural controls are causing the County extra work, delays in reimbursement, and fraud exposure**
 - Both the County and the Contractor use the Trapeze transit management computer system
 - The system works well if all pertinent data is collected and entered accurately in a timely manner
 - Reportedly, data entry by Contractor employees is running 10 days to two weeks behind and accuracy is less than desirable causing invoicing delays and extensive auditing work
 - Monthly invoices submitted by the Contractor to the County contained multiple errors, thereby, requiring county temporary employees to audit all invoices to ensure that all revenue hours are captured and reported accurately
 - Lateness in entering medical broker client trip data delays the reimbursement billing to the brokers
 - Because the same entity (the Contractor) incurs the hours, collects and reports the hours, enters the hours into the system, and prepares the invoice based on those hours there is potential fraud exposure

- A recent spot check by county temporary employees found that lunch hours for some paratransit trips were not being recorded, which would overstate the revenue hours to be billed to the County
 - Billable revenue hours per trip are calculated by deducting the time for lunch from the total trip time
- A county temporary employee is reviewing all paratransit trips to determine the impact of the Contractor not entering lunch hours

Organization and Staffing

Prior to the beginning of the current contract, the County had minimal involvement in the operation of the transit system. County employees were involved in determining transit system requirements and how they would be met, as well as contracting for needed services and securing the funding to operate the system. In addition, the County had the responsibility to oversee the execution of any transit-related contracts. Operation of the system was left to the contractor.

The current contract was executed with the expectation that all transit system operational requirements would be handled by the Contractor, as was the case under the prior contract. Several months into the contract it became apparent, as system performance challenges arose, that the County needed additional capability to oversee operations. As a result, the four temporary employees (mentioned earlier) were added with a dedicated focus on transit operations.

- Despite adding staff, the effective operation of the transit system remains a challenge
 - Other than the four temporary employees, other county staff that perform transit tasks have several other, unrelated responsibilities
 - As ISP has found in other projects with the County, these individuals are stretched thin without adequate support
 - Even though the four temporary county employees are dedicated, they are spread thin and spend time auditing and “firefighting”
 - As described in the previous section, program execution issues require significant time checking and adjusting to ensure that procedures are followed and proper billing takes place
 - When problems are detected, employees need to take on special audit tasks on top of their regular duties
 - As Contractor failure to meet obligations mounted, the county temporary employees began to perform some of the Contractor’s functions to keep the system running
 - Given the program problems handling the LogistiCare medical broker requirements, the County decided to perform some tasks for the new Secure account that should have been performed by the Contractor

- Handling the reimbursement billing for Secure client trips
- Taking “same day” trip change calls from the Secure scheduler
 - Verifying the eligibility of potential paratransit clients and determining the fare class
 - Soliciting bus wrap advertising
 - Checking to ensure that vehicle certifications are current
- Inefficient contract administration has led to the challenges outlined in the previous Contracting section of this report
- In addition, the County has limited public transit management experience
 - Only one individual, a temporary employee, had two years of experience with the County’s prior transit contractor
- As a result, key planning and service improvements are not getting done
 - Implementing the TDP recommendations, including route service expansion and point-to-point strategies to reduce traffic congestion
 - Exploring cooperative efforts with other counties and entities within the County, including the County Transit Cooperative
 - Using available funds to make needed capital improvements

RECOMMENDATIONS

The Okaloosa County Public Transit Program faces several significant challenges. Even though fixed routes operate with few customer complaints, ridership is down 27% from FY 2014. This means farebox and pass revenues are down and that few paratransit clients are being moved to fixed routes. Paratransit trips are increasing, but paratransit vehicle revenue hours are increasing at a much faster rate. This has led to large cost increases and budget overruns.

Client satisfaction, particularly with paratransit service has fallen since FY 2014. Scheduling problems have caused missed or late pickups resulting in increased complaints. Program performance issues, data collection and billing errors, and late data entry are increasing the burden on county transit staff and costing the County money. County staff are stretched thin and spend their time “firefighting” and taking on tasks to keep the system running. As a result, service improvement and planning tasks are not getting done.

Given the seriousness of these challenges, ISP believes that immediate action is needed to get the transit program back on track. There are several other things that need attention, but they must take a lower priority. This section is divided into two parts to reflect this difference in priority.

Immediate Actions

The focus of the immediate actions is to curtail runaway expenses, remedy service issues, and shore up county oversight capabilities.

- The key to getting operating expenses under control is to reverse the growth of paratransit vehicle revenue hours
 - Require more trips carry multiple clients; set a standard for the minimal client per trip ratio
 - Require more efficient route planning
 - Seek assistance from the Okaloosa County Transit Cooperative
 - Client trip scheduling should assign ambulatory clients to fixed routes, if they are within walking distance
 - Control capacity by limiting the number of trips to what can be covered by available budgeted funds
 - If capacity limitation is necessary, consider establishing criteria for accepting requests based on need
- The key to service quality improvement is effective paratransit scheduling to eliminate the two main service complaints: late pickups and missed trips
 - Better balancing the number of trips with capacity will also improve on-time performance
 - Reportedly, paratransit trips are overbooked in anticipation of cancellations
 - Service improvement will also slow down the loss of reimbursement to the County
 - LogistiCare would not be evoking liquidated damages
- Improve the compliance with paratransit requirements to reduce the loss of reimbursement from medical brokers
 - Getting advanced approval for wait time, securing driver and client signatures, using certified drivers and inspected vehicles, and meeting other requirements will eliminate reimbursement reductions that have cost the County money
- Revisit the contract with LogistiCare to agree on a reimbursement rate that will cover the County's cost of their client trips
- It is recognized that most of these actions are outside of the County's direct control, therefore a renegotiation of the agreement between the County and the operations Contractor is recommended
 - The Contractor's failure to perform is manifest in the findings previously presented in this report
 - As a result, contractually, the County finds itself fulfilling Contractor obligations without commensurate reduction in the billing rate agreed to on the premise of contractor fulfillment of these obligations

- The renegotiation of the contractual relationship between the County and the Contractor should include the following objectives:
 - Establish clear performance criteria
 - Although the Contractor’s 2015 proposal responding to the County’s RFP, both of which are expressly incorporated into the contract, referred to its performance approach and included a table of “performance measures” for operating, ridership, and performance standards, it was lacking any concrete, measurable performance metrics
 - The Contractor’s self-acknowledged performance measurement foundation in principle should be improved to create quantifiable measures, particularly and especially where failure to perform has been an issue
 - Once requirements can be quantified and documented, they can be linked to liquidated damages and/or a risk of default
 - Specific performance metrics must also be established to ensure that the County’s contractual performance obligations to the medical brokers (LogistiCare and Secure) are likewise fulfilled by the Contractor
 - Conformance of these contracts’ requirements is conspicuously anemic and needs to be systematically ensured
 - Strengthen contract performance provisions
 - The County is already contemplating tying liquidated damages to clear performance measures in order to motivate fulfillment of contractor performance obligations more effectively than heretofore
 - ISP endorses this action
 - In addition, the Contractor should be required to agree that, “The parties agree that although the County does not at this time exercise any right to default the Contractor for any failure to perform this contract preceding this amendment, any such right of the County and any such failure to perform shall remain cumulative if the particular failure(s) recur hereafter. No defense of forbearance shall survive or pertain to a failure to perform preceding this amendment which reoccurs hereafter.”
- In addition, actions are needed to strengthen the County’s oversight capacity
 - Add needed transit/transportation expertise by hiring an experienced director-level manager

- Given the size of the transit budget and other transportation activities in the County, consider establishing a separate transportation department
 - The director would head the new department and direct evaluation and rebuilding of the transit system
 - Grant funds can be used to support transit-related administration
 - Until the new manager can be recruited, appoint an experienced county manager to oversee the immediate remedial actions
 - Bring on one more temporary employee to alleviate the workload burden on the four temporary county employees
- Look for additional sources of funding

Long – Term Actions

- Modify the County’s delivery strategy by re-evaluating the organizational model used to divide transit functions between the County and the Contractor
 - The exhibit on the next page shows the current division of responsibilities, as well as, four options for a different alignment of functions
 - The Current alignment shows who is performing transit functions today
 - Option 1 – the division of functions as envisioned in the contract with the Contractor
 - As described earlier in this report, the County has taken on some of the functions that the Contractor was to perform
 - Option 2 – The County performs all functions except management of the drivers and cash
 - Option 3 – the County performs all functions
 - Option 4 – Shut down all or most fixed route operations and focus on paratransit. Contract management of drivers, cash and dispatch to a qualified contractor
 - Public transit experts report that government agencies use a wide variety of organizational approaches to operate their transit systems
 - Larger systems with in-house transit expertise tend to handle more functions themselves, while smaller systems with limited in-house transit expertise tend to rely on a qualified transit contractor to handle most functions
 - Some entities use different approaches to run fixed route and paratransit programs

**Exhibit
Transit Organization Options**

Organizational Building Block	Current	Option 1	Option 2	Option 3	Option 4
Transit Requirements	OC	OC	OC	OC	OC
Delivery Strategy	OC	OC	OC	OC	OC
Contracting	OC	OC	OC	OC	OC
Funding	OC	OC	OC	OC	OC
Operational Oversight	OC	OC	OC	OC	OC
Route Planning, Adjustments	OC	CON	OC	OC	OC
Paratransit Rider Vetting	OC	CON	OC	OC	OC
Reservations	OC/CON	CON	OC	OC	OC
Scheduling	CON	CON	OC	OC	OC
Dispatch	CON	CON	OC	OC	CON
Data Entry, Billing to County	CON	CON	OC	OC	OC
Medical Broker Billing	OC	CON	OC	OC	OC
Cash Management	OC/CON	OC/CON	OC/CON	OC	OC/CON
Advertising, Marketing	OC	CON	OC	OC	OC
Driver Management	CON	CON	CON	OC	CON
Bus maintenance	OC	OC	OC	OC	OC

Legend

Current – How functions are currently divided between the County and the Contractor
Option 1 – The division of functions as envisioned in the Contractor contract
Option 2 – The County performs all functions except the management of drivers and cash
Option 3 – The County performs all functions
Option 4 - Shut down all or most fixed route operations and focus on paratransit. Contract management of drivers, cash and dispatch to qualified contractor

OC – Okaloosa County
CON – Contractor

Transit requirements: required services, service levels, needed functions
Delivery strategy: who performs the functions, scope of services for outside services (if needed)
Contracting: RFP, bid evaluation, contractor selection, contract writing (Maruti, medical brokers)
Funding: grants, County budget, monitor spending against budget, seek new forms of funds
Route planning, adjustments: ensure fixed routes serve the citizens, special functions
Operational oversight: management of the contractor
Paratransit rider verification: check eligibility, code fare class
Reservations: receive paratransit trip requests and enter into the system
Scheduling: turn paratransit requests into routes, prepare driver manifests, assign drivers
Dispatch: communicate with drivers, communicate clients on trip changes
Data entry/billing: enter trip data and create monthly bill for the County
Cash management: collect cash for fares and ticket sales, verify and deposit in bank
Advertising, marketing: sell advertising wraps for buses; market transit services
Driver management: Hiring, training, certifying, disciplining drivers

Continued from page 19

- The right organization of functions depends on the unique circumstances and challenges facing the government entity
- ISP believes that the current division of responsibilities is not sustainable
- An in-depth organizational analysis directed by the new transit director would reveal the best alignment of functions for the County
- Realign functions, staff and contracts to support the desired organizational model
 - Ensure that the model remains effective (see Appendix F)
- Take steps to address the delayed route planning and service improvement actions
 - Conduct a Comprehensive Operational Analysis which is the follow on to the Okaloosa County Transit Development Plan
 - Building on the TDP, the study will develop a situation analysis of system route performance and make recommendations to save money and improve the service to citizens
 - Transportation Planning Organization funds are available for funding the study
- ISP recommends consideration of the following improvements as part of the planning effort
 - Encourage greater use of fixed routes by educating people on its benefits
 - Promote fixed routes to the general public
 - Conduct training for transportation disadvantaged paratransit riders to help them move to fixed route
 - Manatee county has similar program
 - Improve the accessibility of the county transit website
 - Increase the use of advertising and public service announcements over local radio and television stations to promote the benefits and availability of public transportation
 - Add express transit services to get riders to work
 - Routes to military bases, hospital, and the VA Clinic
 - Move people from the northern part of the county to jobs in the south
 - Point to point movement along U.S. 98 during the high tourist season
 - Corridor funds are available
 - Upgrade the accessibility of bus stops and add shelters and benches
 - Use available capital funds
 - Look for opportunities working with other entities in the County
 - Leverage the Okaloosa County Transit Cooperative

ANOTHER ITEM

Although it is not germane to the scope or recommendations of the instant study, in the course of our interviews we became aware of circumstances which warrant mention. The Okaloosa County Clerk of Courts Inspector General (IG) conducted a closeout audit of the predecessor contract to the current county transit services contract. The IG noted an outstanding issue as to the source of a substantial fund balance as of 12/31/14 which had not been resolved as of 12/3/15 and recommended an independent audit. The ISP team has not been able to find any documentation of resolution of that issue by either compliance or rational, documented, alternative disposition.

We recommend appropriate action officially responding to the recommendation of the County Inspector General.

APPENDICES

- A – Request Letter
- B – Individuals Interviewed
- C – Reference Materials
- D – State and Federal Grants Supporting the Okaloosa County Transit System
- E – Purchasing Manual Considerations
- F – Steps to Maintain Effective Operations

APPENDIX A

REQUEST LETTER



State of Florida

County Administrator's Office

September 7, 2017

Mr. Bill Landsberg, Chair
Institute for Senior Professionals
Northwest Florida State College
100 College Blvd
Niceville, FL 32578

Via E-Mail blandsberg@embarqmail.com

Dear Mr. Landsberg,

Okaloosa County is continuing to strengthen its internal control procedures and an integral component of that process is the assistance received by the Institute for Senior Professionals. Earlier this year, ISP completed a management review of the Fleet Operations Department, which identified key areas for the County to focus on. We are now requesting your assistance with a Management Control Review of the County's Public Transit System, which is contracted to Maruti Fleet & Management LLC, with our Growth Management Department as overseer of that contract which began in October 2015 and extends through September 2020.

Attached is a scope of work drafted jointly with the Clerk of Courts Internal Auditor. As before, we understand this project would require interaction with county senior management staff, and we certainly anticipate this being a joint effort with county participation throughout. Upon review, please let us know if this is a project that you would be willing to consider, either in part or in full.

Once you have had the opportunity to review our request and identify a project team, we welcome the opportunity to speak with you further about the next steps in accomplishing this goal. If you have specific questions, you may address them to County Deputy Administrator Kay Godwin, who is the staff point of contact for this project. She can be reached at 850-689-5007, and email address is kgodwin@co.okaloosa.fl.us. Thank you in advance for any support you might be able to provide.

Sincerely,


John Hofstad
County Administrator

Okaloosa County Administration Building
1250 N. Eglin Parkway, Suite 102
Shalimar, FL 32579
(850) 651-7515 • FAX: (850) 651-7551
e-mail: managerinfo@co.okaloosa.fl.us

Scope of Work

Conduct a comprehensive management control review that identifies the County's Public Transit System's key business functions/goals and identifies the risks to achieving them. The assessment should identify and evaluate controls (policies and procedures) in place that minimize, to an acceptable level, the risks identified. Such will involve assessing the County's risk tolerance. Fraud should be a consideration in this project.

- The process should include interviewing key board and clerk employees responsible for carrying out identified controls.
- Produce a report that includes a grid of key business functions, your assessment of the county's risk tolerance associated with these functions, risks associated with those functions, controls in place to mitigate those risks and any residual risk.
- Make recommendations for controls (policies and procedures) that minimize any risks that have not been reduced to an acceptable level.
- Work with identified County/Clerk staff members throughout the process and produce a tool that may be used by them in performing in-house, periodic management control reviews going forward.
- Assessment of the vendor's compliance with the contract.

APPENDIX B

INDIVIDUALS INTERVIEWED

This appendix contains of all the individuals that ISP interviewed during the study. Interviews were not conducted with the grantor organizations, the county transit contractor (Maruti Fleet and Management LLC), Secure Transportation Company of Florida or LogistiCare Solutions LLC.

Okaloosa County

Carolyn Ketchel	Commissioner, District 2 & Chairperson Local Coordinating Board (LCB)
John Hofstad	County Administrator
Kay Godwin	Deputy County Administrator of Support Services
Greg Kisela	Purchasing Director & Deputy County Administrator of Operations
Frank Hart	Budget & Compliance Officer
Jeff Hyde	Purchasing Manager
Elliott Kampert	Director, Growth Management
Janet Willis	Transit Coordinator & Grants Manager Growth Management
Jane Evans	Grants and Restore Manager
Danielle Garcia	Grants Accountant
Stephanie Herrick	County OMB

Okaloosa County - Standing Procurement Review Committee

Gabby Arceo-Water & Sewer	Member
Rob Vandenbroeek-Public Works	Member
Stephanie Pella-Corrections	Member
Richard "Chad" Rogers-Airport	Member
Charlotte Dunworth-TDD	Member

Okaloosa County – Temporary Employees

Bob Berkstresser	Transit Manager
JoAnn Hofstad	Transit Specialist
Bardri Lovejoy	Data Specialist
Kim McDonald	Case Worker

Contractors

Greg Stewart	County Attorney (Nabors Giblin & Nickerson)
Richard Dreyer	Author of 2017-2026 Okaloosa County Transit Development Plan (Tindale Oliver)

County Not for Profit

Becky Brice-Nash	Facility Director, Crestview Manor
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State Organizations

West Florida Regional Planning Council

Rob Mahan	Transportation Planner
Howard Vanselow	Community & Economic Development Planner

APPENDIX C

REFERENCE MATERIALS

Florida Transit Handbook 2014: published by Florida Department of Transportation

Okaloosa County 2017-2026 Transit Development Plan Final Report dated August 2016

Annual Operations Report: published by Florida Commission for the Transportation Disadvantaged

DRAFT - Okaloosa County Agreed-upon Procedures Report and Supplementary Information dated September 30, 2015 prepared by CARR RIGGS & INGRAM CPAs & Advisors

Okaloosa County Transit Closeout Audit report issued by Samuel Scallan, Inspector General, Okaloosa County Clerk of Courts dated December 3, 2015 NOT FINAL

Report on review of internal Controls in Growth Management Permitting Office Report No. BCC-17-03 Issued by Samuel Scallan, Inspector General dated January 16, 2018

Emerald Coast (EC) Rider Shuttle Service Policy Revised November 17, 2016

EC Dial-A-Ride Public Transportation Application for the Transportation Disadvantaged

Dial a Ride Statics REPORT to LCB – Q2FY18 Modified on March 5, 2018 Okaloosa County Coordinated Transportation Report by Maruti for 1st Quarter Jul – Sep FY2017-2018

Okaloosa County Transportation Disadvantaged Service Plan FY 2013-2017 FY 2015/16 Annual Update Adopted May 27, 2015

Transportation Outlook 2040 – Needs Assessment and Cost Feasible Plan Amendment Report Prepared for: Okaloosa-Walton Transportation Planning Organization and Florida Department of Transportation, District three Prepared by: West Florida Regional Planning Council Staff to the Okaloosa-Walton Transportation Planning Organization

Paratransit Brochure Modified April 8, 2018

Performance Measures for Public Transit Mobility Management Report No. FHWA/TX-12/0-6633-1 dated October 2011 - Texas Transportation Institute

The Texas A&M University System including Table of Measurements Modified April 8

Okaloosa County Transit Maintenance Facility Layout November 1, 2017

Florida Bar Journal September/October 2011 Volume 85, NO. 8 – New Limitations on Access to Public Records and Meetings in Government Contracting

Letter dated January 16, 2018 Re: Contract No. GM-18-15 Between Okaloosa County and Maruti Fleet & Management, LLC (Okaloosa County Transit Services) from Okaloosa County Attorney Gregory T. Stewart

Contract #C15-2323-GM Maruti Fleet & Mgmt. LLC Transit Services – Agreement for Implementation of the sale of Advertising on County Owned Public Transportation Vehicles, Shelters and Benches

Amendment One to Contract C15-2323-GM Between Maruti and Okaloosa County dated 11/17/2015

Amendment Two to Contract C15-2323-GM between Maruti and Okaloosa County dated 09/09/2016

Amendment Three to Contract C15-2323-GM Between Maruti and Okaloosa County – Draft

Board of County Commissioners Agenda Request dated June 2, 2015 – Request approval to award to Maruti Fleet and Management LLC – for the provision of fixed-route and paratransit services

Surety Bond Contract #c14-2323-GM #K09013660 dated 07/01/2017
Performance Bond – Bond No K09013660 – dated 10/01/2015

Contract #:C03-0927-GM awarded to Okaloosa Coordinating Transportation, effective date 10/01/2011, Provide County Transit System

Contract #C15-2297-GM dated 04/22/2018 - City Agreements – Cities of Crestview, Destin, Cinco Bayou, Niceville and Fort Walton Beach. MOA for Public Transit Cooperative

Contract #C15-2323-GM dated 8/26/2015 – Maruti Fleet & Management, LLC. For Transit Services

ITQ GM 04-16 dated 10/28/2015 – Okaloosa County Transit Audit

Contract #C16-2392-GM effective 08/08/2016 – LogistiCare Solutions LLC. and Okaloosa County

RFP GM 18-15 dated 03/06/2015 – Transit Services

RFP GM 45-15 dated 07/06/2015 – Okaloosa County Transit Development Plan

RFP GM 56-15 dated 08/06/2015 – Transit Facility Access Control System

Contract #C17-2577-GM effective 06/01/2017 – Secure Transportation Co. of FL. and Okaloosa County

Okaloosa County Grants Administration Policy effective 10/01/2009 revised 06/20/2017

FL 5311 Rural Assistance Grant

FL Corridor Grant Executed dated 02/01/2018

DOT-FTA FL-90-X680-00 date created 01/29/2009

DOT-FTA Grant FL-90-X715-00 date created 07/15/2010

DOT-FTA Grant FL-90-X716-00 date created 07/15/2010

DOT-FTA Grant FL-90-X761-00 date created 08/19/2011

DOT-FTA Grant FL-90-X795-00 date created 08/08/2012

DOT-FTA Grant FL-900-X815-00 date created 11/13/2013

DOT-FTA Grant FL-90-X867-00 date created 03/03/2015

DOT-FTA Grant FL-2017-064-00 date created 07/05/2016

FY 2018 Okaloosa County Transit Budget

FY 2018 Grants Funds, Match and Payments

FL Block Grants Public Transportation OGC-06/2016

EC Rider – Budget 2018 dated 04/11/2018.

Job Descriptions for the 4 Temporary Transit Employees

Transit Ridership Revenues FY 2013 to FY 2017

APPENDIX D

STATE AND FEDERAL GRANTS SUPPORTING THE OKALOOSA COUNTY TRANSIT PROGRAM

Grants are the primary funding mechanism for the Okaloosa County public transit system. Grant funding is provided by state and federal public transportation programs covering almost 90% of all transit operating costs. Further, state and federal grants match operation costs at a 50/50 match and in some cases provide 100% for capital purchases (buses).

An annual call is made for grant applications which are compiled by the Transit Grants Manager. Federal grants are based on the 1 Oct fiscal year (same as Okaloosa County) and those funds can be used for three following fiscal years. FDOT Grants are based on the 1 July fiscal year and must be spent the year of grant.

The following grant descriptions were derived from information furnished by the Transit Coordinator & Grants Manager.

FEDERAL

Section 5307 – Urbanized Area Formula. This program makes federal resources available to urbanized areas for transit capital and operating assistance and for transportation related planning. Bus and bus-related activities such as vehicle replacement, crime prevention, security equipment and passenger facilities are eligible projects. Preventative maintenance is an operating expense but is considered a capital cost and reimbursable to Okaloosa County by the 5307 Grant at 100%.

Section 5311 – Formula Grant for Other than Urbanized Areas. This program provides funding to states to support public transportation in areas of less than 50,000 in population or rural areas. Funds may be used for capital, operating, state administration and project administration expenses. Although a federal grant program, in Florida, 5311 is administered by the FDOT

STATE

Public Transit Block Grant Program (Section 341.052). This program was established by the Florida Legislature to provide a stable source of funding for public transit. Funds are awarded by FDOT to public transit providers eligible to receive funding from the Federal Transit Administration's Section 5307 and 5311 programs and to CTCs. Block Grant funds may be used for eligible capital and operating costs of providing public transit service. Program funds may also be used for transit service development and transit corridor projects. State participation is limited to 50% of the non-federal share of capital projects and up to 50% of eligible operating costs

Transit Corridor Program. Corridor funds provides funding to transit agencies or CTCs to support new services within specific corridors when the services are designed and expected to help reduce or alleviate congestion or other mobility issues within the corridor. Transit corridor funds are discretionary and are distributed based on documented need. Annually, the FDOT gives first priority to existing projects to meet their adopted goals and objectives. Although projects are funded at one-half the non-federal share, projects designed to alleviate congestion in a region may receive funding at up to 100%

Transportation Disadvantaged-Trip and Equipment Grant. The Florida Commission for the Transportation Disadvantaged provides the Trip and Equipment Grant to CTCs for non-sponsored trips and/or capital equipment. The purpose of this grant is specifically to provide opportunities for non-sponsored transportation of disadvantaged citizens to obtain access to transportation for daily living needs when they are not sponsored for that need by any other available federal, state or local funding source

Toll Revenue Credit. Toll Revenue Credit is a local match resource/option and not a grant. The FDOT gives Florida transit systems the option of using toll revenue credits as a soft match on eligible federal capital projects. Annually the FDOT notifies transit systems of the availability of toll revenue credit and approves the use of them on proposed transit projects

Material for this appendix was extracted from a 2015 Okaloosa County document entitled *State and Federal Transit Funding Programs*

APPENDIX E

PURCHASING MANUAL CONSIDERATIONS

This appendix contains observations and considerations that arose during ISP's review of the County Transit System.

Procurement planning. Although, as previously mentioned in the body of the report, the county purchasing philosophy emphasizes standardization of formats for solicitations and contracts (see 13.01), the philosophy is also intended to permit more attention to non-standard matters which offer potential dividends. When used judiciously in prescribed circumstances which suggest potential benefit to the County, non-standard methods and approaches can provide incentives and enforcement tools to reduce risk and improve results from a performance, cost, or other risk perspective in projects/programs which are especially important to the County

With the development of expertise through training and experience, the Procurement Manual (PM) should include a section devoted to procurement planning. In addition to the suggestion regarding Standing Committee membership discussed in the report, ISP recommends making procurement planning participation by functions/disciplines/positions that are especially pertinent to the acquisition (cost analysis, risk management, human resources) a process requirement for acquisitions above certain thresholds and for designated types of projects/programs (by characteristics) having major importance for the County

Requisition timing. The lead time required to permit the Purchasing Department to solicit bids or proposals can be critical to optimal fulfillment of the County's requirements and maximizing competition to do so. PM Section 9 addresses this aspect of requisitions as follows: "Submit in a timely manner to ensure that the Purchasing Department has the opportunity and time to obtain the requested good or service" (9.01 B.4.)

Especially in the absence of expertise in every using department in the County, discussed under Contract Administration in the report, ISP recommends that this critical lead time requirement be amplified in Section 9 to list the types of things the Purchasing Department may need to do before issuing a final solicitation. Such things could include market research, industry comment on unduly restrictive specifications or other requirements, and assessing alternative types of procurement. Methodical, informed, experienced, procurement planning can save time in the long run and enhance outcomes if the importance of lead times is recognized in appropriate cases

Procurement types and their evaluation criteria. Section 13 describes four types of competitive procurement and Section 14 discusses the evaluation of competitive procurements in 14.05 and 14.06. Three of the four in each Section are the same: RFPs, ITBs, and ITNs. However, the fourth type in Section 13, ITQs (Invitations to

Quote), is not discussed in Section 14 and the fourth in Section 14, Request for Qualifications, is not mentioned in Section 13 at all (see Section 16)

The evaluation of ITQs should be added to Section 14 and RFQs should be added to Section 13 with a cross reference to Section 16. We also note that in contrast to the list of evaluation criteria for ITBs in 14.05 there is no list in 14.06 for the evaluation of RFPs. Amplification is needed for RFPs. The statement in PM para 14.03 that, “The County will not be held responsible for any costs incurred by vendors/bidders in the case of rejection” does not itself limit the rights of a competitor whose submission is wrongfully rejected, so it is misleading, at best. It should be deleted and either replaced with appropriate guidance or left to reliance on the second sentence of 13.01

Government in the Sunshine. The process of purchasing for a governmental entity in Florida is subject to state requirements for public meetings and public records. The evaluation of proposals can be adversely affected by the potentially chilling effect this openness has on the information competitors are willing to provide during the procurement process. The Florida legislature has therefore attempted to promote competitor willingness to provide sensitive information by postponing its disclosure to the public (and other competitors) until after an award decision has been announced (2011 amendments, see F.S.A. 286.011) and the PM recognizes the existence of these exemptions throughout Section 27. However, in Section 31, the PM states that, “All meetings of the Selection Committee shall be advertised, open to the Public, and have minutes recorded.” ISP’s interviews confirmed that this sweeping statement is indeed the practice in Okaloosa County without exception or acknowledgment of the potential variations on that absolute theme

While postponement of public disclosure of (1) a competitor’s cost/pricing data, (2) its innovative approaches to managing or fulfilling a requirement, or (3) its approach to negotiation does not necessarily improve a company’s comfort with disclosure of them to its competitors, it may to some extent do so during a single procurement. The exemptions can be particularly useful/effective in combination with the use of ITNs and RFQs (which, we note with approval that the Purchasing Department is using), pre-bid conferences, or market surveys which may entail no “meetings” at all

ISP recommends that the unqualified statement in PM 31.C. be revised and that Section 27 of the PM more clearly recognize the legislature’s exemptions by listing them for the benefit of procurement planning for potentially appropriate, important county purchases. Some examples are:

- Negotiations with vendors
- Vendor oral presentations
- Governmental meetings which discuss negotiation strategies
- Meetings wherein information exempt from public disclosure under the Public Records Act, such as government cost estimates, are discussed [see Capeletti Brothers, Inc. v. Department of Transportation, 499 So.2d 855 (Fla. 1st DCA, 1987)]

- That portion of a meeting that would reveal a security system plan or portion thereof [see F.S.A. 119.071(3)(a)]

Payment bonds. The definition of payment bond in PM Section 8, #68, suggests, but the PM does not follow through on, the need for payment bonds for services and FTA-funded activities in particular. (“For contracts subject to FTA requirements, payment bonds shall be specified in FTA C4220.1F, IV, 2i(1)c, as may be revised from time to time”)

Section 39 of the manual, Performance and Payment Bonds, speaks only to bonding for construction contracts. It should provide requirements and guidance for the use of both performance and payment bonds for contracts other than construction as well

APPENDIX F

STEPS TO MAINTAIN EFFECTIVE OPERATIONS

