

KEY COLONY BEACH ADDRESSES ALLEGATIONS OF FRAUD, BUILDING SURPLUS MISUSE

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A potential investigation into allegations of fraud served as the highlight of Key Colony Beach's City Commission meeting on June 15.

An agenda item added by Commissioner Beth Ramsay-Vickrey proposed that the city hire an independent attorney to investigate allegations of fraud perpetrated by former city employees, as printed in another newspaper.

The article in question quotes former city clerk, and eventual KCB commissioner, Kathryn McCullough. According to the piece, she alleged that former City Administrator Chris Moonis directed staff to remove concrete from a section of KCB's old City Hall floor in the wake of Hurricane Irma, thereby making the storm's damage seem more severe and triggering a mandated elevation or total rebuild of the facility due to FEMA's "50% rule."

"I felt that we would be complicit if we didn't address (the allegations)," said Ramsay-Vickrey. "We had to address it head-on, and the best way to do that is with the help of an independent investigator outside of us.

"I think it's important that the city of Key Colony Beach always stand tall and operate within the law."

City attorney Dirk Smits estimated the cost of such an investigation at around \$15,000, but acknowledged costs could rise depending on its findings. As a current city staff member, he would be ineligible to conduct the inquiry himself.

Though the city has yet to receive any money from FEMA for damages to the old city hall, commissioner Tom Harding clarified with Smits that the city would be obligated to report discovery of any wrongdoing to FEMA. He urged "full transparency" to preserve the city's standing with the critical disaster relief agency. The city would have a similar decision to make in communicating the results of any investigation to its private insurance company for the building.

Commissioner Freddie Foster advocated for the investigation to be turned over to one of the city's own detectives, saying he thought the expense made "no sense" and that the statute of limitations had already passed on any potential wrongdoing. Smits agreed that there may be questions based on the extended timeline of the alleged fraud, but that the statute typically doesn't begin until the knowledge of wrongdoing arises.

Commissioner Joey Raspe said he was unaware of the allegations, and that he "didn't really see the need to spend the money, but (didn't) really know all the facts."

At the suggestion of Mayor Patti Trefry, who expressed preliminary support for the investigation with Ramsay-Vickrey and Harding, the potential investigation is slated for a formal vote at the commission's July meeting.

Foster also questioned City Administrator David Turner and Harding regarding an alleged misuse of surplus funds in KCB's building department, again printed in another newspaper.

Per Florida law, a building department may not show a net profit, and may only maintain a reserve equal to its average expenses over the last four years. These funds must be maintained in a separate account. Apart from necessary expenses or facility improvements for the building department, funds in excess of this legally permissible amount may be lowered by reducing future building permit fees or issuing refunds to past permit applicants, as chosen most recently by the city of Marathon this year.

Turner said the city became compliant with this requirement in 2022, when he came on board, but that "the prior administration never separated (these funds) from the general fund." However, he said the building department's current reserves sat at \$21,388 on the day of the meeting, about \$45,937 below the allowable amount.

In Other News:

- The potential rebuild of city hall, arguably the largest hot-button debate item in the city, received minimal attention, with Turner reporting on the two bids for a new city hall opened on June 5. An evaluation committee to review the bids will meet on Wednesday, June 28 at 9:30 a.m. at the Key Colony Inn, but there will be no public interaction during the meeting. Foster sharply criticized the bid opening process, conducted in the parking lot outside of the city's temporary city hall trailers, as "unacceptable," while Turner said he felt it was unnecessary to spend taxpayer dollars to rent a space for an exceedingly brief bid opening.

- Smits reported that KCB's police unionization is proceeding "very agreeably," with negotiations set to occur throughout the summer.