

IN THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT OF
FLORIDA, IN AND FOR PALM BEACH
COUNTY

TOWN OF GULF STREAM, et al.,

CASE NO. 50 2011 CA 017953

Plaintiffs,

v.

PALM BEACH COUNTY,

Defendant.

AFFIDAVIT OF JESS R. SANTAMARIA

**STATE OF FLORIDA
COUNTY OF PALM BEACH**

BEFORE ME, the undersigned authority, personally appeared **JESS R. SANTAMARIA**, who being first duly sworn, on oath, deposes and says:

1. My name is Jess R. Santamaria. I am a resident of the State of Florida, Palm Beach County, and am over the age of 18. I make this affidavit on my own personal knowledge.
2. I am the elected Commissioner for District 6 of Palm Beach County, and in that capacity I am a member of the Board of County Commissioners of Palm Beach County (the BCC). I was initially elected to my position in November 2006 and I was reelected in November 2010.
3. I obtained a Bachelor of Science degree in Chemical Engineering from La Salle University in 1962. I obtained a Master of Business Administration degree from the Wharton Business School of the University of Pennsylvania in 1970.

4. I have **ten years of business management experience** working for two of the largest international companies in the world – **IBM and Exxon Corporations**.

5. As a **real estate developer/builder** in Palm Beach County from 1974 through 2002, I **built over 3000 homes** and some **thirty (30) commercial projects** (office buildings, shopping centers, a hotel, etc.)

6. A copy of my Resume is attached to this affidavit as Exhibit A. My business ventures were all highly successful and profitable. Using my engineering and business education, corporate training and extensive highly successful **entrepreneurial background for over thirty (30) years**, I am an expert in accurate costing and pricing of products and services, thus assuring corporate profitability.

7. As a Contractor for over thirty (30) years, my company always **built into our standard sales price a minimum of twenty percent (20%) gross profit**. Based on my knowledge and business experience, this 20% minimum gross profit is **typical in most industries**, and in many cases the gross and net profit is significantly higher than 20%. That is why we often paid 5% or more as commission to real estate and general business brokers. Again, this is common practice in most businesses - paying a sales commission of 5% or more on sales contracts.

8. The **1/4 of 1% built-in proprietary fee** recommended by the Palm Beach Grand Jury in their May 21, 2009 final report to be included in all vendor contracts to help fund the **Office of Inspector General** is truly a **minuscule amount** that will have absolutely **no effect on any contractor's sales price**, especially where contract bidding is required by a government entity on multiple bidding contractors. Example: On a **\$1 Million contract**, a 1/4 of 1% fee for the operation of the Office of Inspector General is a mere **\$2,500!** Compare this to a typical 5% commission in the general market would result in paying a broker a \$50,000 fee. Once again, I repeat, "a 1/4 of 1% (or

even ½%) would be an **insignificant amount** to a contractor, and therefore, would have **no effect** on the **final sales price** of products or services.

9. Further examples of recent actual bid prices submitted by contractors to Palm Beach County are as follows:

(a) In March 2011, Palm Beach County Solid Waste Authority received bids for the design, construction and operation of a new Waste-to-Energy facility as follows:

	<u>Total Net Present Value of Vendors Bid</u>	<u>Price Difference Compared to Lowest Bidder</u>
B & W	\$500,266,106	N/A
Wheelabrator	\$626,624,870 + \$126,369,784	(25.3% higher)
Covanta	\$779,553,082 + \$279,297,976	(55.8% higher)

At the open public meeting, the Board of County Commissioners voted the **\$500,255,106** bid of B&W as the **winning bid**. At the end of the public deliberations, the two losing bidders both offered to reduce their submitted bids as follows:

	<u>Price Reduced to:</u>
Wheelabrator	\$560,000,000 (\$66,000,000 less) Equivalent to a 10.5% price reduction
Covanta	\$676,000,000 (103,000,000 less) Equivalent to a 13.2% price reduction

Once again, the above example, confirms that the ¼ of 1% fee (even a ½% fee) is an **insignificant amount** to most all contractors bidding for government contracts, and therefore, has no effect on the final sales price to government bodies.

(b) In September 2008, Palm Beach County's Solid Waste Authority requested bids for land fill sites needed in Western Palm Beach County. Although three bids were received, the Solid Waste Authority narrowed the final choices to two as follows:

	<u>Acreage</u>	<u>Vendors Bid Price</u>	<u>Appraised Market Value</u>	<u>% Profit Over Appraised Market Value</u>
Smith parcel	1,600	\$62,400,000	\$16,800,000	271%
Hundley parcel	1,477	\$53,541,250	\$15,570,000	244%

As you can easily see from the above actual example, both bidders had potentially **244% and 271% profit** based on the true market value calculated by one the most reputable appraisers in Palm Beach County - Callaway & Price, Inc.

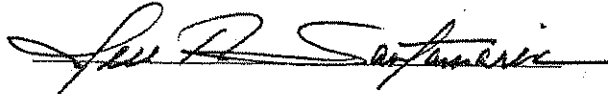
If the Hundley parcel owner had gotten their **\$53,541,250 bid price**, they would have had little concern about paying the 1/4% fee amounting to **\$133,853.12** with a **profit of \$37,971,250!**

The above examples pertain to very large government contracts. What would be the effect of 1/4 of 1% on a small **\$100,000 contract**? The fee would be **\$250** – another **insignificant amount** to a small vendor!

10. In conclusion, the Office of Inspector General can easily be fully funded by a combination of the fee charged to vendors of the County, all of its municipalities, and other participating entities, plus the cost savings that are identified on a regular basis by the Office of

Inspector General. No portion of the cost of operating the Office of Inspector General need be paid by any County taxpayers through ad valorem taxes, nor from the general revenues of either the County or its municipalities.

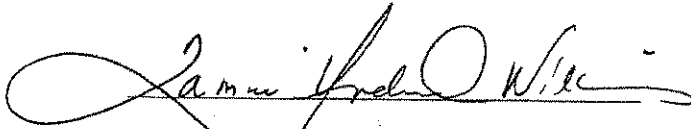
FURTHER AFFIANT SAYETH NOT.

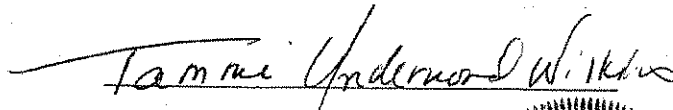

JESS R. SANTAMARIA

STATE OF FLORIDA

COUNTY OF PALM BEACH

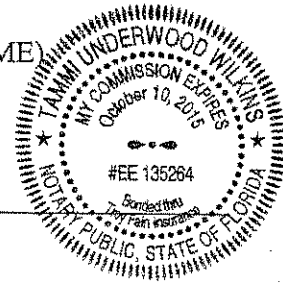
The foregoing instrument was acknowledged before me this 21 day of November 2012, by JESS R. SANTAMARIA, who is personally known to me or has submitted _____, as identification, and did/did not take an oath.


NOTARY STATE OF FLORIDA


(PRINT NOTARY'S NAME)

COMMISSION NO. _____

My Commission Expires:





Jess R. Santamaria

Married to Victoria Santamaria (Real Estate Broker) since 1968
Children: Christopher (Attorney at Law)
Michelle (Attorney at Law)
Vincent (Information Systems Consultant)

Education:

B.S. Chemical Engineering, La Salle University (1962)
MBA, Wharton Business School, University of Pennsylvania (1970)

Business Experience:

- Exxon and IBM, ten years business management
- 1974-2002: Real Estate Developer in Palm Beach County
- Built 3,000+ mostly workforce affordable homes
- Built, owns and manages shopping centers and a hotel

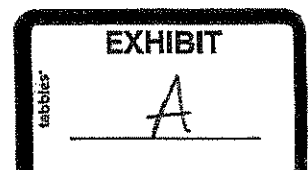
Note: Never lobbied elected government officials or requested special consideration to accomplish the above from 1974 to the present

Community Involvement:

- Wellington Regional Medical Center, Board of Governors (2002-present)
- Palms West Hospital, Chairman of the Board of Trustees (1986-1992)
- Palms West Chamber of Commerce, President (2000-2001), founding member (1982)
- Chairman's Club, Chairman (1997-2005)
- Royal Palm Beach Elementary, School Advisory Council (2003-present)
- Crestwood Middle School, School Advisory Council (1992-1996)
- Royal Palm Beach High School, School Advisory Council (1997-2000)
- Crestwood Performing Arts League, Co-Founder (1983-Present)
- Citizens for Open Government, Co-Founder (1984-2001)
- Royal Palm Beach Lions Club, Director (1979-2002)
- Royal Palm Beach Jaycees (1979-1994)
- Neighborhood Crime Watch, Organizer and supporter (1985-2006)
- My Brother's/Sister's Keeper Scholarship Foundation, Founder (1996-present)
- My Brother's/Sister's Keeper Charitable Trust, Founder (2005-present)
- We the People, United; Founder (2002-present)

Awards & Honors:

- Excellence in Enterprise for entire Palm Beach County (1995) by the Northwood University
- Reaching for the Stars Award/Top CEO in Palm Beach County (1995) by the Center for Family Services
- Man of the Year (1985) by the Royal Palm Beach Lion's Club
- Man of the Year (1987) by the Citizens for Open Government
- Leader of the Year (1992) by the West County Political Coalition
- Man of the Year (2000) by the South Florida Opera Company



- Citizen of the Year (2003) by the Boy Scouts, Gulfstream Council
- Outstanding Citizen of the Year (2005) by the Caribbean-American for Community

Involvement:

- Education Benefactor Award (1989) by the Florida Education Foudnation
- Hall of Fame (1999) by the Palms West Chamber of Commerce
- Hall of Fame (1988) by the Crestwood Performing Arts League
- Frank Gladney Community Service (2001) by the Wellington Rotary
- Resolution by Village of Royal Palm Beach (1985) for contribution & services
- Resolution by Village of Wellington (1999) for contribution & services
- 2009 Award for Ending Homelessness in Palm Beach County by The Lord's Place
- 2009 Champion of the Everglades by The Arthur Marshall Foundation & The Florida Environmental Institute
- 2010 Man of the Year by the Philippine American Society

Current Priorities:

- Reasonable managed growth; protection of the environment
- Affordable workforce housing
- Ending homelessness in Palm Beach County
- Expediting economic growth in the Tri-City Glades area
- Crime prevention and control throughout Palm Beach County
- Demanding honesty in government and business and strict adherence to the Sunshine Law
- Supporting the Ethics Commission & The Office of the Inspector General in fulfilling the objectives of their respective jobs.