

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, May 10, 2019 at 9:30 a.m. at the Dunes CDD Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida.

Present and constituting a quorum were:

John G. Leckie, Jr.	Chairman
Gary Crahan	Vice Chairman
George DeGovanni	Assistant Secretary
Charles Swinburn	Assistant Secretary
Dennis Vohs	Treasurer

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Michael Chiumento	District Counsel
David Ponitz	District Engineer
Joy Ellis	Resident
Steve Hatcher	Resident
George Macko	Resident
Dr. Lynne Bravo Rosewater	Resident
Jonathan Simmons	Palm Coast Observer

The following is a summary of the discussions and actions taken at the May 10, 2019 meeting. A copy of the proceedings can be obtained by contacting the District Representative.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Leckie called the meeting to order at 9:30 a.m.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. April 12, 2019 Meeting

Mr. Crahan and Mr. Vohs provided corrections to the minutes, which will be included in the final version.

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the minutes of the April 12, 2019 meeting were approved as amended.
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SECOND ORDER OF BUSINESS**Audience Comments**

Ms. Joy Ellis stated I brought a little flyer for you, which includes some documentation that was the language on the ESL ballots. ESL is Environmentally Sensitive Land funds. It's a referendum that came in front of the voters three times. The first time was in 1988, the second time was in 2002 and the third time was in 2008. In every circumstance the referendum passed overwhelmingly and the point of bringing this to your attention is if you'll notice, they all say "for the acquisition of environmentally sensitive lands including, but not limited to, water recharge areas and lands for parks and recreation". I bring this to your attention because Bings Landing was the first purchase made with ESL funds. I'm sure you all have been informed about the controversy now about the restaurant, Captain's BBQ, expanding. Bings Landing was the first ESL purchase. The central portion was seven acres and this is the acreage that is in question now and the restaurant falls within that area. It's the most active area of the park. Later there was a south parcel purchased, which was four acres, and after that there was a 2.5 acre parcel purchased, which was also ESL funds. The first purchase was \$1 million with ESL funds, the third purchase, the north parcel for boat parking, was \$1.5 million of ESL funds. In total with the grants almost \$4 million has been spent in order to create the park. Our contention is that the restaurant as a concession is fine but the expansion of a restaurant in order to expand the scope of that restaurant beyond a BBQ takeout place is no longer consistent with the funding that purchased it so we're here to talk to you and give you our opinions and we're talking with you because the expansion of the restaurant has been influenced greatly by the availability of wastewater management and you have been asked in the past and maybe will be asked in the future to provide this wastewater management and we're asking that you don't do that. One other thing about ESL; Craig Coffey, the former administrator, presented within the January 7th workshop that ESL funding was meant to help stimulate the economy. He made a misrepresentation of that stimulation of development in that he represented it to be development within the park when in fact if you look at the ESL document and you look at what the voters decided to pay for this development happens outside of the park; the stimulation of eco tourism, restaurants and that kind of thing. In fact, this ESL project, the Bings Landing county park, has worked because we have 20.6% of the total property base of the county within the Hammock, which is an enormous amount considering the small area that we cover so I hope that you're

informed and if you care to be more informed you can go online and see the ESL document itself.

Mr. Steve Hatcher stated I live in the Hammock. This is a discussion of the septic system requirements for the proposed restaurant. The current septic system has a flow capacity of 2,700 gallons and the current restaurant, which is a single-service restaurant meaning that they use paper plates and utensils, requires 75% of that system. If they expand the restaurant to 150 seats on a full-service basis their requirement expands to 7,500 gallons or 92% of the total requirement and this is an indicator of the scope of the restaurant relative to the park. Fundamentally, the septic system is driving the process and this is a private enterprise. If the DCDD were to connect to Bings Landing and the restaurant it would fundamentally be for a private business as opposed to the needs of the park.

Mr. George Macko stated I believe it isn't proper for the county commissioners to favor one business over all others and this board should not give preferential treatment to Captain's. Captain's is a private business and should be treated the same as every other restaurant in the area. If the decision is to allow this sewer hook up to Captain's then why not extend that to every other business on A1A? I believe Captain's has abused every gift given to them in the past and now they are expecting even more. I believe if Captain's wants to expand to a major restaurant they should go out like any other business, purchase land, go through the process of approvals and then build the restaurant; not expect everything to be given to them. I think Captain's should be treated the same as every other private business and do not give preferential treatment to this one restaurant.

Dr. Lynne Bravo Rosewater stated I think one of the things that is important to say is what has happened with Bings Landing has been a very questionable practice. It's very much below the market rate. They're now paying \$780 a month and it's been given concessions that no other business has been given. The septic capacity for a restaurant when they had it built was 60 seats. Captain's has twice expanded and went to 100 seats and when the health department came to visit last month there were 118 seats. In order to accommodate them the county immediately shut off everything going to the caretaker's cottage so that they would be at 98 seats. Any other business that was in violation gets shut down so one of the things we're saying is the county has bent over backwards. This originally came from one of the things that Craig Coffey did along with the place where the Sheriff's Department is that they need to build the new Sheriff's

building and the purchase of the Plantation Bay water plant, which is in very disastrous shape. We know they haven't asked you yet, but if there is no sewage run they cannot put in a big restaurant. There is no way to meet that capacity so we come to you preemptively to say that if they do come to you we would ask you to please turn it down because it is a private business, it is outside the district, and it sets a bad precedent for you. Even though the county has said this is for us, that's not the truth. The park uses just what Steve said; 25% of what's there. It is the restaurant that drives the rest so we would hope that if this came to you, you would say no. I brought you a summary of what people have said and I brought you a picture. This is the most popular peninsula on Bings Landing. This would be the size of the new restaurant. They would tear down the pavilion that people get married in and as you can see this takes up the entire amount of that peninsula and it would create greater parking so we feel that it is going to kill the park and for no purpose; it's a wonderful park.

Mr. Leckie stated this is not the DCDD's utility service area. It is Palm Coast's. It's not even Flagler County so for anything to happen somebody would have to go to Palm Coast and get their approval because we cannot go outside the boundaries without their approval and we've heard nothing of that sort. We are not going to take it under advisement until something else happens, such as the county approves it or if Palm Coast says for some reason we would like you to take a look at it.

Mr. Hatcher stated I have a compliment for you. I was the chairman of the Ocean Hammock property owner's association and maintenance committee when the Parkway was turned over to the DCDD and on the committee there were comments of how could anybody ever do as good a job as we've done and you guys are actually doing a better job and you're doing things that we would have never had the resources to do so I compliment you on a job well done. Keep up the good work.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated the account for the Hammock Beach club is up slightly this month, about 100,000 over last month. I think it's going to be around one million looking at these numbers and that's the best guess we have right now. Obviously they have improved

substantially but we will wait until September and see what the number is and see if we need to send them a bill or not.

Mr. Crahan asked what's the trip value again?

Mr. Peugh stated I believe they paid for 730,000 gallons per day and a little over one million gallons is 150% over that.

Mr. Leckie stated so they are right at it.

Mr. Peugh stated yes.

Mr. Swinburn stated the representative that was here at the last meeting made the point as they began to fill the pools that they've been working on they would get an uptick. Is it possible that's what we're seeing?

Mr. Peugh stated that's part of it and we also haven't seen the peak season either so I think it's going to go up from there.

On the other accounts we sent five additional letters and I think all of them have contacted us at this point and we're working through those. We haven't sent any more letters at this point.

Hammock Dunes Marshes Update

Mr. Peugh stated I still have not heard from St. Johns.

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated we had the preliminary report by ETM, we gave them some comments and they are working on that and as soon as they finish that report we will bring it back to the Board so you all can see it.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated we submitted the Attorney General opinion on May 3rd. We went in and cleaned it up a little bit and addressed your comments and took out the concept of one vote per district and that type of thing and left it open. We should hear back within 30 to 45 days.

Renaissance / Beach Walk Development Update

Mr. Peugh stated in regards to Renaissance we spoke with one of the consultants and he said the owner had backed out and that's the latest I heard earlier this week. I have not verified that yet.

Mr. Leckie stated I verified it. I asked what their situation was with Seagate Homes and I was told at this point they're not involved at all but it could come back again.

Mr. DeGiovanni stated with Beach Walk they sent you a letter, but that's just informational right?

Mr. Peugh stated they've asked for mediation on the decision and that was supposed to happen at this time but they've moved it back a week to next Friday so I was intending to go down there and see what happens. They tell us about it because we're an adjacent property owner.

B. Report on the Number of Registered Voters (2,354)

Mr. Peugh stated per Chapter 190 we have to report the registered voters as of April 15th and that number is 2,354. That is an increase of 201 over last year.

Mr. Crahan asked can we split that out by general areas?

Mr. Peugh stated I did not ask that question but I will find out.

C. Hammock Dunes Parkway Asphalt Repair

Mr. Peugh stated this is a proposal for approximately \$31,000 to replace several areas north of Hotel Trace, north of Hammock Beach Parkway and north of Granada. In the meantime we will throw some cold patch in there to keep it from getting worse. I was trying to get another quote from another contractor but everybody said no so Tomoka will do this for \$31,000. They're going to saw cut out the lane and repave it. I think this will extend the life of the Parkway.

Mr. Swinburn stated as I look at the pictures I wonder if there's something else causing the problem that's not just normal wear and tear.

Mr. Peugh stated some of it could be water erosion underneath but overall it's not failing that we see. I asked Kissinger Campo last year how long before we would need to repave the whole thing and they said about five years and that's around 2024 and we will put that in the budget. I was expecting it to fail a little bit quicker than that so I'm thinking 2023 or maybe even 2022. If these continue to happen we would want to go ahead and resurface the whole thing.

On MOTION by Mr. Crahan seconded by Mr. DeGovanni with all in favor the proposal for asphalt repair in the amount of \$31,000 was approved.

D. Hammock Dunes Parkway-Camino Del Mar Traffic Study

Mr. Peugh stated by way of background, we had Kissinger Campo do the traffic counts at the four-way intersection so we could find out where we're at; do we need a signal, the timing and how long are the delays. They put this long report together and they boiled it down to about six slides on a PowerPoint presentation. *Mr. Peugh gave an overview of the report.* Based on DOT criteria if you want to put a signal there today you can.

Mr. Crahan stated I'm not a traffic engineer but that intersection represents an anomaly as far as I'm concerned. Most intersections, particularly those that get signalization, are through intersections. The balance of most traffic through that intersection is turning and if you threw a turning segment onto the light, as well as a through segment on the timing of it, you could inadvertently make it worse.

Mr. Leckie questioned the eastbound versus westbound traffic split on Camino Del Mar. Mr. Peugh stated that he would reverify the traffic counts with KCA.

Mr. Peugh stated they predicted the existing intersection would reach capacity at 2031 so based on this we don't need to do anything right now. My suggestion would be we start the process of making sure we have enough right-of way so when there is an immediate need we could go forward with a signal and the lanes or whatever we would decide at that point. In a couple of years we should also redo these traffic numbers and make sure it's continuing on the predicted growth trend. I'll get with Kissinger Campo and they will come together with a proposal on how much it's going to take to do this because I don't really have a ballpark figure.

E. Consideration of Resolution 2019-04, Approving the Proposed FY 2020 Budget and Setting a Public Hearing Date for Adoption

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor resolution 2019-07, approving the proposed budget for fiscal year 2020 and setting a public hearing date for August 16, 2019 at 9:30 a.m. at the Dunes CDD administrative offices was approved.

Mr. Peugh stated this is more or less the same exact budget as last year. Next month I will have updated numbers. I need some guidance, which will help me with which way I want to go with the budget. We have a proposal for lake maintenance. It is about \$60,000 currently and they provided a proposal to do all of the spraying. The reason why I would even consider that is we have such a limited staff, five people more or less, that take care of the distribution and collection system and we're spending upwards of two or three days a week, especially during the summer, spraying the lakes. I'll bring you a spreadsheet that shows you all of those days and how much we're actually spending. Our core business is the distribution and collection system and we'd like to get back to that. We haven't done some of our valve maintenance in a while because we spend so much time on the lakes. I want to keep the guys up to date with all of their spraying licenses and we would also keep a boat but I think in the long run with the hours that we are spending that we could use doing maintenance it makes more sense to get back to our core business.

Mr. Leckie stated we thought we were going to save money but I think we're spending more money.

Mr. Crahan stated the quality went down as well.

Mr. Leckie stated I'm for going ahead with it. Summer is here so go ahead and hire the outside contractor. What I gather is the cost is going to be the same and you're freeing up people that can work on valve maintenance and other utility needs.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor authorizing staff to negotiate an annual lake maintenance contract that includes spraying of the lakes in an amount not to exceed \$70,000 was approved.

Mr. Crahan asked can we dovetail on the discussion of the stormwater budgetary program and as of part of that, in order to alleviate somewhat the financial impact on our customer base, take a down payment of sorts from our invested resources to prime the pump of the stormwater management budget fund so that we don't start charging a lot of money all of the sudden but instead kind of build it up over time? I'm thinking about how to create this stormwater fund.

Mr. Peugh asked so you'd like to set a small rate and increase it slowly?

Mr. Crahan stated I'd like to take \$1 million or something like that out of our reserves and use that as an initial deposit in the enterprise fund for stormwater management and then slowly ease into the customer base paying for the stormwater management. In other words, using those reserves that have been built up by our constituents in order to start the process and give them some sort of return on investment.

Mr. Perry stated I think you've got the study that you wanted to do budgeted and that's the first step to try to figure out what the eventual liability and funding needs to be so once you establish that, probably the best thing is to do a loan and then perhaps a few years later wipe the loan off.

Mr. Peugh stated I also need some guidance with respect to the bridge. Currently we're having a hard time hiring folks. Minimum wage is \$8.46. Our minimum wage at the bridge is \$9. Over the last year we've had several people we hired, drug tested, background checked and they either don't show up or they show up for a day or two and they're gone. For \$9 they don't really want to do it. At McDonald's you can make \$10.50 an hour just to give you an idea that we're at the lower end of that scale so one option is we could raise our minimum wage to \$10 or \$11. The lane closest to the building is staffed with full-time people that have benefits. Lane two is staffed with part-time people that don't have benefits so option two is we could make lane two a full-time position with benefits with the thought being that if you have benefits that's worth a couple dollars an hour. In talking with Sandy we'd like to make the lane two positions full time. In total it would cost about \$50,000.

Mr. Leckie stated I have no problem with making them full time but I also think we have to take a look at the starting salary and I think you said to me taking it to \$10 is an increase of about \$12,000 a year. If we take it to \$11 it's about \$31,000. I think we have to do something with our minimum wage in order to hire people. I'd rather go to \$11. We've got the money in the bridge funds and maybe make those two people full time also. If you took both of those items you're talking about maybe \$75,000 a year.

Mr. DeGiovanni asked would you want to do that now or wait for 2020?

Mr. Peugh stated this is for the 2020 budget.

The consensus of the Board was to increase the minimum starting wage to \$11.00 per hour and staff Lane 2 with permanent positions.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

F. Engineer - Report

Mr. Ponitz gave an overview of his Engineer's report, a copy of which was included in the agenda package.

Manager

G. Bridge Report for April

H. Additional Budget Items Report

Mr. Peugh stated traffic was up almost 9% and revenue was up 3.37% from last year.

Mr. Leckie stated a person came to me and said they put a paddleboat into the lakes but a guard saw him and reported him and said paddleboats are not allowed in the lakes so I asked if there was a rule against it. He said the homeowners association had the rule but I wanted to know if we had the rule.

Mr. Peugh stated I checked with everyone that I could and as far as we know we don't have that rule. The only thing I can find is from the Hammock Dunes Owners Association and it says you can't have any boats in your driveway or on your property.

Mr. Leckie asked what's your recommendation because if you allow paddleboats somebody is going to say can I put my kayak in there and so on. We certainly don't want anything with motors on it.

Mr. DeGovanni asked for liability reasons do you really want somebody floating around in the lakes? I know that's why Hammock Dunes doesn't want people in the lakes.

Mr. Crahan stated my feeling is we should have a restriction but not enforce it until somebody coordinates with the two major homeowners association to get a sense of the public.

Mr. DeGovanni stated since DCDD owns the lakes I think if DCDD has a policy then it would roll down to the communities.

Mr. Swinburn stated but we're not going to have people riding around the community enforcing it; it's going to have to be the homeowners' associations that would agree to enforce it.

Mr. DeGovanni stated then there would have to be a memorandum agreement between DCDD and the owners' associations.

Mr. Peugh stated I can go talk to the homeowners' associations and see if they would be amenable to that.

Mr. Crahan stated they would have to put language into their covenants.

Mr. DeGiovanni stated I think it would be good to go to each homeowners' association meeting or talk to the presidents about considering a resolution. It would solve this question of can you or can't you and where is it or isn't it written, then you can go put a couple signs in the common area around the lake and it's done.

Mr. Peugh stated I will get some draft resolution language from Michael and put that together to bring to the board.

Mr. Ponitz asked if you were going to make a policy would you want to prohibit all watercraft, swimming and fishing at the same time?

Mr. Leckie stated because of the fertilizer entering the pond we suggested that people certainly not eat the fish.

Mr. Swinburn stated Greg, I think we're saying that you can go to the homeowners associations and tell them it is our present intent to prohibit those three activities in the lakes, we'd like them to support it, and we'd like them to enforce it.

Mr. Peugh stated the next item I have is for security for the front of the building. Over the last two years that I've been here people have been walking in more and using the restrooms with no business here. We'd like to control that and what I was thinking was installing two walls and some sort of door. We will have an architect look at it and see what he suggests. The consensus of the Board was to move forward with the security features.

The County has asked to put a weather station on the highest point of the bridge and it can go on either the north or south side. We would need an interlocal agreement with the county so that we could take it out if there were problems. The consensus of the Board was to allow the weather station on the Bridge.

We did a water quality informational pamphlet a few years ago based on the softness and quality of our water. We will probably be updating that in the next month or two and will bring it to the board so that you can see it because we had inquiries about water softeners, the connection the electrical system and things like that so that will tell the status of our water and head some of that off.

May 10, 2019

Dunes CDD



Secretary/Assistant Secretary



Chairman/Vice Chairman