

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, February 8, 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
David Ponitz	District Engineer
Michael Chiumento	District Counsel
Jonathan Sims	Hammock Observer

The following is a summary of the discussions and actions taken at the February 8, 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.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. January 11, 2019 Meeting

Mr. Crahan provided a correction to the minutes, which will be included in the final version.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the minutes of the January 11, 2019 meeting were approved as amended.
--

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated we sent the charge letter to Daniel Baker at the Club at Hammock Beach. Based on our calculations they owe us approximately \$256,000. I called Mr. Baker before I sent the letter and explained he would be getting the letter. He told me they were doing more improvements at the pool and he thinks this will bring them down into compliance. He has three or four more pools to go and he expects to have that done before Memorial Day. His usage is down significantly and the last month is the lowest I've seen in years. We gave him 60 days to pay the amount due in the charge letter. His contention is that with those improvements he expects to be within where they need to be in their capacity.

Mr. Crahan stated I brought this up during the rulemaking process a year or two ago that we have no refund mechanism so that if somebody takes serious action to reduce their capacity there is no provision to rewind the clock back to normal usage.

Mr. Perry stated in theory you have to have that capacity so you've made the investment; you have some costs involved.

Mr. Ponitz stated the capacity was used to provide that additional capacity for that period.

Mr. Peugh stated we have approximately 12 accounts that we're looking at so whatever we do here, we want to be consistent.

Mr. Crahan stated I turn to Michael to ask if we need provisions in our rules for a plea mechanism. How do you come in and ask for a waiver or time delay or any other mechanism that is not currently there?

Mr. Chiumento stated the applications of your rules have to be uniform and we know that. The rule does not provide for an appeal so to speak. At first glance I think we continue with our enforcement and come April, if they would like to petition the Board for an extension, the Board could look at that and with their powers could make that decision and base it on whatever they want. From that point forward, you would have to take that same action with others and give others the ability to petition.

Mr. Leckie stated we will wait to see the impact of the repairs they're in the process of completing.

Mr. Peugh stated in the next month we will be sending notification letters on the remaining accounts that are over capacity and we will work with those folks and go from there.

Hammock Dunes Marshes Update

Mr. Peugh stated we are still waiting on a formal response from St. Johns on our offer.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated the Board asked that I share the draft of the letter to the Attorney General before submitting it. Special Districts were implemented to operate certain areas within cities and county governments. Sometime in the 80s the legislature said it would grant powers to individual developers, in this case similar types of authority to tax and provide services, and in that they specifically list out what CDDs can and can't do as to their services and they go on to talk about the general powers CDDs have as elected officials and governing bodies to implement those services and that's what we're asking; is there anything that would prohibit us from creating districts. The law requires the electorates within the District vote for the Board of Supervisors seats so an electorate can run for a seat and the general electorates of the District are required to vote for that seat so we believe if this does happen the general electorate would be required to vote for each one of the five seats and there is no distinction of a Chairman seat. If we were to divide the District into five zones the thought is you would have to live in that zone in order to run for that seat. However, all of the residents of the District would be able to vote for each one of those seats. That's what we've asked them to consider if we elect to do that.

Mr. Crahan stated I think that pushes us back to excluding a well-qualified candidate simply by virtue of where that person lives rather than the north/south division we were seeking.

Mr. DeGiovanni stated I don't think it's any more restrictive than it was originally proposed that you had a zone and only the people within that zone could vote for that zone's candidate. The people in the zone need to find the right person to run for office. If they don't do that then they're negligent in terms of the person that gets elected. It's the same issue regardless that you have to find good qualified candidates. Ideally if you're going to go into this situation you'd have to have at least two candidates in each zone which means those individuals would have to run some kind of campaign to say why they're better than the other person. It's the same situation with how it exists right now. Just because that person runs doesn't mean they have to be

elected. If the community thinks they have a better solution then they need to champion that individual and campaign for that individual.

Mr. Vohs stated I think the complexity is you might not be able to get a person from that zone to run. It gets harder and harder to find people. The Homeowners Association in Hammock Dunes has some people representing that neighborhood from another neighborhood because we could never get anybody to run from our neighborhood. I think we could run into that situation, especially in areas where they are largely rentals and people aren't interested in giving up their time.

Mr. Swinburn stated with all due respect, I don't find that relevant. In the Hammock Dunes situation we're talking about very small neighborhoods. Here, under the most expansive definition of it we're still talking about a significant number of people in one of these districts and somebody is going to pop up and want to run. I just don't think that argument is the significant argument in this discussion.

Mr. Leckie stated we need to look at what's presented to us to see if the Attorney General says we can go forward or not. If they say yes then we go forward with the kind of discussion we're having now.

Mr. Chiumento stated what we've requested is, are we permitted to create the concept of voting zones. That's it. We're just asking if we can proceed with that.

Mr. Perry stated even though you mention five zones, it could be less than five zones, but you're asking if we can even do the zones.

Mr. Chiumento stated I guess less than five zones is potentially possible.

Mr. Swinburn stated maybe you can look at that because the fulcrum of this discussion we just had seems to be the balance of the zones. If we go to the three and two concept I think Gary's concern goes away and I think it would be a more balanced way of doing it.

Mr. Chiumento stated in the paper it talks about two-thirds of the residents electorate are south of the road and a third are north and yet, what could happen now is you could have five people on one street in Hammock Dunes be on this Board and we're examining how we can balance representation between the northern and southern communities, whether we did it between two zones or three zones. Maybe we need to refine the question of the Attorney General.

Mr. Crahan stated let's keep this on the agenda for next month.

Renaissance / Beach Walk Development Update

Mr. Peugh stated on Renaissance we have not seen anything from the developer. They are kind of in a holding pattern from what I understand. For Beach Walk, the next planning board meeting is February 12th and I expect it to go forward.

Mr. Swinburn stated but at the moment we don't have any problems with it.

Mr. Peugh stated no, they have no entrances on Hammock Dunes Parkway so we're fine with that.

Discussion on Sewer Service to County Parcel

Mr. Peugh stated we put a call into the County because it's not been on the agenda for any of the board meetings. Hopefully we will have something more to tell you at the next meeting.

B. Discussion on Weir Structures / MalaCompra Drainage

Mr. Peugh stated I have two proposals from ETM. The first is to do the "mini master plan" to figure out how much reclaim we're going to need at build-out and also look at the sources and what we'd have to do with that. The cost of that one is \$38,985. It's down significantly from where they started. For the items they have to review it seems like a reasonable price to me.

We talked about removing the weir and that's the purpose of the second of these proposals. We could not find any place where that weir near Hotel Trace had been put in but ETM found it. The highlighted section on page 26b of the technical report states that the weir was put in and that the pool level south of it was at an elevation of 4.00 and the pool north of it was 3.50. We know now all of it is 4.00 so somewhere in those 26 modifications to that permit it was changed. So we need to find out why and that's why the cost of this one, \$48,435, is so high. This is a not-to-exceed number in the event they do not need to go through all 48 modifications. I feel more comfortable with just ripping it out, but to be safe they want to investigate fully why it was there.

Mr. Crahan stated as much as I'd like to get rid of the weir because I think it has no use or purpose, it's not worth it to spend \$48,000 unnecessarily.

Mr. DeGovanni stated this development was created back in the 80s and we need to understand and have an audit trail of why infrastructure is the way it is and then have valid, rational reasons for why we want to modify our infrastructure rather than just hoping we don't have to worry about it. I realize it's a lot of money but we need to understand the rationale for why it was developed and the implications of changing it now.

Mr. Peugh stated at some point we may have an extended drought and I'd be kicking myself if I didn't remove that weir because the residents are upset that I have to set a pump out there and pump around the weir all the time. For the short term, I'm okay with pumping around but I think eventually it needs to come out. From an overall master planning perspective, I think we need to be able to answer the question of where we're going to get the volume of water for our reclaimed system. We also need a contingency plan if Palm Coast were to reduce us in half. I think the \$38,000 proposal is a good use of our money.

Mr. Leckie stated we will table the second proposal until we get the results from the first proposal.

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor the proposal from ETM to create an irrigation sourcing master plan was approved.

C. Retirement Program Update and Proposed Resolutions

Mr. Peugh stated Principal requested we have a resolution such as this. The meat of the language is from them and Michael has looked it over and didn't have any problems with it. We have a meeting on February 14th with all of our employees to go over enrollment and items such as that.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor Resolution 2019-04 was approved.

Mr. Peugh stated resolution 2019-05 is for the same purpose, just for the 457 plan.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor Resolution 2019-05 was approved.

D. Discussion of Statewide Mutual Aid Agreement and Proposed Resolution

Mr. Peugh stated this is a mutual aid agreement in case of an emergency, which could be hurricanes, fires, tornadoes, etc. where we would need additional assistant. This document says folks would come along and help us if we need help. This is similar to FlaWARN that we are also a member of, which is the water/wastewater agency that helps out during hurricanes. If we have an emergency we can draw on all of these forces from the State so it’s a good thing.

Mr. Swinburn stated as I read this agreement, if we were to reverse it in an emergency we would get reimbursed for the cost.

Mr. Peugh stated yes.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the Statewide Mutual Aid agreement and Resolution 2019-06 were approved.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

E. Engineer - Report

Mr. Ponitz reviewed his report, a copy of which was included in the agenda package.

Manager

Bridge Report for January

Mr. Peugh stated vehicle volume was up about 10% and the revenue was up almost 6%. This was the first time cash and bridge pass dollars were almost equal. We have about 18,000 accounts after closing some. Approximately 2,650 are using the website so it seems to increase by a couple hundred every month.

F. Additional Budget Items Report

Mr. Peugh stated I added the bridge traffic study proposals for \$57,610 that was approved in the September meeting. Under upcoming items are the stormwater master plan and the Hotel Trace Weir removal so I’ll take the weir removal off of that. The European Village finally sent

us the insurance for both the condo and commercial side. We are now putting together the contract for next year so we will include the \$7,000 increase to it and also better language to ensure they provide me with insurance and a check as of October 1st.

Economy Electric occasionally changes the lights on the bumpers and they said the ladders are getting bad. In 2014 we replaced the decking and apparently it wasn't that bad at that point. We are getting proposals to replace these ladders and it will probably be in the neighborhood of \$40,000 or less. It's a safety issue so we're going to get these fixed.

According to our consultants we don't expect to pave Hammock Dunes Parkway for another five years but we're having some potholes and cracking so we're pulling together proposals that we will bring to the Board. I think this will extend the life of the pavement and also provide a better product in the future when we do repave it so we will see how much that costs and let the Board know.

We have cleared the Jungle Hut intersection. You can now see the cars at that intersection a lot easier. We're going to mulch that and clean it up and I think that will be an improvement overall to the intersection. That intersection is posted at 35 mph on Hammock Dunes Parkway but people go much faster than that so one of the things we've talked about is we can do the speed signs, which over time people will probably ignore, or a more obtrusive measure would be to do some speed humps. We can do small rumble strips or go larger but that will require them to slow down.

Mr. Crahan stated at this time my vote would be to do nothing other than clear it.

Mr. Peugh stated at the last meeting Mr. Bagnal questioned the billing process and I looked into that. The meters are read around the 7th of each month for the previous month. We import the reads into the meter system, you get a report on invalid reads and then we issue work orders to verify those reads and that takes about a day to do all of that. To verify them we're sending out technicians, which takes two to three days depending on the workload. After they get those reads they run a preliminary billing register, they check the billing register for high consumption and they will send technicians out to do a data log on usually 10-20 accounts per month. All of that takes five days. You upload that from handheld data loggers to the computer, you run the reports for the 90-day consumption that shows if you have a big leak, and then we try to contact the customer if it's a major leak. A lot of people have not updated their phone numbers or email so it's a problem just to keep track of that. After that, we send the high consumption

notice. That part takes about 10 days, then we send the bill which takes about a day. You add up all that and it's about 20 days. We're proofing what we have as we go along so we're probably one of the most proactive utilities in the state for abnormal billings. I think the only way we could shorten that is if we don't do the proofing, which causes us problems because people get a bill that's twice what it normally is because we didn't catch a wrong meter read. We could do digital reads if we improve the system and that's on my list to do but truthfully after doing this I'm not sure we could improve by much. He mentioned we don't contact people quickly enough if there is a meter leak due to our process but we're probably one of the only communities that will work with people as much as we do.

Mr. Crahan stated you've been a hero with a couple of accounts that I've drawn to your attention in the last month. They've come up to me and said the responsiveness and the customer friendly nature and just everything about it was superb so you're doing everything right and I think you want to continue that through the method of screening and responding.

Mr. Ponitz stated Maribel puts a lot of pride into the meter re-read and customer feedback activity.

Mr. Peugh stated the last thing I want to talk about is the expectation of our response to leaks and things like that. On Jack's Street there was a leak on Saturday. Unfortunately, we only have five people back there, a supervisor and four technicians. Two of those technicians were heading to continuing education so we only had three people and we were having a hard time getting together a crew. It was leaking a little bit at a time, the resident was not out of water and there was no chance of contamination. We decided to wait until Monday in this particular case until we had a full crew. I know the residents were upset but it was more cost effective to not pay overtime. At 30 years old things are going to start to break and at some point we're probably going to have to add some extra people. Other things we're looking at is can we get an on-call contractor. We want to make sure we meet the expectations of the Board but occasionally this is going to happen and it makes sense in some particular cases to let these things leak a little bit if we're losing minimal water. If this person had been out of water or there was a potential for contamination to the main line we would have fixed it right then and there, no question.

Mr. DeGiovanni stated I like the idea of an on-call contractor. It relieves you from putting your emergency team together and messing up their weekend. In the short-term or long-term maybe that's the way to go.

Mr. Peugh stated this is infrequent right now but as the system ages it's going to increase.

SIXTH ORDER OF BUSINESS Supervisors' Requests and Audience Comments

Mr. Swinburn stated at the last meeting when we were doing the check register we discussed credit card charges. Greg checked on what was going on and sent out an email and it satisfied me that it is under control and it was handled well.

SEVENTH ORDER OF BUSINESS Financial Reports

- G. Balance Sheet & Income Statement**
- H. Community Projects Schedule**
- I. Assessment Receipts Schedule**
- J. Approval of Check Register**

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the check register was approved.

EIGHTH ORDER OF BUSINESS Next Meeting Scheduled for Friday, March 8, 2019 @ 9:30 a.m. at the Dunes CDD Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

NINTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman