

MINUTES OF MEETING  
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, April 7, 2017 at 9:32 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 M. Crahan	Vice Chairman
Dennis Vohs	Treasurer
Charles Swinburn	Assistant Secretary
Rich DeMatteis	Assistant Secretary

Also present were:

Richard M. Ryan	District Manager
Dave deNagy	District Representative
Michael Chiumento, III	General Counsel
Tim Sheahan	Utilities Manager
Glenn Hertzog	HOA
George DeGiovanni	President, Hammock Dunes Owners Assn.
George Bagnall	Board Member HD Club

The following is a summary of the minutes and actions taken at the April 7, 2017 meeting. A copy of the proceedings can be obtained by contacting the District Representative.

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. deNagy called the meeting to order at 9:32 a.m.

**THIRD ORDER OF BUSINESS**

**Approval of Minutes**

**A. February 10, 2017 Meeting**

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the minutes of the February 10, 2017 meeting were approved as presented.
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**B. March 10, 2017 Meeting**

Mr. Crahan moved to approve the minutes of the March 10, 2017 meeting and Mr. Swinburn seconded the motion.

Mr. Swinburn made amendments to the March 10, 2017 meeting minutes, which will be reflected in the final document.

On voice vote with all in favor the minutes of the March 10, 2017 meeting were approved as amended.

Mr. Leckie stated we will go back to the audience comments but I want to move up two items from the report and discussion items.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

**Discussion on Restoration of Marsh "TB" or Conversion of Marsh "TB" to a Lake**

Mr. DeGiovanni stated I will summarize the petition signed by the president of the homeowners association of Hammock Dunes.

We have a solution oriented approach that minimizes the work for Dick Ryan or anybody else on the board. Take the marsh that is located to the south of the 7<sup>th</sup> fairway of Hammock Dunes Links Course, which was destroyed by Hurricane Matthew and convert it into an extension of Granada Lake, which is more cost effective than if DCDD attempts to restore that marsh to its original permitted design and requirements to maintain it based on the original permit that was issued to ITT and Admiral in 1985. We have done a cost effective analysis to show you that is the case. In addition we have included in the package all the points of contact and all the research that Glenn Hertzog and myself have done to get the estimates to excavate that marsh, to convert it into a lake, the mitigation bank cost to mitigate that conservation area because any time you touch a conservation area you have to have a mitigation plan to replace it with something and in this case a mitigation bank for \$18,500 will mitigate that and that would be accepted by St. Johns River Water Management District. The dirt from the excavation will be used to form the new lake bank around that extension and the lake would flow into that and you would have from the DCDD standpoint an extension of your emergency water availability within

Hammock Dunes. To restore that by the permit, there were certain conditions that Admiral and ITT agreed on for that marsh to be created and to be maintained on an annual basis is actually going to be more expensive. The cost analysis is backed up with attachments A-I.

I know this sounds like a lot of work for the DCDD to do this, pull the permit, work with the mitigation bank, hire the contractor, etc. but Glenn has talked to Greg Sowers of Cline Construction that DCDD has used on occasion could be your general contractor with an RFP issued to them to manage this whole project including working with St. Johns River Water Management District to get the permit, contact the mitigation bank and everything rolled into one contract authorized by DCDD. Glenn Hertzog has volunteered to be the technical representative, representing the club and the HDOA board to work any letters of agreement or anything needed to be done for access through HDOA property and roads versus the club to access the lake. We have already worked that with Cline Construction I understand there is an access point it doesn't have to come across the golf course or anything. You have one contractor, one stop shop to do everything if DCDD board decides to move forward with that. We are asking the board after you review this that you vote today to pursue this.

Mr. DeGiovanni reviewed the cost analysis, copy of which is attached hereto and made a part hereof. The cost trade-off between converting the marsh or restoring the marsh and the formal term in the permit is a littoral wetland. Because it is a littoral wetland there are certain requirements to maintain it. It just won't grow back. The bottom line is \$50,190 to convert the marsh to a lake whereas to restore the marsh is \$78,148 but that includes an annual maintenance of about \$10,000 because these marshes by the permit are required to be maintained, they just don't grow wild because you have invasive species that grow in there and have to be eradicated. The permit allows it to be mowed, to chop, etc. to keep it manageable. We are willing to do everything for you so we don't overload Dick Ryan or Tim and we will help you write the RFP and contract for Cline or whomever you designate to execute everything that we are asking for. We have a list of contacts that Glenn has coordinated with and they have said they will work this at St. Johns both the conservation oversight individual and the permitting person.

Mr. Leckie stated I appreciate you coming and talking to us about it. We want to be cooperative and do things with the homeowners and the club but we need to take a look at this and analyze it. It is the first time I heard about you saying putting it all under one person to do that. Would that be a fixed price contract?

Mr. DeGiovanni stated we don't have a fixed price we have all the estimates. What did Cline say their engineering design would cost?

Mr. Hertzog stated the good news about going to one person is they can handle everything rather than eight or nine different entities. Cline has mentioned to me that he can handle the construction and excavation, he has people on staff that he recommends and he will pull in the civil engineering end of it that can provide the drawings and there are not a lot of drawings. I talked to St. Johns River Water Management District and maximum two or three drawings a cross section and things like that and some calculations. I talked that over with Cline and Cline discussed that with his civil engineer and they came up with a ballpark of \$5,000. If I plugged in Cline's email that he gave us where he said the excavation and removal of debris is between \$12,000 and \$15,000 we put the high number of \$15,000, sod is going to be less than \$10,000, engineering drawings \$5,500, mitigation costs are fixed at \$18,500 and St. Johns River Water Management District has told me to pull the permit is \$1,190 so I think we have a close handle on this package. Cline has no problem doing the excavation, doing the sod, having their own civil engineer doing the drawings and I would be happy to assist with these gentlemen to report to whomever I have to report to, to coordinate the whole thing.

Mr. Crahan asked do we have the plat?

Mr. Leckie asked what about where the dirt is going?

Mr. DeGiovanni stated it will just smooth out the bank it is not like it is going to make a drastic change to the golf course.

Mr. Vohs stated a description that someone gave me verbally was putting it on a homeowner's property. Is that still part of this?

Mr. Hertzog stated the homeowner said you can use his property for access but he would rather not put the dirt there but according to Sowers and in discussion with the club that dirt will just go on the lake bank and since you are paying for mitigation points basically that will allow you to do anything you want with the money. Once you pay mitigation points the wetland isn't an issue anymore. You just mitigated the wetlands so you can create your lake extension at any dimension you want and the dirt is coming out of the excavation so you can make a nice lake bank, proper slopes and the lake may turn out to be smaller than the marsh but the mitigation points allow you to do that.

Mr. Leckie stated we have to decide which way we want to go and what we are going to do. We will take it under advisement, look at it and come up with other costs as far as we are concerned and go from there.

Mr. DeGiovanni stated thank you.

**Discuss Approach for the DCDD to Provide Community Project Funds to the County for Dunes Restoration Projects on Public Property at the Ends of Jungle Hut Road, 16<sup>th</sup>, and Malacompra**

Mr. Ryan stated I talked with Craig Coffey this morning and based on our discussions there is a way around this so that we can contribute the \$400,000 and have the homeowners get credit for it. I think as part of that effort I would like to see this easement we have with the homeowners that we pay what started at \$9,000 that is now almost \$11,000 a year for our well site be amended to a reasonable amount like \$1,000 and no escalation as a contribution to the \$400,000 that we are giving the homeowners for their mitigation. The way I'm proposing it to the county is that you can get credit for it.

Mr. DeGiovanni stated I will take it up with the board but a lease is a lease and my inclination is no. I will withdraw my no and bring it up at the next board meeting.

Mr. Leckie stated then at this point we are not going to give the \$400,000 to the county.

Mr. DeGiovanni stated I said no, I will take it up with the board.

Mr. Bagnall stated the only comment I will make on this because I was there when this lease was signed after it was delayed for a year, that circumstance has always been Hammock Dunes Association's property. You wanted it to put wells on it and this \$400,000 I don't know how it is going to be split but I assume the way you would do it is splitting money between the whole thing and you are asking us to give up \$10,000 for you using the property. What is Ocean Hammock and Hammock Beach going to surrender?

Mr. DeGiovanni stated I will withdraw my no but I will discuss it with the board before we make a decision.

Mr. Vohs asked what kind of confirmation did you get from Coffey that it will definitely go for the offset? Is that something he will work on getting and has to be signed off by the county commission?

Mr. Ryan stated he concurred that we could work something out.

Mr. Swinburn stated Coffey told you guys the same thing, if we donate the \$400,000 for the public aspects of this you will ultimately reap the benefit in cost sharing.

Mr. Bagnall stated we are working with Coffey right now on cost share it is 50/50 right now. I will have to discuss the deal you want to make with us with the board about \$400,000 to be distributed across three entities right now.

Mr. Leckie stated I think it is two entities.

Mr. Bagnall stated George has a good point, what is Ocean Hammock giving up if we are giving up a piece of property?

Mr. Ryan stated we are not asking you to give up a piece of property we are asking the fee be reduced. You have been paid \$160,000 to date and it seems as though if we are working together as a community you can contribute a piece of land that is absolutely useless to anybody, it remains in the same state it is designated as conservation and you reaped \$160,000 to date. I think it is time to turn around and put it back where it should be at a minimal charge for a public service, which is to provide drinking water for this community. I don't think that we are being unreasonable I think the homeowners have been unreasonable to charge that fee over the years.

Mr. DeGiovanni stated we will bring it up as an agenda item at the next board meeting, which will be the third Monday in April. It looks like we are being held hostage what are they giving up?

Mr. Ryan stated they are not charging anything.

Mr. DeGiovanni stated you have to be fair with all the communities.

Mr. Vohs stated I wasn't at the last meeting and there was a long discussion on the \$900,000 on Malacompra. What was that? I couldn't tell from the minutes if there was a resolution.

Mr. Ryan stated the answer is the county is unwilling to do anything with that because they feel they have committed to that project so they said there was no way they could back away from the contribution to the stormwater management system.

Mr. DeMatteis stated the only thing I don't understand about what you said is why do the homeowner associations have to get credit for it. Why can't the utility just contribute to that overall project and garner the same state matching?

Mr. Ryan asked are you saying we do it and get a matching grant?

Mr. DeMatteis stated no, when the two associations are contributing that results in state matching funds assuming the legislation gets passed. Why do the funds we might contribute have to be reported as if we gave credit to the associations? Why can't we just be another third party contributing to that?

Mr. Ryan stated the point of this is to get the greatest good for the dollars spent. If we contribute \$400,000 to the county we have no ocean front property that could benefit from a matching contribute of \$400,000. If the homeowners get credit for the contribution they get an additional \$400,000 credit. The total benefit to the HOAs becomes theoretically \$800,000.

Mr. DeMatteis stated you are saying if the utility just cleanly gives it to the county for this project there is no matching.

Mr. Ryan stated that is correct.

#### **FOURTH ORDER OF BUSINESS**

#### **Reports and Discussion Items**

##### **A. Status Report on New Toll Collection System**

Mr. Ryan stated the system is set up now and they are working on some of the bugs. Within the next few days we hope to have the system running satisfactorily. We will not make a conversion until the end of April because it is matter of timing so we can evaluate the report and check all the funds in each account at the end of each month. We will probably make the conversion on April 30<sup>th</sup> and go to the new system at that point. In the meantime we will probably get out some announcements and have fliers available and probably put an ad in the paper just for clarification. Nothing changes but the way it comes out will change and people will be a little confused by it.

Mr. Leckie asked an account that hasn't been used for the last year or 18 months will we purge them at that time?

Mr. Ryan stated we do that frequently. I think the bridge staff does it twice a year. They go through the list and a program spits out the people who have not used the system for a year and a half. Once they reach a year and a half we take them out.

Mr. Leckie asked does that money go in the pot?

Mr. Ryan stated correct. It is generally not a lot.

Mr. DeMatteis asked can we go back to the land lease? We are not making their agreement to that an impediment to the \$400,000 contribution. I understand leveraging that, which is fine but that doesn't affect the decision we already made to make the contribution.

Mr. Ryan stated no, it is the board's decision. I'm just throwing this out because when this was negotiated, the homeowners association at that time was still paying taxes on that land so we said we will pay the taxes on the land. A year or so later the state legislature said it was double taxation for the homeowners so they did not have to pay taxes on homeowner association land. It didn't stop the homeowners association from continuing to collect the \$300,000 they were paying in county taxes, they still collect that but they don't pay taxes anymore. I had argued with them since George was president and said we gave you the \$9,000 to pay the taxes and you should have contributed that to the DCDD. The best and closest site for a well site was there and you are just being greedy. That is the reason I put it out there.

Mr. DeMatteis stated I just wanted to make sure that all of a sudden there is not a contingency.

Mr. Swinburn asked if we are going to give the \$400,000 to the county anyway what is the point of bringing up this well site?

Mr. Ryan stated it is a hot button for me and if the board doesn't want to have it in the mix then we will take it out.

Mr. Swinburn stated I didn't like what I heard on several grounds. One, it gets thrown on the table as if it is a board proposition to them, a demand you are not going to get the \$400,000 unless you give us a discount. To me these are two separate issues and they should not be merged. We all agreed we should give this \$400,000 and I think we should give it and get it over with and we should not be demanding that they give us a discount on the well rent.

Mr. DeMatteis stated we can ask them for that.

Mr. Swinburn stated I don't mind giving them the \$400,000 and saying by the way a point was raised and we really do think you are wrong on this and how about considering as an organization whether you should lower that rent but I don't think they should be linked. I think they walked out of here thinking they were linked.

Mr. Crahan stated I can see how that understanding could have been inferred. I think probably a quid pro quo is not kosher under the circumstances particularly with regard to access of public use of the funds. I would be upset if we were granting in some fashion a leverage to



the Hammock Dunes Homeowners Association in a biased manner and getting for what reason \$400,000 to be clean as I would want it would be to the county for the use of the access points because I said all along the public access points and that is it.

Mr. Ryan stated that is what it has to say.

Mr. Leckie stated we would like to see it used the way we divided it between the two entities but we can't force that or demand that.

Mr. Ryan stated that can't be in the letter of understanding that we transmit to the county. I have already said that to Coffey we will contribute the \$400,000 with the unstated understanding that the homeowners will jointly receive credit for the contribution and he said they could deal with that.

Mr. Leckie asked what do you think Michael as far as what has been said?

Mr. Chiumento stated the \$400,000 has to be used for a public purpose and how Mr. Coffey wants to manipulate or use the balance of those funds is within his purview.

Mr. Leckie stated if he wants to give credit or doesn't want to give credit or whatever we have no part of that.

Mr. Chiumento stated I don't think we should and I don't know enough about how the feds money works with the county money and I get concerned of getting engaged in the swirling of funds at the county.

Mr. DeMatteis stated the county's plan is to basically restore the 15 to 16 cubic yards per foot along the whole coastline and in our segment except for Hammock Beach Club unless they come to the table. It is just part of a pot that goes in to ensure they get everything rebuilt.

Mr. Ryan stated I asked Coffey about the road ending signs in Malacompra, 16<sup>th</sup> and Jungle Hut were going to be federally funded and he said that is still their expectation but he doesn't know when and if it is going to happen.

Mr. Crahan stated there was an article in this morning's paper that the county had recounted the whole financial aspect of the restoration.

Mr. Vohs stated it was just slightly different but it indicated they would be getting federal and state money but the feedback I got is that FEMA depending on which day you talk to them, one day they can fund the thing because of something ITT did many years ago and the next day it is we don't fund on privately owned dunes. Nobody knows, I don't think Coffey knows what he is going to get I think you publicly put it out that you are expecting it and make FEMA take a

position. The position depending on which person you talk to on which day there may not be anything coming for dune restoration.

Mr. DeMatteis stated I think the money is just going to go in one big pot and they are going to say that pot gets us so many cubic yards.

Mr. Leckie stated we have funds for public lands, can you put it in the pot without saying it just goes to public lands. That is where I'm coming from because if they don't close in 16<sup>th</sup> and Jungle Hut where are the other public lands where the money will be spent?

Mr. Chiumento stated it is just a paper trail and my experience is that sometimes these things shift, sometimes they don't happen, sometimes they are delayed for years and then somehow you have to work out the timing with them but we have an interlocal agreement that there is \$400,000 left. We don't need to amend the interlocal agreement, a simple letter agreement between staffs that says at the appropriate time the \$400,000 can be released but it has to be for the public good and just leave it at that.

Mr. Leckie stated that covers us because that is what we are giving it for, the public.

Mr. Vohs stated we can sit and wait for the release of that money until the various associations are identified as to what they are going to recoup from it.

Mr. DeMatteis stated they are not going to be reimbursed.

Mr. Swinburn stated the guy giving legal advice to the Hammock Dunes Homeowners Association and I have had a conversation about this. I think that is allowable. He understands fully that when we put our \$400,000 out we are not going to mention any ultimate use of it, we are not going to imply that it should go to the homeowners association in one form or another. We are giving it for public land and he understands why we have to do that.

Mr. Leckie stated I think that is what we should go back to them with.

Mr. Ryan stated that was the basis of my discussion.

Mr. Chiumento stated and whatever promises the county makes to the homeowners that is between them. I don't have the interlocal agreement in front of me but we just don't give the money to the county there is a condition or timing on what we give or a project. We don't give it to them in hopes that they are going to do a project.

Mr. Ryan stated they have to have a specific contract for a purpose such as the median by Island Estates and the rescue stations. When those projects were done they submitted bills and we paid the county.

Mr. DeMatteis stated that is what we will be doing here, they are letting the contract for the beach restoration and then they are collecting moneys. All the moneys are not coming in right now they are coming in over five years. They are going to fund that project.

Mr. Chiumento stated if you want to get super technical Dunes would say this is how we have operated in the past we want to see the contract for the public beach so when they do the project there will be phase 1, phase 2 and phase 3 and the phase 3 would be the public portion. That is something that can be earmarked for public purposes to protect ourselves from any comment in the future.

Mr. Leckie stated what I have heard from the board members the issue of the well site lease should be untied and we should go back to the homeowners association and say that has nothing to do with this. We would like you to consider something but we are not making that a condition for the \$400,000.

Mr. Crahan stated there are no strings. I'm uncomfortable trying to associate this \$400,000 to any homeowners association. It is given to the county for the purpose we have discussed.

Mr. DeMatteis stated no but Jack is talking about communicating back to George DeGiovanni.

Mr. Crahan stated just say it was brought up in the course of the discussion and except for requesting review of your lease arrangement that is a stand alone discussion or some words to that affect.

Mr. Vohs stated I'm on the homeowners board and I will recuse myself from commenting.

Mr. Leckie stated the board is saying to me go back to George and say exactly what you just said, this is a stand alone item and we would like you to review the lease but that is all we are asking.

Mr. Crahan stated however we do it just dissociate the two items.

Mr. DeMatteis asked exactly where is the property?

Mr. Ryan stated it is directly across the street. It is designated conservation area it can never be anything else. It has value only as a conservation area yet nobody utilizes the area because it is fenced off.

Mr. Swinburn stated we previously made a motion that authorized staff to negotiate with Flagler County regarding the \$400,000. Do we need to do anything else now or does it just move ahead?

Mr. Ryan stated I think we move ahead with Michael reviewing the letter of transmission and the conditions that we have had in the past with assigning it to a specific project and only funding it when the specific project was brought forward. We would probably say something to that affect following the rules of previous funding.

Mr. Swinburn asked do you feel you have enough authority now to advance them a letter in that form?

Mr. Ryan responded yes.

**B. Discussion on Restoration of Marsh "TB" or Conversion of Marsh "TB" to a Lake**

This item taken earlier in the meeting.

**C. Update on Evaluating Stormwater Utilization from Hammock Dunes Lakes and Additional Reclaimed Water from Palm Coast**

Mr. Sheahan stated we tapped the existing 12" reuse main, set up our pump and began pumping this past Monday. This is from that drainage pond over by the bocce ball court and tennis courts. It appears we will be able to pump about 650 gallons a minute from that system, we pumped for five days and we are not seeing anything draw down in the lakes at this point. The rain filled it back up.

Mr. Leckie stated the one thing I didn't understand is when we put the tap in we had to cut off Palm Coast. How long is the test going to go?

Mr. Ryan stated it is done.

Mr. Leckie stated the idea is that we are going to use that.

Mr. Ryan stated we are going to lay a pipe from the manhole by the tennis courts to our lagoons. We will do a drill and bore under Jungle Hut Road and run it to the lagoons. We don't have an estimate yet but it may be \$20,000 to \$30,000.

Mr. Sheahan stated that would still utilize a portable pump to pump into that.

Mr. Leckie stated you would only use it when needed.

Mr. Sheahan stated right.

Mr. Ryan stated unless we want to hook up a submersible.

Mr. Sheahan stated ultimately that will be the solution to have a pump station there dedicated to reuse.

Mr. Crahan asked what is the right of way for this pipe?

Mr. Sheahan stated it would be in the existing utility easement we have for the 12" pipe. We have a force main and reuse main in there already.

Mr. Ryan stated I will look at the language in the easement.

Mr. DeMatteis asked how does this affect Ocean Hammock with the golf course business?

Mr. Ryan stated I sent a letter to the board stating that they wanted X number of gallons a day and I said we couldn't supply that much and until we got through with the pump test we don't know how much we can supply them. We ran it for three or four days and we don't know if it is a long term solution. When we were taking from the north side lakes it demonstrated to be a pretty good solution. Taking lake water from the Hammock Dunes lakes could be a temporarily solution but, we don't know how long that will work. We will prepare the estimate for the pipe and get it ready to go and make sure the easement document covers what we need to do at least to get it across to the district's property.

Mr. Leckie asked what kind of timeline are you looking at?

Mr. Ryan stated they are not supposed to start laying sod until May. I talked to Baker yesterday and he said they were only sodding the banks around the bunkers.

Mr. Crahan stated no around the entire green, a huge amount of sod. They rototilled and at least on the 18<sup>th</sup> raked the fairway but they were only rototilling every fairway.

Mr. Ryan stated that is to be sprigged and the sod is only in certain areas they are not going to sod the whole golf course. Their demand at this point is not something we can't handle until we get the pipe in and they start with the sprigging. The question is whether we get authorization to put the pipe line in and just move it forward rather than wait for the next board meeting to give you an estimate.

Mr. Crahan asked did you say we sent a letter to somebody?

Mr. Ryan stated Daniel Baker.

Mr. Crahan stated I would like to see a copy of that letter.

Mr. Ryan stated you did get one, I emailed it yesterday.

Mr. Crahan stated they don't listen very well.

Mr. Ryan stated that is why I called them left a message and he called me back and I repeated what I said and I said here is an email and hit the button when he was on the phone so I know he got it and I sent copies to everyone. Basically saying that we can't give you what you are requesting we will make our best effort to give you what we can and if anything changes we will let you know immediately. I sent it to Prim and Daniel so Prim can't say I never said that.

Mr. Crahan stated Rich I don't know if you heard the answer to the email Dick sent out about Prim's or a supposed letter that had gone out to all members.

Mr. Leckie stated that came from me.

Mr. Crahan stated the only discussion that I was able to track down was a formal presentation at the ABOG.

Mr. DeMatteis stated I know of no formal distribution of anything.

Mr. Leckie stated I don't know who told me that and I will go back. Somebody was pretty emphatic when they told me about it and there is one other person I can talk to.

Mr. DeMatteis stated I asked several golf members nobody saw anything and if there was a presentation to the ABOG Group that doesn't really get disseminated out anyway.

Mr. Crahan stated ABOG is the advisory board of governors, a member group steering committee for the club.

Mr. Leckie stated the only place it could have been was an internal management thing that went to the management.

Mr. Crahan stated I just want us to avoid being the bad guy again because they are doing everything to push the envelope.

Mr. Vohs asked Dick on the northern lakes if we get other rain similar to the recent one we will get a speed up in the reduction of the salt?

Mr. Ryan responded we know so far we have had stratification, we are going to do a test in the next couple of days and see where that is going but based on what had happened in the first four or five months not much had happened. We will see what happened with this heavy rainfall.

Mr. Leckie asked what about the lakes? As I recall the lakes farther north are more salty then they get less salty as you get down towards us. Where do we draw from? Don't we draw from the lake on this other end?

Mr. Ryan stated the ponds at the entrance to Ocean Hammock is where they are drawing, they in turn are fed by the other lakes.

Mr. Leckie stated you couldn't take out of the southern lakes and be comfortable with what is coming out.

Mr. Ryan stated even though they are better they are not good enough.

Mr. Sheahan stated the other thing we are looking at long term is getting additional water from Palm Coast. There is a routing study proposal by the engineer submitted to Palm Coast and they are evaluating the proposal, they haven't agreed to it yet so it is not going anywhere at this time. Once the routing study is done and they agree on a route then they will do some modeling and determine the size of the pipe and layout.

Mr. Leckie stated so we are months away.

Mr. Sheahan stated I would say a year away.

Mr. Leckie stated let's go back a second. Do we want to give Dick and Tim permission to go ahead with this line to spend up to \$35,000 or some number you come up with to put the line in to get the extra water from the Hammock Dunes Lakes?

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor staff was authorized to negotiate a commitment to run the reclaimed line from the Hammock Dunes lake to this facility as an auxiliary irrigation source in an amount not to exceed \$40,000.
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**D. Discussion of Staffing Issues**

This item taken later in the meeting.

**E. Discuss Approach for the DCDD to Provide Community Project Funds to the County for Dunes Restoration Projects on Public Property at the Ends of Jungle Hut Road, 16<sup>th</sup>, and Malacompra**

This item taken earlier in the meeting.

**F. Community Projects Report**

Mr. Ryan stated that was with your bridge reports. We are still not quite in sync with the accountant's report and that is only because they are a month behind and we are a month ahead but the numbers are correct. We probably have one area of discrepancy that will require us to do

an adjustment before we close out this project. The two things that haven't been done is the final payment of bills on the Hammock Dunes Parkway improvements. The \$400,000 is an approximate number that is left over and that will be the amount that is contributed to the county for the public property restoration.

Mr. Crahan asked is the total Hammock Dunes Parkway number still good at \$255,000?

Mr. Ryan responded it was a little bit higher because we had a couple other things but give or take a few dollars. Under that arrangement we have a right to override up to 5% without having the county concur. We will be close to that final number.

**G. Review Proposed FY 2018 Budget and Adopt Resolution 2017-04 Accepting the Proposed Budget and Setting August 11, 2017 as the Date for the Public Hearing to Adopt the Final Budget**

Mr. Ryan stated each year we basically take last year's budget and put some new dates on it and approve this for discussion so we can then set the public hearing. Realizing that this budget is only a placeholder and we will refine it as we get into June/July and in August we will adopt the final budget. We have to submit this budget to the county and I ask the board to approve the proposed budget for fiscal year 2018 and adopt Resolution 2017-04 that sets the public hearing for August 11, 2017.

Mr. Swinburn moved to approve the proposed fiscal year 2018 budget and Mr. Vohs seconded the motion.
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Mr. Crahan stated the carry over from last month's meeting where we talked about interpretation of surplus funds we were going to put it as capital reserve or something like that. Have we done that?

Mr. Ryan stated you will notice that the bridge and water and sewer budgets are zeroed out so it shows no surplus, it shows a contribution to capital improvements. It doesn't show a surplus.

Mr. DeMatteis stated I know it is preliminary. Are we going to add in potential capital projects, the pipe cleaning truck we talked about?

Mr. Ryan stated that is dependent on the results of the camera study of the pipes. Depending on what that shows then we will bring that up sometime in the future.



On voice vote with all in favor the motion passed.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor Resolution 2017-04 setting the public hearing for August 11, 2017 was approved.

Mr. Leckie stated at this point I will ask Dick and Tim to leave and we will go back to the discussion of staffing issues.

Mr. Crahan asked can we have a copy of the paperwork for the marsh restoration?

Mr. Ryan stated I will do that now.

Mr. Crahan asked will this be an item on the next agenda?

Mr. Leckie stated we may have a discussion now before we leave about what happened here.

Mr. Ryan and Mr. Sheahan left the meeting at this time.

#### **Discussion of Staffing Issues**

Mr. Leckie stated I have met with Dick in the last week or two, two or three times and in one of the discussions he said to me that his contract is up September 30<sup>th</sup>. We talked about other things and he just threw that out and I went home and thought about it. I came back and sat down with him and he said he was serious and that his contract is up on September 30<sup>th</sup> he would look to going on a month-to-month basis but strongly recommended that we start a search for somebody to replace him. That has other complications because Tim is undergoing certain tests right now and he is not in good health. There is a significant situation if we were to lose both of them at the same time. Tim still has other tests to go, we do not have a final word on him on where he stood, if he is able to work he will continue to work especially to get through this wastewater treatment plant since he has all the information on it. Dick said if Tim had to leave he would stay on but only on a month-to-month basis and we would have to work out something. We need to start to look for a new person to take Dick's place and from what I can gather it is not going to be easy. I want to have Dave's comments about that and are there certain places we should go and what we should do or appoint a committee to start that search.

Mr. deNagy stated GMS in the past has been fortunate to have kind of word of mouth with people we are familiar with as district managers. We have used professional search firms.

Recently we hired an assistant district manager through Robert Half and typically we look for a strong financial background, degreed, personal and word of mouth is always good and anybody we know internally we can promote as a district manager. A professional search firm is probably a good way to go. We have advertised in the paper and on websites like monster.com and so forth as well. I can go back to Jim Perry and get with him and get some more information on that for you. I know that is what we have done for our organization.

Mr. DeMatteis stated the assumption was that when Dick retired we would promote Tim into that position.

Mr. Leckie stated Tim has said he is not up to that.

Mr. DeMatteis stated I understand but the grand plan was that Tim would take his place. If we are still comfortable with that transition that potential staffing then we would need an engineer. We would have to replace Tim on the engineering side. My point is if Tim is either going to become the district manager or he is not going to be able to continue as the engineer.

Mr. Leckie stated that is not correct. Tim will continue as the engineer as he is, he does not want to take on Dick's job.

Mr. DeMatteis stated even in September if things go well.

Mr. Leckie stated yes. I think over the period of time he has been here he has seen what Dick does and Tim's expertise is operations and he is great.

Mr. Crahan asked are there search firms that deal with this?

Mr. deNagy stated it is a niche market it is difficult. We typically look for someone with a strong financial background. As you know Dick deals mostly with government agencies and that sort of thing and that is the wrinkle and that only comes from experience.

Mr. Leckie stated that is the part that Tim is not comfortable dealing with. There are CDDs that are similar, none of them have a bridge but basically this could be a place you could start to take a look at people. I think if you go out to the general public you are going to have all sorts of people applying that have no idea what this is about.

Mr. deNagy stated I will talk with Jim Perry and we will get back with you.

Mr. Crahan stated the phasing would be line this person up with a commitment for September 30<sup>th</sup> assumption of duties bringing him in a month earlier or something like that for a turnover period, giving that person enough advance so they can relocate families and that sort of thing and retain Dick in a consulting kind of way.

Mr. Leckie stated I was thinking put him on retainer for a year and only use him when you need him. That's what we did when we replaced Dave Root we put him on retainer for a year, we didn't use him much more than three or four times but we had him if we needed him.

I will talk with Michael and Jim and hopefully, we will get someone to head this up to be the search person.

Mr. Swinburn asked can we set up a committee that consists of a couple of members and operate without the rest of the board?

Mr. deNagy stated you can but if you have a meeting you have to notice it.

Mr. Chiumento stated that is correct any committee whether it was somebody on the board or not is subject to sunshine.

Mr. Leckie asked can we appoint one person to be in charge of the committee?

Mr. Chiumento stated for example you could run it and work with staff to find somebody and report back you don't need to do any special noticing. You need notice if there are two or more.

Mr. Leckie stated it seems that it would be easier if somebody would do it by themselves.

Mr. Chiumento stated with the assistance of Dave or staff that is fine.

Mr. Leckie asked does anybody have a problem with me doing that or would somebody like to do that?

Mr. Crahan stated looking forward you would bring a basket of candidates, two or three or would you bring what you recommend. The purpose of a committee is to cull down to a small group.

Mr. Leckie stated I would say narrow it to one. If you want we could hold a special meeting and say I have it down to five and we all look at the resumes and I bring them all in and we try to narrow it down if you feel better about something like that. I'm hoping we can get five people.

Mr. Crahan stated that is fine.

Mr. Leckie stated if we get resumes I can bring the resumes and we can have an agenda item that we could all look at the resumes while we are here in a meeting.

Mr. DeMatteis asked is there a candidate we already know about such as in Palm Coast Water?

Mr. Leckie stated I can ask Tim or Dick that.

It was the consensus of the board to have Mr. Leckie head the search and to bring back to the full board resumes of potential candidates.

Mr. Ryan and Mr. Sheahan rejoined the meeting at this time.

### **Continuation of the Discussion on the Marsh**

Mr. Swinburn stated I think we are shooting for a decision at the next board meeting so we could all get a chance to look at the package and I would like to receive recommendations from Dick and Jim about it. I would like to know from Michael or Dick what our obligations are under our charter and our regulations, etc. to do something because physically it is a disaster out there. I don't want to do anything unless I know we have an obligation to do something and what that obligation is. Also I would like to know Michael if this question makes sense. They are talking about a person not employed by the DCDD playing a significant part in running the project. Can we do that? Does that make sense? Do we take him on as a consultant, do we take him on as an employee or do we say thanks we will do it ourselves?

Mr. Chiumento stated you can do that the only issue is that you completely understand this kind of shared liability between the two of you and you are responsible for their actions. Also then they become subject to the sunshine amendment, basically you have agents of the district.

Mr. Leckie stated Dick and I have discussed this and I think it has to be something done by this board. It is our land we own it we have the responsibility and they can give us ideas and so forth but it is our decision what we do.

Mr. Ryan stated it would be counter productive in a lot of ways to have someone else step into that situation even in an advisory role. I don't think it is workable and it brings in questions of responsibility and liability when you give somebody some degree of authority. I don't think it is a good idea not that I particular want them to get involved to a large degree but between Tim and I we have to be involved in that. As a starter the numbers are bogus, to start with engineering, \$5,600. You couldn't get what you need to do in there for quantities for that you are looking at \$25,000 to \$30,000 to do it then you have supervision of the project. Working with St. Johns River Water Management District is never a simple task, no matter what we have done with them it is not easy. It took me over a year to get them to transfer the permits for operating the stormwater system from Hammock Dunes, going there five or six times we had to

employ a consultant to come in and do studies on the lakes and whether they still met the standards, it was a disaster. The costs are nowhere near what they should be. The biggest thing is you can't use that soil. We went out and did tests on the soil and Georgia University test procedure for determining salinity and soil and we did the standardized test and if you were over two micromills per centimeter then it is extremely salty and this is 3.5. Nothing is going to grow in that soil. The golf course had the same problem when they were irrigating the Creek golf course early on. When they started to grow the grass they were using irrigation wells where the salt was too high and they built up a salt layer in the top soil. They had to aerate it and put gypsum on it to make it usable. They only had to go down 3" because grass only goes down 3" but you are talking about remediating the bank after you put it in place and put gypsum or something on it to drive the salt out. What they are talking about is not doable with that salt. The whole thing comes down to if you are going to do it you are going to excavate the whole thing and haul it away. It sounds nice and easy and how expensive it is to do the marsh but to go in and try to put in a lake under their proposal is not reasonable for a number of reasons. It sounds like they are going to put a little berm there but the berms are going to be six feet high either that or you make the lake 10 feet wide one or the other because you can't take the amount of fill they are talking about out of there and berm it without filling it back in because you have to have a littoral shelf, on a four to one slope.

Mr. Leckie stated we found out about the salinity we did the test this week. They do not know about the salinity.

Mr. Crahan asked on the flip side of this have we put nitrogen in our maintenance of this marsh, are we culpable too?

Mr. Ryan stated no. We went in and redid the marsh we improved it and took out some of the invasive species. This was at the request of the adjacent owner.

Mr. Crahan asked what is the timeframe?

Mr. Sheahan stated this is after we got the letter back in the fall from St. Johns saying to remove the invasive species.

Mr. Crahan asked how does it sit in the normal course of the year is it wet or dry?

Mr. Ryan stated it is mucky all the time. Years ago it used to have water but when the plants die and fall that is what happened there, it is a typical marsh environment where the plant

material keeps building up and you get this kind of mucky stuff. At one point years ago you could see water all through that area but that is long sense gone.

Mr. Leckie stated you can see water today because of the rain on Tuesday.

Mr. Crahan asked are we supposed to remediate it every so many years?

Mr. Ryan responded this was supposed to be a natural marsh and the fact is it was never a natural marsh. St. Johns mandated that ITT put in a marsh and I have no idea why so they went in and planted materials and made it a marsh. That was a creation of St. Johns that was not a naturally occurring marsh. Most of the other ones are naturally occurring. We went in and maintained the plants, took all the invasive species out on a routine basis so we have maintained the marsh. What happened was the salt water breached the dunes and killed everything. Are we responsible for the salt water killing everything, no. How do we remediate that or clean it up I don't have a clue.

Mr. Leckie asked do we have the responsibility on this deed?

Mr. Ryan stated that is not even the final one the maintenance agreement is a different one. We would have to sit down with St. Johns and say what do you expect us to do? Salt water came in and killed it we want to keep it as a marsh because it is much simpler we don't have to mitigation we don't have to excavate salty soils. What is your suggestion? Frankly, I don't know the best approach but I suspect it is reconstituting the area as a marsh.

Mr. Leckie stated that will mean taking out that salty soil anyway.

Mr. Ryan stated I don't know. They may have a handle on that at St. Johns, they would have had to have dealt with this kind of thing before. I think the approach would be to put it back to some degree into a littoral marsh and make it halfway presentable again. To shove the fill onto the bank is not going to solve anything.

Mr. DeMatteis stated in closing they said it is causing a smell. What is causing the smell?

Mr. Leckie stated I play golf there and my ball has gone in there enough times that I have walked to the edge many times and I have never smelled a thing.

Mr. Sheahan stated decaying vegetation is the only thing it could be.

Mr. Crahan stated the plat shows a marsh area closer to the roadway then it shows below that a huge wetland area with a finger lake. Is all that today or is that original? Is there a marsh along that side?

Mr. Ryan outlined on the plat the areas that are marsh and lake.

Mr. Sheahan stated if you read his little blurb in the package it is very sketchy.

Mr. Swinburn stated I understand all his points and I think they are well taken. In my mind I still don't know the answer to the basic question. Do we have an obligation to do something?

Mr. Ryan responded yes. We have an obligation to determine how we fix the problem. I would start with going up to St. Johns and finding out the best way because three and a half months go they are the ones who said wait a while and it will come back.

Mr. Crahan asked is this the only one or are there others around?

Mr. Ryan stated fortunately none have been hit with the saltwater. The other marshes are still there. You don't have any in Ocean Hammock.

Mr. Leckie stated it was always low because we cut it back, we spent \$6,000 to mitigate the thing last October or November. We had a letter from St. Johns to do that.

Mr. Ryan stated the only reason they entered the picture on this was the Flagler County Commissioner went to St. Johns and said you have to help this guy out and tell the DCDD to fix it. That is how it all got started. In the 16 years I have been here I have never received a piece of communication about the maintenance of our stormwater system, the marshes and so forth. All of a sudden we get this thing because Meeker works for St. Johns and was a Flagler County Commissioner that is how it all got started.

Mr. Swinburn stated the fellow who was sitting there is the homeowner who took these pictures from his house and he started all of this if I remember right.

Mr. Vohs asked is there any value to the DCDD to fix it?

Mr. Ryan stated the marsh is a requirement of St. Johns River Water Management District. Unless directed we never would have put it there.

Mr. Chiumento stated we could convey it and partially assign the permit over to them and they can go and modify the permit.

Mr. Vohs stated I think making that statement to them, now you have to figure out what your confidence level is in these documents, deed it to the club or the homeowners.

Mr. DeMatteis asked is it filtering the lake water or anything like that?

Mr. Ryan stated yes, any littoral area is treating an area for the stormwater management system. To turn around and say it is only \$5,600 for engineering you are going to spend three

times that amount just getting the thing re-permitted. We went through this when we took over the stormwater management system from HD Associates they wanted all kinds of stuff just to take on the responsibility to maintain the lakes and marshes.

Mr. Sheahan stated that is why you are paying this mitigation bank because they are doing something other than using it as a marsh. If we deeded it over to them and they wanted to do that it has already been mitigated so they could do what they want.

Mr. DeMatteis stated the real options are either give them the property and wash our hands or go to St. Johns River Water Management District and say you told us to do this, this is what has happened now tell us what we should do or what our options are.

Mr. Sheahan stated we were in a holding pattern after the hurricane hit because we didn't want to go in and plant all these species they told us in this letter knowing they were going to die. Then we heard that Hertzog wanted to make it part of the lake.

Mr. Vohs stated if you will remember before we went in and cleaned it out he wanted to make that part of the lake.

Mr. Ryan stated that is when we got the estimate from Cline and it was going to be \$199,000.

Mr. DeMatteis asked why is the estimate so different now?

Mr. Ryan stated because he is just pushing it up on the bank and you can't push that much material up without creating a good size mound and to say it is not going to affect the golf course is crazy of course it is going to affect the golf course. It sounds good but it is not thought out.

Mr. Leckie stated somebody is going to have to talk to St. Johns and we will ask you or Tim to do that and find out where we are.

Mr. Crahan asked can we at least pull the pallet out of there?

Mr. Ryan stated the pallet is long gone.

Mr. Leckie stated they called me and asked me to come on Tuesday and I said you guys didn't clean this out I asked at the last meeting to clean this out and these guys went up to clean it out and Hertzog stopped them. Now that is our property and he told them they couldn't take the boards out so I went back to the homeowners and said you asked us to clean it, we went to clean it and couldn't do it. This is all contentious.



Mr. Crahan asked do you have in Hammock Dunes the easement rights that are access points for all the lake system?

Mr. Ryan stated yes and no. A number of them are no because they are small or marshes or stuff so the answer is not really.

Mr. Crahan asked do you have to go across private property?

Mr. Ryan stated the golf course.

Mr. Vohs stated in this case there is a homeowner a different homeowner who bought the lot next to it because he didn't want anybody to build on it who has apparently volunteered it to be an access point.

Mr. Leckie stated we went out the next day and cleaned out the wood and the pallet is gone, the guys were there Friday.

Mr. Ryan stated my suggestion is that we talk to St. Johns with an eye towards reestablishing the marsh because I think the \$200,000 number, which is the real number to get rid of the problem and make it into a lake is a big bullet to bite and if you do something like this who is next.

Mr. DeMatteis stated I don't think it is an appropriate use of funds.

Mr. Ryan stated we don't have the funds, we just got rid of all the funds cleaning out the pipelines.

Mr. Leckie stated we also have a responsibility.

Mr. Ryan asked that is why I said go to St. Johns and ask what is our responsibility in a situation where you have a natural disaster that floods it with saltwater, kills everything and it is going to be a while before we can do it. Are you going to give us the money to go in and dredge it out and haul it off? That is a question to put to them too.

Mr. Leckie asked can Tim go back to Cline with the quote we have here and say what are you going to do for \$15,000 when you told us it would be \$200,000?

Mr. Ryan stated they started to explain they are just going to pile it up on the golf course.

Mr. Leckie stated I understand. When you start moving dirt it is costly.

Mr. Crahan stated just to deploy to the site has a cost. I would be interested in finding out what the options are, what are the pros and cons of each option and then that gives us at least a talking point to be able to work through this.

Mr. Leckie stated talk to St. Johns and come back with something.

Mr. Ryan stated okay.

**FIFTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

There being none, the next item followed.

**B. Engineer**

Mr. Sheahan stated the wastewater plant design, we are still reviewing the draft design. The next progress will be April 12<sup>th</sup>. Hammock Dunes Parkway is complete except for the special order signs and we should have some of them today and the rest next week. We are developing a scope for cleaning and closed circuit TV inspection of the stormwater system of those areas to the south and the north. Kissinger Campo will be in April 24<sup>th</sup> for under bridge inspection on the bridge. They do that every other year for us. The water shortage warning order we did place a notification on our website and included a similar notification on our recent water bill.

Mr. Crahan stated going back to the discussion of county takeover of the bridge in that argument they should be aware that concurrent with the bridge is Hammock Dunes Parkway and we lose the ability i.e. of a funding source to be able to maintain Hammock Dunes Parkway when we don't have the bridge toll. When they are talking about the maintenance package they have to think in terms of 2 ½ or 3 miles whatever it is of Hammock Dunes Parkway.

Mr. Ryan stated the same for the Connector Road.

Mr. DeMatteis asked where does that stand?

Mr. Ryan stated we don't know.

Mr. DeMatteis asked what have we done on our side?

Mr. Ryan stated Michael has researched our options and the problem is it is a gray area of the law there are no cases.

Mr. Chiumento stated we have researched just to know what we would have to do in the event they passed an ordinance and we would be stuck in litigation. It was a novel idea we went over last time but because it has not happened or reported happened either both through the administrative remedies or decisions in court it would be a whole new thing they would be talking about to the judge and it would go on for a long time.

Mr. DeMatteis stated we talked last time that one of the defensive options would be to somehow protect those funds in some manner. Are there any options in that?

Mr. Chiumento stated we have not gone through that but the first thing that comes to mind is that in other municipalities they borrow from their funds, utility funds, i.e. bridge fund and they carry a debt and have a financial reconciliation so that the city pays from their general fund back to the water and sewer department. Those types of things we can do here and we would get an accounting expert. That is something we can do but those funds have to be used for that nexus related to the bridge.

Mr. DeMatteis asked you couldn't borrow bridge funds to pay for the wastewater treatment plant?

Mr. Chiumento stated you can borrow but you have to maintain a debt on your books. Strange thing about it is about two years ago the city in borrowing money from the utilities forgave all the debt. I don't know enough about government accounting to give you a clear picture but that is how they do that. I assume that we could explore that option.

Mr. Crahan stated we should have a strategic plan into the future for the way the traffic criteria goes up and further major modifications.

### **C. Manager – Bridge Reports and Traffic Comparison for March**

Mr. Ryan gave an overview of the bridge reports for March along with the traffic comparison.

## **SIXTH ORDER OF BUSINESS**

### **Supervisor's Requests and Audience Comments**

Mr. DeMatteis stated we talked last time about looking into investment laddering the surplus funds. Is there any progress on that?

Mr. Ryan stated no, I haven't followed up but we have the data and can present the information and we will try to get that done over the course of the next couple of months and see what it looks like. There is certainly an opportunity to enhance although our money now on a daily basis is paying 1.1%, which is about five times what it has been paying. It would be nice to get three points on that money versus one or two. We will get the package to someone to make a recommendation.

**SEVENTH ORDER OF BUSINESS**

**Financial Reports**

- A. Balance Sheet & Income Statement**
- B. Construction Schedule**
- C. Special Assessment Receipt Schedule**
- D. 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, May 12, 2017 @ 9:30 a.m. at the Dunes CDD Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida**

Mr. Leckie stated the next meeting is May 12, 2017.

Mr. Ryan stated just for clarification you are going to talk to the homeowners association.

Mr. Leckie stated yes.

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the meeting adjourned at 11:30 a.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman