

MINUTES OF MEETING  
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, August 12, 2022, at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida.

Present and constituting a quorum were:

George DeGovanni	Chairman
Gary Crahan	Vice Chairman
Rich DeMatteis	Assistant Secretary (Via Zoom)
Charles Swinburn	Assistant Secretary
Dennis Vohs	Treasurer

Also present were:

Greg Peugh	District Manager
Daniel Laughlin	District Representative
Michael Chiumento	District Counsel
Dave Ponitz	District Engineer
Scott Sowers	Cline Construction
Eric Rush	Cline Construction
Cyriacus Alcindor	Cline Construction
Marty Bacon	Cline Construction

The following is a summary of the discussions and actions taken at the August 12, 2022 meeting.

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Minutes**

**A. Approval of the Minutes of the June 10, 2022 Meeting**

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

On MOTION by Mr. Vohs seconded by Mr. Crahan with all in favor the minutes of the June 10, 2022 meeting were approved as revised.
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**THIRD ORDER OF BUSINESS****Audience Comments**

There being no comments, the next item followed.

*The following item was taken out of order of the agenda.*

**FIFTH ORDER OF BUSINESS****Reports and Discussion Items****Toll Booth Project**

Mr. Peugh recapped the status of the toll booth project stating the project schedule has been exceeded and there is approximately \$106,000 in liquidated damages.

Mr. Sowers, President of Cline Construction, reminded the Board the project began September 22, 2020, and change orders were distributed which provide for 642 days until completion, which ends up being June 26, 2022. He noted there is another date underneath the change orders of April 10, 2022, which is where he believes the confusion is coming from. He also stated that within the contract there are partial utilization clauses that allows for partial acceptance of the work. The building was turned over on March 26th, the west parking lot was turned over April 16th, and the east parking lot was turned over July 26th, so two-thirds of the project was turned over at or before the substantial completion date. He stated that there have been issues with material supply shortages and sub-contractor issues that caused delays and stated that they had no intent of delaying the project any longer than it needed to be. Additionally, he stated that while there was no escalation clause in the contract, some additional funds in the amount of approximately \$12,000 were requested for work related to a page missing out of the construction plans that were provided during the bidding process. The request for funds was rejected, but Cline proceeded to perform the work anyway. He feels that Cline was hit in areas such as rising material costs and that concessions were given, and now they're being hit with a penalty of \$106,000 that will not only affect Cline but will also affect subcontractors and he does not feel that it is right.

Mr. Crahan asked if Mr. Peugh agreed to the notice to proceed dates and completion dates mentioned. Mr. Peugh responded that there were two phases to the project and the first phase was completed quicker than anticipated. The second phase was initially supposed to be completed in 180 days, but an additional 282 days were given, with April 11, 2022 being the completion date. Mr. Sowers believes the agreed upon completion date was June 26, 2022.

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The Cline Construction representatives left the meeting at this time and the Board continued their discussion. Mr. Peugh informed the Board that when Cline requested the additional 282 days, one of the conditions Mr. Peugh requested was that no additional money be requested for that time. CPH, the DCDD's Engineer, previously asked for \$37,700 for the additional 282 days, and they've requested another \$38,000 for the last 106 days. The Board discussed any delays that may have been out of Cline's control and whether they should be compensated for any amount of the extra time spent on the project. The Board agreed to reduce liquidated damages up to \$56,000 and refund Cline no more than \$50,000 of the remaining amount owed, however all payments will be held until the project is 100% complete. The Board authorized the District Manager to negotiate these terms.

**FOURTH ORDER OF BUSINESS****Public Hearing to Adopt the Budgets for  
Fiscal Year 2023**

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the public hearing was opened.
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**B. Fiscal Year 2023 Budget**

Mr. Peugh gave an overview of the budget and substantial increases from the previous year. For the general fund he explained there were increases including insurance of 15% and salaries, which were increased by 5%. In the past there have been three phases assessed for the general fund assessments; phase one is Hammock Dunes, phase two is Ocean Hammock and phase three is Yacht Harbor. The administration portion was assessed to all three phases, which includes 3,437 units. Additionally, there is a maintenance assessment that was only paid by Hammock Dunes and Ocean Hammock. Those maintenance assessments were mostly stormwater related. For the Fiscal Year 2023 budget, anything stormwater related was moved out of the general fund budget and into the stormwater fund budget. The remaining items in the general fund are attributable to all three phases, so Mr. Peugh reduced the assessments for Hammock Dunes and Ocean Hammock to \$37.69 to make it equal to Yacht Harbor's assessments. That creates a budget shortfall of \$67,000, therefore the carry forward surplus was increased to make the budget whole.

For the water and sewer fund, he explained the revenues have increased by 5.1% due to the addition of 20 new homes. Expenditures are up about 10% with the largest drivers of the increase being repairs and salaries.

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For the bridge fund, revenues were increased by approximately \$200,000 to account for the proposal to increase the cash toll rate and \$145,000 for increased sales. Expenditures are up approximately \$96,000 with the largest drivers behind the increase being salaries and the bridge inspection.

For the stormwater fund, revenues and expenditures are projected to be \$452,556.

Mr. Peugh provided an explanation for each project proposed for Fiscal Year 2023 provided in the capital improvements list in the budget. The estimated total for all projects is \$990,000. Mr. Crahan stated that he would like to see a total of what has been spent in the last five years on capital expenditures.

**C. Resolution 2022-06, Approving the Transfer of Funds from the Bridge, Water & Sewer Funds and General Fund Surplus to the General Fund for FY 2023**

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor resolution 2022-06 was approved.

**D. Resolution 2022-07, Adopting the General Fund Budget for FY 2023**

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor resolution 2022-07 was approved.

**E. Resolution 2022-08, Levying Assessments for FY2023**

Mr. Peugh stated that resolution 2022-08 would need to be revised to reflect the assessment change to \$37.69 for all three phases.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor resolution 2022-08 was approved as revised.

**F. Resolution 2022-09, Adopting the Water & Sewer Fund Budget for FY 2023**

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor resolution 2022-09 was approved.

**G. Resolution 2022-10, Adopting the Bridge Fund Budget for FY 2023**

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On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor resolution 2022-10 was approved.

**H. Resolution 2022-11, Adopting the Stormwater Enterprise Fund Budget**

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor resolution 2022-11 was approved.

**I. Resolution 2022-12, Adopting the Section 125 Cafeteria Plan**

Mr. Peugh stated that every year the employees are offered additional long-term health insurance coverage and dental and the Section 125 Cafeteria Plan allows them to do so pre-tax.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor resolution 2022-12 was approved.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the public hearing was closed.

**FIFTH ORDER OF BUSIUNESS**

**Reports and Discussion Items**

**J. Acceptance of the Fiscal Year 2021 Audit Report**

Mr. Peugh stated that he had no concerns upon his review of the audit report.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor the Fiscal Year 2021 audit report was accepted.

**Discussion on Toll Booth Project (Continued Discussion)**

Mr. Crahan stated that the two palm trees that are planted on the toll house side of the toll booths get very large and he was concerned that they may interfere with the connector roof. Mr. Peugh stated that he would speak to the landscaping team and would move them if necessary.

Mr. DeGiovanni stated that he took a tour of the toll booth project and complimented Mr. Peugh and his team for the landscaping and overall design of the toll booth.

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**Discussion on Capacity Fee Issues for Commercial Accounts**

Mr. Peugh informed the Board the Hammock Beach Resort is still operating within their allowable water consumption capacity.

**Discussion on Stormwater Utility / Reclaimed Flow**

Mr. Peugh stated that he met with the consultant to discuss how best to charge the Beach Walk development for stormwater utility service.

Mr. Peugh did not have an update on if Palm Coast can provide the District with more reclaimed flow.

**Oasis / Beach Walk / Lennar Homes Development Update**

Mr. Ponitz informed the Board that the district approved the final utilities plans for the Oasis development months ago, and they've paid the capacity and development fees. He has not heard anything from the County on the Developer's planned construction schedule. He also noted that he has not seen a revised set of plans or heard from Lennar (Hammock Dunes Parcel 16B) in months.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

**Attorney**

Mr. Chiumento stated that the District is looking at acquiring additional lands from the County at the intersection of Hammock Dunes Parkway and Camino Del Mar for widening of the four-way stop, and another portion of land for a well site.

He also informed the Board of a settlement offer made on the lawsuit regarding a concentrate line that is continuing to be negotiated.

**K. Engineer - Report**

Mr. Ponitz gave an overview of the engineer's report, a copy of which was included in the agenda package. He noted bids are due from interested contractors for the Hammock Dunes Parkway Milling & Resurfacing Project on Monday August 15, 2022.

**Manager**

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**L. Bridge Report for July**

Mr. Peugh informed the Board that for June, vehicle trips were up 1.4% and revenue was up about 2.7% from last year. For July, vehicle trips were up 2% and revenue was up 6.5%. Revenue in the amount of \$3,816 was collected from closed bridge pass accounts, and \$13,547 was collected from closed loyalty pass accounts.

He also informed the Board the owner of the Green Lion stated that it would be shut down sometime in January, however they are continuing with the permitting process for their property adjacent to the bridge. Mr. Peugh noted anything improved on the District's property would have to be approved.

**M. Additional Budget Items Report**

There were no additional budget items to report.

**SEVENTH ORDER OF BUSINESS                      Supervisors' Requests and Audience Comments**

Mr. Crahan stated that the moss is getting heavy on the live oaks on Hammock Dunes Parkway. Mr. Peugh stated that there are already plans to raise the canopies of the trees in September, so he will ask the arborist what can be done.

**EIGHTH ORDER OF BUSINESS                      Financial Reports****N. Balance Sheet & Income Statement****O. Assessment Receipts Schedule****P. Approval of Check Register**

A copy of the check register totaling \$1,092,613.83 was included in the agenda package.

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

**NINTH ORDER OF BUSINESS**

**Next Scheduled Meeting: September 9, 2022  
at 9:30 a.m. at the Dunes Administrative  
Office, 101 Jungle Hut Road, Palm Coast,  
Florida**

At this time Mr. Peugh left the meeting and the Board discussed his annual review.

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**TENTH ORDER OF BUSINESS**

**Adjournment**

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

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*Gregory Pengli*

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Secretary/Assistant Secretary

DocuSigned by:

*George DeGiovanni*

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Chairman/Vice Chairman