

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, July 12, 2024, 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
Kevin Porter	Assistant Secretary
Dennis Vohs	Treasurer
Rich DeMatteis	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Darrin Mossing	District Representative
Dave Ponitz	District Utilities Manager
Michael Chiumento	District Counsel
Mike McCabe	Resident
Bill White	Resident
Richard Hamilton	Resident
KC Cole <i>by Zoom</i>	CDM Smith

The following is a summary of the discussions and actions taken at the July 12, 2024 meeting.

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Minutes

A. Approval of the Minutes of the June 14, 2024 Meeting

Mr. Crahan suggested including a list of action items requiring follow-up with the minutes.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the June 14, 2024 minutes were approved as presented.
--

THIRD ORDER OF BUSINESS

Audience Comments

July 12, 2024

Dunes CDD

Richard Hamilton stated that the two-way stop at the intersection of Jungle Hut Rd. and Hammock Dunes Parkway used to be a four-way stop until about five or six years ago. He asked how the Board would feel about reinstating a four-way stop with the increase in traffic. The previous study removing the 4-way stop was cited as the basis for not reinstalling the 4-way stop.

FOURTH ORDER OF BUSINESS **Reports and Discussion Items**
Discussion of Rate Study Decision Points

Mr. Peugh reminded the Board that the consensus at the last meeting was to increase the water and sewer rates by 9.5% annually. He noted Mr. Mossing recommended only noticing an increase for one year at this time. He also stated that it was investigated what could be done to avoid emergency water restrictions in the future, and one of the solutions is additional reclaimed storage, which would cost around \$10 million which is not cost effective.

Mr. Cole stated that the increase in reclaimed rates at 9.5% annually would provide for a capital reserve fund balance of \$6.6 million in 2029 if there were no additional capital improvement project (CIP) expenses identified during that time. Some of the additional projects being considered are the automatic reclaimed supply control valves to control north and south usage of reclaimed; the Hammock Dunes stormwater augmentation project, which would allow for emergency use of the Hammock Dunes lake water for use in irrigation; and a 10-million-gallon ground storage tank. It's assumed there would be a bond issuance of \$11.1 million in 2026 with an annual debt service payment of \$895,000 to complete these three projects with \$1.5 million in cash being used in fiscal year 2025 to complete the design for the projects. To avoid issuing bonds, the CIP budget would need to remain under \$4.8 million through fiscal year 2029.

Mr. DeGiovanni and Mr. Crahan suggested doing some analysis on raising the reclaimed storage pond berms and removing the storage tank from the list of projects.

Discussion of the Stormwater Utility

Mr. Peugh stated that an assessment roll is being put together with a list of parcels in Beach Walk that have a certificate of occupancy to submit to the tax collector. There are around 50 homes as of now.

Mr. Crahan asked if there is a plan for the rates for the next five years.

Mr. Peugh responded that part of the plan is to explore the pipes that connect the properties. The current focus is to build reserves, so there is no plan to increase rates for fiscal year 2025.

July 12, 2024

Dunes CDD

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh informed the Board that the Hammock Beach Resort was under their water consumption capacity last month.

Mr. Ponitz added that staff is dealing with the property management company at the Villas at Hammock Beach Bldg. 10 to determine if they have any leaks. The current consumption does not appear to show an ongoing leak. If no leak is found, a bill will be sent.

Discussion of Bridge and Intersection

Mr. Peugh stated that he is meeting with Kissinger Campo next week to discuss the status of the tolling study. Once a report is available, it will be brought to the Board for their discussion. The 90% design for the four-way stop intersection is due August 1st.

Discussion of FEMA

Mr. Porter asked if the District is planning to file for Category Z for administrative costs.

Mr. Ponitz stated that a FEMA representative reached out recently to ask if the District is interested in an estimated Category Z, however he was planning to proceed with the normal Category Z route.

Update on the Reclaimed Line Replacement

Mr. Peugh informed the Board that directional pipe boring portions for the reclaimed line project have been completed and the tie-ins are almost finished.

B. Discussion of the Fiscal Year 2025 Budget

Mr. Peugh presented the latest version of the fiscal year 2025 budget, noting the maintenance assessments for the general fund budget were proposed to remain at \$110. The water and sewer rate increase of 9.5% is included in the water and sewer fund budget. He also reported that sludge disposal has requested an increase at around \$800 per box, so he is looking for alternate providers.

Mr. DeMatteis questioned the accuracy of the projections for the bridge fund.

Mr. Mossing stated that he would review it and get with the District's accountant.

July 12, 2024

Dunes CDD

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento reported that the issue of two gentlemen with the same name that are trying to be listed first on the same ballot has been resolved as the election’s office has agreed to his opinion that the gentlemen’s middle initials determine the order. He also reported that the deed is still needed for the intersection property, and the County Commission still needs to approve the change in zoning.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion of Rate Study Decision Points (Continued)

Mr. Cole stated that assuming no debt service will be used, with a 29% increase, after 2026 there would be some surplus available for some additional CIP and the combined utility balance would be \$1.8 million. For each 20% increase, the forecast indicates \$152,000 in additional revenue.

The Board discussed continuing the meeting to discuss the rates further.

FIFTH ORDER OF BUSINESS

Staff Reports (Continued)

C. Engineer - Report

A copy of the engineer’s report was included in the agenda package for the Board’s review.

Manager

D. Bridge Report

Mr. Peugh reported the following data:

- Vehicle trips were down 0.75% and revenue was down 2.56%
- A total of 551 accounts were closed amounting to \$8,191.05
- There are 15,490 web users
- There were 10,681 credit card transactions
- There were 465 new accounts added

Next, Mr. Peugh stated that Ms. Petito from the county will be attending next month’s meeting to discuss adding a surcharge to the tolls and to discuss the beach erosion.

July 12, 2024

Dunes CDD

Next, Mr. Peugh informed the Board the contractor has quoted \$17,000 to patch Hammock Dunes Parkway.

Mr. DeMatteis questioned the revenue decrease for the toll bridge. Mr. Mossing stated that he would take a look at the data.

Lastly, Mr. Peugh stated that the District is still under emergency water restrictions.

G. Additional Budget Items Report

Mr. Peugh reported that two wastewater plant influent pumps failed for a total of \$44,404.90.

Follow Up-Items:

1. Add Follow-Up Items to the Minutes – Completed
2. Investigate cost effectiveness of adding additional berm height to the existing reclaimed storage ponds – Ongoing
3. Mr. Mossing to review the bridge revenue and traffic projections – Complete
4. Tree Canopy is to be reviewed – Complete

SIXTH ORDER OF BUSINESS

Supervisors’ Requests and Audience Comments

A resident commented that the investments to be recovered and the water and sewer rates need to be separated rather than lumping the two together. He also asked what the Palm Coast rate went up to for wastewater.

Mr. Peugh responded that from 2005 to 2024, their rates have increased by \$0.15, and the District has not raised the rates to match that.

The resident asked what percent of the total usage comes from Palm Coast.

Mr. Peugh responded roughly three-quarters.

The resident asked if water can be used from all of the ponds.

Mr. Ponitz responded not at this time.

The Board and staff explained the need for additional capital reserves for repairs and maintenance to the system.

Mr. Crahan stated that the tree canopy down the Parkway seems to be thinner than it used to be, and the trees don’t appear to be as healthy as they were.

July 12, 2024

Dunes CDD

Mr. Peugh stated that he will have the arborists look at them.

SEVENTH ORDER OF BUSINESS Financial Reports

- F. Balance Sheet & Income Statement**
- G. Assessment Receipts Schedule**
- H. Approval of Check Register**

Copies of the financial statements as of May 31, 2024 were included in the agenda package for the Board’s review along with a copy of the check register totaling \$427,759.75.

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

EIGHTH ORDER OF BUSINESS Next Scheduled Meeting: August 9, 2024 at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

NINTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the meeting was continued to July 24, 2024 at 9:30 a.m.

Signed by:

EE48EB95EDED4A8...

 Secretary/Assistant Secretary

Signed by:

3A8C9E779A244DC

 Chairman/Vice Chairman