

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 9, 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
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
David Eckert	Resident
Laura Stillman	Resident
Heidi Petito	Flagler County Administrator
Jorge Salinas	Deputy County Administrator
KC Cole <i>by Zoom</i>	CDM Smith

The following is a summary of the discussions and actions taken at the August 9, 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 July 12, 2024 Meeting

There were no comments on the minutes.

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor the July 12, 2024 minutes were approved as presented.

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THIRD ORDER OF BUSINESS**Audience Comments**

There being none, the next item followed.

FOURTH ORDER OF BUSINESS**Discussion of Bridge Surcharge with Heidi
Petito, Flagler County Administrator**

Ms. Petito stated that the Board of County Commission is invested in a beach management plan and the county has an upcoming meeting in which coastal permit modifications, the county's approach to future storm maintenance and repairs, and local funding strategy will all be discussed. Flagler County has 18 miles of Atlantic Ocean coastline and the beaches in the Dunes Communities were severely impacted by storm surge and waves from a series of storms. There are critical areas of the beach and dunes where erosion occurred, there has been localized flooding and in some areas the dunes were completely lost. The basic goals of the beach management plan are to restore, enhance, maintain and preserve the beach and the dunes system. The county chose to look at six-year intervals for periodic renourishment efforts along the entire coastline and a sand source has been identified. The state and federal government will be a funding source when possible, however there is limited funding for unnamed storms and renourishment of an entire coastline due to private beach areas. It's estimated \$102 million will be needed every six years to renourish the entire coastline. The county is looking at setting aside \$8 million every year for just the unincorporated 10+ miles. She estimates if the District were to apply a \$0.25 toll surcharge on both cash and passholders it would generate around \$500,000 and a \$0.50 surcharge would generate around \$1.1 million. That would at least generate enough revenue to offset the beach management in this area where there is no federal or state funding, and that revenue would be restricted for use in the Dunes community. Ms. Petito requested that the Board consider adding a surcharge to the existing toll to fund beach maintenance and repairs. The Board responded that they would need to discuss this at future meetings.

FIFTH ORDER OF BUSINESS**Public Hearings****Public Hearing to Adopt Amended Toll Bridge Rates**

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the public hearing on the amended rates was opened.

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Mr. Peugh stated that the purpose of this public hearing is to increase the express card and decal discounts by \$0.25 for the two and three axle vehicles, \$1.62 for four axle vehicles, and \$1.75 for five axles vehicles.

Mr. Crahan recommended including what has changed in the future.

Mike McCabe asked why the Board isn't looking at going up by \$0.50 based on the presentation just given by Ms. Petito.

Mr. Peugh responded that the Board has not decided on the bridge surcharge yet.

Mr. DeGiovanni added that this proposed rate increase has nothing to do with the beach management plan proposal.

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

B. Consideration of Resolution 2024-10, Adopting Amended Toll Rates

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor Resolution 2024-10, adopting amended toll rates was approved.

Public Hearing to Adopt Amended Water / Wastewater and Reclaimed Rates

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the public hearing on the amended water, wastewater and reclaimed rates was opened.

Mr. Peugh stated that the water and wastewater rates are proposed to increase by 9.5%, and the reclaimed tiered rates are proposed to increase 39%.

Mike McCabe asked why reclaimed is taking the brunt.

Mr. Peugh and Mr. DeMatteis responded to encourage conservation of reclaimed, and to fund the reclaimed projects.

Mike McCabe stated that the increase in costs should be taken into account and the sewer rates should be increased, and looking at charging for higher usage should be considered.

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Richard Hamilton asked if there are any changes to the stormwater rates.

Mr. Peugh responded not at this point.

On MOTION by Mr. Crahan seconded by Mr. Porter with all in favor the public hearing on the amended water, wastewater and reclaimed rates was closed.

C. Consideration of Resolution 2024-11, Adopting Amended Water / Wastewater / Reclaimed Rates

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor Resolution 2024-11, adopting amended water, wastewater and reclaimed rates was approved.

**D. Review of the Fiscal Year 2025 Budget
Public Hearing to Adopt the Fiscal Year 2025 Budget**

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the public hearing to adopt the fiscal year 2025 budget was opened.

Mr. Peugh provided an overview of the budget, noting that there is no increase in the General Fund maintenance assessments is being proposed. Overall expenses are up in the water and sewer fund budget due to the age of the facilities. He asked what the Board would like to charge European Village for this year and recommended going up from \$20,000 to \$30,000.

There were no objections from the Board.

Mike McCabe stated that he'd like to see the water, sewer and irrigation split into three enterprises.

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the public hearing to adopt the fiscal year 2025 budget was closed.

E. Consideration of Resolution 2024-04, Adopting the General Fund Budget

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On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor Resolution 2024-04, adopting the general fund budget was approved.

F. Consideration of Resolution 2024-05, Levying Assessments

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor Resolution 2024-05, levying assessments for fiscal year 2025 was approved.

G. Consideration of Resolution 2024-06, Adopting the Water & Sewer Fund Budget

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor Resolution 2024-06, adopting the water and sewer fund budget was approved.

H. Consideration of Resolution 2024-07, Adopting the Bridge Fund Budget

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor Resolution 2024-07, adopting the bridge fund budget was approved.

I. Consideration of Resolution 2024-08, Adopting the Stormwater Fund Budget

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor Resolution 2024-08, adopting the stormwater fund budget was approved.

J. Consideration of Resolution 2024-09, Adopting the Section 125 Cafeteria Plan

On MOTION by Mr. Crahan seconded by Mr. DeGovanni with all in favor Resolution 2024-09, adopting the Section 125 cafeteria plan was approved.

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SIXTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion of the Stormwater Utility

Mr. Peugh stated that the Beach Walk properties that will be billed via the property tax bills for their use of the stormwater system have been identified and a tax roll has been put together. That information will be provided to the tax collector following District Counsel’s review.

The reclaimed line replacement is nearing completion

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 still working with the property management company at the Villas at Hammock Beach Bduilding 10 to identify any leaks.

Discussion of Bridge and Intersection

Mr. Peugh stated that the revised tolling study and four-way stop design are almost complete. The four-way design will be presented to the Board at the next meeting following staff review.

SEVENTH ORDER OF BUSINESS

Staff Reports

Attorney

There being nothing to report, the next item followed

K. 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 remained mostly flat, and revenue was down 3.47% from July of 2023
- There are now 28,500 accounts
- There are 15,700 web users

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- There were 11,317 credit card transactions
- There were 441 new bridge pass accounts added

Mr. DeMatteis asked that Mr. Peugh show the percentage change from the previous year on the bridge report in the future.

Mr. Peugh relayed a request from Palm Coast to tap into the reclaimed main for a new fire station. He suggested requesting the city’s assistance with getting easements if the District decided to increase the reclaimed line’s size in the future in exchange for allowing them tap into the main.

Mr. DeGiovanni suggested also asking for a contribution to the cost of increasing the line.

Mr. Peugh also informed the Board that the county has requested access through the District’s property to do remediation in their area following a recent geotechnical bore project.

Lastly, he reported that Ocean Hammock has requested a cost share to change the signs on Hammock Dunes Parkway. He will provide more information to the Board as it becomes available.

L. Additional Budget Items Report

Mr. Peugh reported that a 150-horsepower motor for the reclaimed pump station failed and has since been repaired.

Reminder of Upcoming Election

Mr. Peugh reminded the Board the election for the Board seats that have expiring terms is coming up this November.

M. District Representative – Discussion of Goals and Objectives

Mr. Mossing informed the Board that the Florida legislature has passed a new requirement for special districts to adopt goals and objectives by October 1st of this year. He presented an annual reporting form that GMS has drafted for the upcoming fiscal year.

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor the performance measures / standards and annual reporting form was approved as presented.

Follow Up-Items:

1. Add Bond Costs to the debt projections for the Utility.

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2. Ask Ms. Petito if there is a deadline to add a surcharge to the tolls for Beach Maintenance and Repairs.
3. Forward the free Ethics Training email to the Board Members
4. Inquire if SunPass or EZPass would be used and incorporate answer into the study.
5. Add last year's current month to the Toll Revenue spreadsheet
6. Find out how Hammock Beach and Yacht Harbor are notified when announcements are sent to Ocean Hammock.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. Crahan suggested adding the option to view attachments to the water bills in the same area in which customers can click to view the bill itself.

David Eckert stated that the \$8.2 million Ms. Petito stated that the county is planning to set aside each year for the unincorporated areas is substantially above the \$6 million estimate provided a few months ago, and that is the amount of money being raised to fund the section that is in the northern 10 miles.

Richard Hamilton stated that he is going to work with Mr. Peugh on the four-way intersection and how it affects biking and pedestrians once the Board has had a chance to look at it. He also asked to look at the signalization as that intersection will be a mess without adequate signalization.

NINTH ORDER OF BUSINESS

Financial Reports

N. Balance Sheet & Income Statement

O. Assessment Receipts Schedule

P. Approval of Check Register

Copies of the financial statements as of June 30, 2024 were included in the agenda package for the Board's review along with a copy of the check register totaling \$819,976.34.

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

Mr. Peugh left the meeting at this time and the Board discussed his performance evaluation.

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TENTH ORDER OF BUSINESS

**Next Scheduled Meeting: September 13, 2024
at 9:30 a.m. at the Dunes Administrative
Office, 101 Jungle Hut Road, Palm Coast,
Florida**

ELEVENTH ORDER OF BUSINESS

Adjournment

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

Signed by:

Gregory Pugh

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Secretary/Assistant Secretary

Signed by:

George DeGiovanni

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Chairman/Vice Chairman