

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, January 10, 2025, at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida.

Present and constituting a quorum were:

Gary Crahan	Chairman
George DeGovanni	Vice Chairman
Rich DeMatteis	Treasurer
Kevin Porter	Assistant Secretary
Bill White	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Darrin Mossing	District Representative
Michael Chiumento	District Counsel
Dave Ponitz	District Utilities Manager
Rob Szozda	GMS, LLC
Marissa Torres	GMS, LLC
Greg Hansen	County Commissioner – District 2
Richard Hamilton	Resident

The following is a summary of the discussions and actions taken at the January 10, 2025 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 December 13, 2024 Meeting

There were no comments on the minutes.

On MOTION by Mr. White seconded by Mr. DeMatteis with all in favor the December 13, 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**Reports and Discussion Items****Discussion with Commissioner Hansen**

Mr. Hansen stated that he was asked to speak with the Board about the funding for the beach renourishment as well as a few other items. The 18 miles of Flagler County coastline is divided into four reaches. Reach one is the Volusia County line up to Osprey Boulevard and Beverly Beach. Reach two begins from Reach one's ending point to north of the park. Reach three goes from north of the park to just before the high rise. Reach four is Marineland. Reach one is funded and complete. Reach two is designed and funded. Mr. Hansen stated that the renourishment should be started in the spring. Reach three still needs funding. Reach four will include fortifying the dune as there is not much beach within that area. Reach three is going to cost roughly \$14 or \$15 million and all of it is funded for except for \$1,715,125. The county has voted to have the county administrator establish an MSBU and MSTU to pay for that remaining \$1.7 million in 2026. The MSBU would be \$135.00 for every parcel within the reach. The MSTU is weighted and would be based on the taxable value of the property. On average, residents will be paying \$350.00 per year. The county asked Palm Coast, Flagler Beach, Beverly Beach and Marineland if they would contribute to this effort, and they all declined, so the project is falling on the residents of the island, which is around 6,000 properties. The county has permission from the State for the MSBU and MSTU funding mechanisms, however they are also considering using ad valorem taxes as an alternate funding source. The millage rate has been reduced by 0.1 every year for the last five years, so the consideration is whether to keep that 0.1 in place and designate those funds for beach renourishment. Using the ad valorem tax method would be spread across everyone in the county and would be \$14.00 per household a year.

Mr. DeMatteis asked why the ad valorem tax method was not the first consideration.

Mr. Hansen responded that other options were considered first including dividing the county into four sections that would have a rate assigned to them, and then the MSBU and MSTU options. The City of Palm Coast and Flagler Beach are not in favor of the MSBU and MSTU options, so the only section left would be the island.

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Mr. White asked how the other counties handle beach renourishment funding.

Mr. Hansen responded that most counties have established beach renourishment funds already, and the bigger counties pay for it entirely out of their tourism development funds, however Flagler is lucky if it gets \$5 million in tourist development per year.

Mr. Porter asked if there is a cap on what can be charged through the MSBU and MSTU.

Mr. Hansen responded that there is no cap.

Mr. Porter asked if anything other than sand has been considered, such as armoring the beach.

Mr. Hansen responded that sea walls have been installed in Reach 1 and Reach 2, however that has to be approved through the DEP, and they always say no.

Mr. DeGiovanni asked if the county commissioner board has been approached by the HDOA to do an entrance from A1A versus coming across the bridge for construction in the Oasis development.

Mr. Hansen responded that there was a thought of doing a temporary entrance, however it was vetoed before it got to the commissioners.

Mr. Peugh stated that there is a plan to put a park near the bridge. Mr. Crahan asked what the status of that land is.

Mr. Hansen responded that there was a plan to ask for several million dollars to build a Sheriff's office that has quick access to the intercoastal waterway. The land just north of the bridge is owned by the county and is designed for a park, so the thought was to build a park and co-locate the Sheriff's office, however, there has been pushback on that, so he's not sure if it will work.

Mr. Peugh asked what the schedule is for the signal at A1A and Camino Del Mar.

Mr. Hansen responded that the project is approved but not funded. The temporary light is scheduled to be funded late 2025 or early 2026. The permanent light will come two years after that.

Mr. Peugh went over the follow up items included in the December 13th minutes.

- Mr. DeMatteis had asked about a price to bond the Board Treasurer.
 - Brown & Brown estimates between \$5,000 and \$7,500. He also noted the Board Treasurer does not in general, sign checks. It was also noticed that there is a public

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employees dishonesty crime policy for \$500,000 and a public officials liability policy for \$5 million.

- Mr. DeMatteis inquired about a separate bank account for the capital reserve funds.
 - GMS is working on that item.

Discussion of Bridge / Intersection / Hammock Dunes Parkway

Mr. Peugh stated that the bridge and intersection project is on hold pending the gopher tortoise relocation as it is currently too cold to proceed.

The Board asked Mr. Peugh to ensure the homeowner's associations are informed of the project.

Discussion on Stormwater Utility

Mr. Peugh stated that monitoring the stormwater system with piezometers has begun. The data from that should be available within the next few months which will help determine what is causing the depressions in the roadway.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento reported that the contract to purchase the four-way property was approved by the County, however the conservation zoning preventing improvements to the property is still in place.

Mr. Crahan suggested for Mr. Peugh to contact Commission Hansen for assistance in getting an answer from the County on the zoning.

B. Engineer - Report

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

Manager

C. Bridge Report

Mr. Peugh reported the following data:

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- Vehicle trips were up approximately 0.5%, and revenue was up 28% from December of 2023.
- There are just over 29,248 accounts.
- There are a little over 16,000 web users.
- There were \$27,762 in credit card transactions.
- There were 261 new bridge pass accounts added.

Miscellaneous Items

Mr. Peugh gave an overview of the District's investments and informed the Board some funds will need to be reinvested prior to May.

Proposals are being gathered for preparation of a capital reserve study and will be brought to the Board at a future meeting.

D. Additional Budget Items Report

The additional budget items report includes clean-up related to Hurricane Milton, although expenses are still being calculated for that item. Additionally, the report includes the reclaimed pump station jockey pump repair at roughly \$42,600.

Mr. DeMatteis recommended bringing a resolution back to the Board to re-approve the amounts the District Manager is authorized to spend between meetings.

Discussion of Management / District Goals

Mr. Peugh presented a list of possible initiatives to implement for cost savings for each of the District's funds. He asked for the Board members to rate the items based on priority. Items discussed included landscaping, insurance, the reclaimed water contract with Palm Coast, and Parkway maintenance.

Follow Up-Items:

- Goals discussion items for further consideration: Insurance – look at policy deductibles; Landscaping – maintenance frequencies and plant materials; City of Palm Coast – Dunes CDD Reuse Bulk Purchase Agreement.

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- Gary Crahan inquired whether staff had listing of pond aerators, locations and responsibility for maintenance. Follow up: Staff emailed listing to Gary 1.13.2025

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

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS**Financial Reports****E. Balance Sheet & Income Statement****F. Assessment Receipts Schedule****G. Approval of Check Register**

Copies of the financial statements as of November 30, 2024 were included in the agenda package for the Board's review along with a copy of the check register totaling \$204,674.99.

Mr. DeMatteis noted that the plant repair and equipment line item is significantly over budget.

Mr. Peugh stated that \$44,000 of that was the pump station pumps. Staff will try to defer as much as possible to prevent the line from going severely over budget over the rest of the year.

Mr. Crahan asked where the seven aerators are.

Mr. Ponitz responded that he has a list that he would provide to Mr. Crahan.

Mr. Crahan stated that he would like to see those paid for by the respective HOAs given that they are more for aesthetics. Next, he pointed out that the repair and replacement equipment line item under the stormwater system maintenance is over budget.

Mr. Peugh stated that he would investigate what caused that overage.

Mr. Crahan stated that the Board said the \$15.00 flat rate fee would be reevaluated after the projected costs are in. He asked if Mr. Peugh feels that is being funded properly or if it needs to be revisited.

Mr. Peugh responded that it will need to be revisited as \$50,000 is allocated each year to look at the stormwater pipes, but he has not had the manpower to do that.

Mr. DeMatteis stated that the \$50,000 needs to be moved from capital improvements line item under the administrative section, to the maintenance section and it needs to be renamed.

Mr. Peugh stated that he is going to investigate whether the \$60.00 charge to the Beach Walk customers has been coming in from the county.

Mr. Mossing was asked to investigate where the FEMA funds show up in the financials.

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

EIGHTH ORDER OF BUSINESS

Next Scheduled Meeting: February 14, 2025 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. DeGiovanni seconded by Mr. Porter with all in favor the meeting was adjourned

Signed by:

Gregory Pugh

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Secretary/Assistant Secretary

Signed by:

Gary Graham

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Chairman/Vice Chairman