

1 **LELY COMMUNITY DEVELOPMENT DISTRICT**
2 **NAPLES, FLORIDA**
3 **Board of Supervisors Workshop**
4 **May 15, 2019**

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6 A workshop of the Supervisors of Lely Community Development District was held on
7 Wednesday, May 15, 2019 at 1:00 p.m. at the LCDD Maintenance Building.

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9 **SUPERVISORS PRESENT:** Gerry Campkin, Chairman (Via Speakerphone)
10 William Lee, Vice Chairman
11 Kenneth Drum, Secretary
12 Harold Ousley, Treasurer
13 Anne Marie Bularzik, Supervisor, Assistant Secretary
14 **ALSO PRESENT:** Neil Dorrill, Manager, Dorrill Management Group
15 Kevin Carter, Operations Manager
16 Tony Pires, District Counsel
17 Freddie Bowers, Director of Community Patrol

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19
20 WORKSHOP: Budget

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22 **On a MOTION by Mr. Ousley and a second by Mr. Lee, the Board unanimously approved Mr.**
23 **Campkin’s participation in the workshop and regular meeting via speakerphone due to**
24 **exceptional circumstances**

25 Mr. Dorrill indicated that the 2019-2020 budget was fairly straightforward, but gave the Board
26 the opportunity to do some line item budgeting, and then approve it for the purpose of
27 transmitting it to the County, as required by Florida law.

28 The Board will then adopt the budget at an advertized public hearing in August. The budget
29 remains the same as the previous year, at \$3,610,271.

30 For purposes of the tentative budget, the other revenue source has remained at \$1,370,000,
31 but it will actually be \$100,000 more than that as shown by the projected final revenues for the
32 CSA. Apparently Stock is down to their final 12 units, and Mr. Dorrill suggested that a higher
33 budget amount for this line item will be inserted for the proposed budget.

34
35 The professional and administrative cost center is essentially the same, with a \$400 increase.
36 For purposes of the general wage adjustment next year, 2.5 percent was budgeted.
37 Field management services, which is the labor for the grounds keeping force, was budgeted

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5 at \$1,018,000.

6 Dr. Bularzik asked if a wage increase should be budgeted, and Mr. Dorrill advised that this
7 would be a policy decision, and that he would be happy to make that change if the Board
8 desired it. This year they budgeted 3 percent, and Mr. Dorrill noted that they also are facing an
9 increase in health insurance, and indicated that those costs were lower due to some lapsed
10 salaries and attrition.

11 Mr. Dorrill added that if the Board wished to increase that amount, anticipating an increase for
12 the next fiscal year, there are funds available to do so.

13 Dr. Bularzik also asked about the \$65,000 budgeted under general insurance, and at year end it
14 is anticipated to come in at \$42,400. As they are planning to budget \$65,000 again for next
15 year, she wondered if that was necessary. Mr. Dorrill indicated that he is anticipating an
16 increase in the commercial rates on the property lines next year.

17

18 The landscaping line item related to the costs associated with repairs, fertilizer, chemicals,
19 associated flowers and plants, which comprise the non labor component of grounds keeping,
20 and will have no increase next year.

21 The streetscape plans will be budgeted once they are approved before the end of this fiscal
22 year, and the money will be recognized as coming out of the capital reserve as it is going to be a
23 multi-year project. Once the bid is awarded, they will do an amendment at the public hearing.

24 The Board had also indicated that they may want to use a line of credit, and Mr. Dorrill has
25 been authorized and has completed that line of credit. He will insert a debt service reserve in
26 the budget to pay the principle and interest on that line.

27

28 Mr. Drum also noted that another unknown cost was the turnover of the Master Association,
29 and the costs of picking up some of the overlapping services. He asked if these would be
30 included in the budget, and Mr. Dorrill indicated that there may be some modest increased
31 costs in property and liability insurance, if the Board wished to acquire some of the small
32 parcels that are throughout the community.

33 Dr. Bularzik expressed her concern about taking over parcels which may have exotics on them,
34 as it would be the District's responsibility to remove them, which may be costly.

35 Mr. Dorrill indicated that the parcels that are under both Freedom Horse monuments are held
36 by deed by one of the Lely affiliates, Joe Boff's companies, and the Board may wish to address
37 those.

38 Mr. Drum added as well that the Board had talked about possibly taking over some of the lakes,

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5 which is an item that will be addressed by the Master Association. (Inaudible comments.)
6 Mr. Pires indicated that a consideration for the developer and/or the Master Association may
7 be to deed the title to certain properties to the District, including the land underlying the
8 horses. If there is any type of accident on these properties, their owner will be named in a
9 lawsuit, even if the District has a bill of sale and a maintenance easement.

10

11 In response to Mr. Drum’s question about whether the easement would be valid if the horses
12 were ever replaced, Mr. Pires indicated that it would depend on the language in the easement,
13 and typically abandonment would have to be shown, which is difficult.

14

15 The next important issue Mr. Dorrill noted was the capital outlay. There are no trucks or other
16 vehicles that are scheduled for replacement next year. There are some small capital needs for
17 both pumps and motors and some miscellaneous equipment.

18

19 The final page of the budget showed a number of \$150,000 in anticipation of some lake bank
20 erosion repairs on those lakes that the District either owns or has an easement on that need
21 erosion control. A survey has been done of the lakes and their level of need.

22

23 As it relates to the streetscaping, an updated estimate was received from Mrs. Goetz’s office for
24 the streetscape master plan at \$324,000. Mr. Dorrill suggested that if the Board wished to
25 move forward on this, it will probably get awarded to a contractor and begun in the third
26 quarter of this fiscal year.

27 Mr. Dorrill suggested that only the portion having to do with debt service should go into the
28 next fiscal year, and that the \$324,000 be paid back over two to three years. The proceeds
29 from the line of credit will not be budgeted as they will be spent in this fiscal year.

30 A debt service reserve should be put in to pay the principal and interest based on whatever
31 number of years the Board feels is appropriate to pay it back. The line of credit will be
32 amortized over a ten year term. It can be prepaid at any point.

33

34 Mr. Lee asked about the costs of the LED conversions, and depending on which way the Board
35 wishes to do this work, the costs will be roughly \$350,000, and these can be paid over time as
36 well.

37 Mr. Dorrill then suggested that they should probably add an item for LED street lights under the
38 capital line item which will be shown for the amount of \$350,000, being offset by the line of

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5 credit. He will also check with the accountant as to how the repayment will be treated.

6
7 In response to Dr. Bularzik’s question about the possibility of these LED lights not lasting as long
8 as they should, Mr. Dorrill noted that if they register the serial numbers on line with the
9 manufacturer, they will be warranted. Mr. Carter added that Bentley Electric will come out
10 immediately and replace the bulbs without any charge as the District has a warranty with them.

11
12 At the end of the financials, Mr. Dorrill pointed out that the very last posted number was excess
13 revenue over expenses by \$261,000. As he would prefer to end up with a zero on that line, he
14 suggested that they increase the capital reserve by \$250,000, and the difference they can put in
15 one of the salary line items or into the contingency reserve to fund the cost-of-living reserves
16 by 3 percent. The Board agreed that this should be done.

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18 The new numbers will then be as follows: the capital reserves will go to \$632,000, and the
19 funding of the LED street light conversion will be shown at \$350,000, with an offsetting revenue
20 source from the line of credit.

21 As stated previously, the landscaping contract will be awarded this year, and Mr. Dorrill will
22 probably do a budget amendment for whatever is remaining the following year.
23 The difference is \$11,471 which will be put into the contingency reserve for now.

24
25 **On a MOTION by Mr. Lee and a second by Mr. Drum, the 2020 budget was unanimously**
26 **approved by the Board, and the Chairman was authorized to sign the resolution approving**
27 **the budget and establishing August 2 as the final adoption hearing.**

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29 A short break was then taken in proceedings.