

1 **LELY COMMUNITY DEVELOPMENT DISTRICT**
2 **NAPLES, FLORIDA**

3 **Budget Workshop & Regular Meeting of the Board of Supervisors**
4 **May 18, 2022**

5 The budget workshop and regular meeting of the Lely Community Development District
6 Board of Supervisors was held on Wednesday, May 18, 2022, at 1:00 p.m. at the LCDD
7 Maintenance Building, Naples, Florida.

8 **SUPERVISORS PRESENT**

- 9 Anne Marie Bularzik, Chair
- 10 Frank LoMonte, Vice-Chair
- 11 William Lee, Treasurer, HOA Liaison
- 12 Kenneth Drum, Supervisor
- 13 Gerry Campkin, Supervisor

14 **ALSO PRESENT**

- 15 Neil Dorrill, Manager, Dorrill Management Group
- 16 Kevin Carter, Operations Manager
- 17 Tony Pires, District Counsel
- 18 Freddie Bowers, Director of Community Patrol
- 19 Christopher Dorrill, Field Manager

20 **WORKSHOP - BUDGET**

21 Mr. Dorrill opened the workshop, noting that all members were in attendance and that
22 the meeting was properly noticed. Staff met with the Board treasurer, Mr. Lee, the
23 previous week to review the tentative budget. The Board members received a summary
24 of the key points for discussion.

25 The first item was the fact that all service levels were being maintained from the
26 previous year, including capital improvements of lake bank restoration, landscape
27 purchases and both vehicle and equipment replacement. The capital reserve for fiscal
28 2023 projected carry forward is \$2,900,000 going into next year. The capital reserve will

1 continue to be built on, and the capital contribution will be discussed later in the
2 workshop.

3 Operating expenses in certain key areas went up 7 percent over the current year,
4 primarily due to a significant market rate adjustment in the compensation for the work
5 force that was done in the first quarter of this year.

6 The large capital reserve carryover allows them to project out for the next five years for
7 future purchases and projects.

8 The capital reserve contribution will be \$350,000 in order to achieve the 7 percent
9 assessment increase. The operating fund is projected to offset the pay increase with
10 the budget amendment. The carry forward in that fund will be approximately \$187,000.

11 The first page of the tentative budget showed a slight increase on the revenue side of
12 7.6 percent in the non-ad valorem assessment, to \$2,760,000. There is a proportionate
13 increase in the CSA revenue as everyone is paying the same rate. A 5 percent cost-of-
14 living increases had been built in for the management agreement. Mr. Dorrill noted that
15 the engineering budget has been increased for next year in anticipation of ongoing work
16 associated with some of the license agreements contemplated with the Master POA as
17 well as ongoing lake bank restorations.

18 Mr. Lee added that some additional increases in the engineering budget will be used to
19 determine how water can be held back for use in the dry season so certain lakes don't
20 go dry, which would be very beneficial both esthetically and environmentally.

21 The revenue side showed a line item called reserve transfer, which is where they will be
22 transferring money out of the capital reserve and into the operating account in order to
23 pay for some capital improvement projects. Contributions to the capital reserve will
24 continue to be made, and will be \$200,000 next year, along with \$350,000 into the
25 contingency reserve.

26 Mr. Lee noted that there was approximately \$150,000 in the contingency reserve, and
27 he proposed that they add \$200,000 to it this coming year to build it up to roughly half a
28 million dollars, if there is no hurricane that requires some of these funds. As there is no
29 money coming into the District in October and November, that money can be used to
30 cover expenses rather than having to borrow it from the bank.

31 Mr. Dorrill then walked through the cost centers, starting with the professional and
32 administrative expenses of the district. The current year's budget will be raised to

1 \$371,000, mostly due to engineering fees increasing, and is now forecast to be
2 \$386,000. The Insurance premium came in under budget for the coming year, primarily
3 on the property side, and that line item was not increased.

4 In response to a question from Dr. Bularzik, Mr. Dorrill indicated that they are not
5 actually incurring transactional bank fees under the most recent bank agreement, which
6 is why that line item is down for next year. The amount of \$4,100 on that line item is
7 probably a one-time charge for the line of credit, but Mr. Dorrill will check on this to
8 make sure of it.

9 Field Management is where the landscape employees and the building the Board meets
10 in is noted, and after discussions with Mr. Lee, Mr. Dorrill stated that they will probably
11 consider a 5 percent cost-of-living increase on or about October the first. Some other
12 contractual services where they charge back to part of Mr. Carter's salary and the costs
13 associated with it, are also projecting an increase of 5 percent.

14 The cost of uniform rentals for employees will not be raised, but Mr. Carter will check to
15 make sure that the vendor is not contemplating an increase in their costs. The
16 horticultural dumpster fees have been reduced due to better management of when it is
17 emptied by the vendor.

18 Dr. Bularzik asked what dues and subscriptions the district applies to and was advised
19 that they now have a contract with a safety training consultant who comes to the district
20 once a quarter for the risk management and employee safety program. As a result of
21 that, they get a credit on their liability insurance. Dr. Bularzik asked that it be noted as
22 subscription and training, which would make more sense. Mr. Carter added that it is
23 given in Spanish to accommodate the employees, and Mr. Lee noted as well that they
24 make sure that the employees have all the latest safety equipment.

25 The landscaping cost center primarily notes the commodity expenses, including fuel,
26 small engine parts, fertilizer and chemicals. An increase is projected as so many of
27 these items are tied to petroleum. There was an increase in mulch costs the previous
28 year primarily due to transportation costs, and that was raised to \$60,000. The plant
29 replacement program is done primarily during the summer when the rain is plentiful, and
30 the plants can get established. The costs associated with the Horses include
31 preventative maintenance for the sculptures themselves as well as the pumps and
32 motors associated with the water feature.

- 1 There was no overall increase in lighting, and it is not anticipated that the summer
2 lightning strikes will be any worse than they are historically.
- 3 Access control is where the community patrol and safety expenses are reflected, and
4 the increases are the same for both the market rate adjustment as well as the additional
5 5 percent contemplated for October the first.
- 6 Additional costs showed increases on the repairs and maintenance. Contractual
7 services there will be checked on to make sure this line item is still necessary.
- 8 Roadway contractual services in the past had involved street sweeping, but this is no
9 longer being done. Now this item involves signage and banner changes at certain times
10 of the year.
- 11 Irrigation was about 10 percent over the original budget in terms of what the costs were
12 expected to be at year's end, and that has been increased. The total irrigation charges
13 for the coming year will be \$270,000. Mr. Lee added that when they signed the contract
14 with the County, they increased the amount up to 1.2 million gallons a day. However,
15 because of the number of people who have recently moved into Lely, they are reaching
16 that amount more often. It is better to pay the county for the extra water, as that is less
17 water being drawn out of the ground, which is their drinking water.
- 18 The capitol program for the coming year is down overall, as there is no major project
19 contemplated. The irrigation project this year was approximately \$300,000, but there
20 are two vehicles that are being purchased, and Mr. Carter will be placing orders for
21 them in the near future as they can take several months to be delivered. Several
22 lawnmowers and Kubota vehicles are also scheduled for purchase.
- 23 There is a much larger number for lake bank erosion work in the coming year, at
24 \$325,000.
- 25 The final cost center was for other fees and charges, which included the property
26 appraiser and the tax collector. The tax collector fee is slightly higher, as he gets paid
27 off of what he collects, which is 4 percent off the top.
- 28 The contingency reserves were at \$240,000, and they are programmed to be \$350,000.
- 29 The overall total on the expense side was noted to be \$3,700,000 this year and
30 \$4,200,000 next year, about a \$490,000 increase. Again, this is primarily due to
31 personnel expenses, fuel, and increased reserves.

1 Mr. Dorrill noted that as the community is considered to be built out the ERUs as noted
2 are the final number, and the CSAs stand at 4,439 units which results in approximately
3 \$5.00 a month, or \$62.64 a year increase in assessments for next year. This is the first
4 increase in almost seven years.

5 Mr. Drum asked if there was any anticipation for higher interest rates on the money that
6 is on deposit at the bank, and Mr. Dorrill advised that he conservatively estimated
7 \$12,000 in interest, and he expects that it will be at \$13,000 at year's end. It will be
8 increased to \$14,800 next year.

9 In response to Dr. Bularzik's question regarding the \$4,100 bank charge, Mr. Dorrill
10 advised that this amount was for recording costs and fees for the line of credit. No
11 transactional charges are paid at all.

12 On a MOTION by Mr. Lee and a second by Mr. Drum, the Board unanimously approved
13 the tentative budget to be sent to the County Commission.

14 The budget will not be adopted until the public hearing is held in August. The Board
15 agreed that it would be held on the 18th. The public hearing will begin at 1:00 p.m. to
16 be followed immediately by the regular meeting.

17 The Board then began the regularly scheduled May Meeting.

18 INVOCATION/PLEDGE OF ALLEGIANCE

19 Mr. Dorrill offered an invocation, and the Pledge of Allegiance was recited in unison.

20 PUBLIC COMMENT

21 No public comment was received at this time.

22 ROLL CALL/APPROVAL OF AGENDA

23 All Board members were in attendance.

24 As it relates to the agenda, the following items were added: 9A, Surplus Auction; 9B,
25 Flowers in Lely; 9C, Discussion on Vesta; 9D, CSA Revenue, and 9E, scheduling of
26 Election and Hurricane Workshops.

27 **On a MOTION by Mr. Lee and a second by Mr. Drum, the Agenda was**
28 **unanimously approved as amended.**

1 **APPROVAL OF MINUTES**

2 On Page 6, Line 30, 207 and 208 should read "2 of 7 and 2 of 8".

3 On Page 7, Line 14, the word "their" should be changed to "the district's".

4 On Page 7, Line 30, the word "Management" should be inserted between the words
5 "water District".

6 On Page 8, Line 1, "De." should be corrected to read "Dr.".

7 On Page 9, Lines 20 and 21, the word "Improvement" should be added after the word
8 "Creek", and the word "at" following "District" should be stricken.

9 On Line 22, the word "this"" should be replaced with "that".

10 On Page 9 Line 30, after the word five, the words "or six" should be added.

11 **On a MOTION by Mr. Drum and a second by Mr. Campkin, the Minutes were**
12 **unanimously approved as amended.**

13 **MANAGER'S REPORT**

14 **A. Community Patrol**

15 There were several alligators reported, along with a bear sighting. There were 31 no
16 trespassing reports, 29 of those were nonresidents. There was a large vehicle stop and
17 search that the community patrol assisted with.

18 Mr. Bowers explained the swatting incident that occurred the previous month where a
19 bogus call was received about a shooting that brought the swat team out to Lely. There
20 was no shooting that occurred.

21 There was a series of suspicious incidents and/or persons, one involving several people
22 who came to the Lakoya gate claiming to be Federal law enforcement agents, who were
23 later discovered to be from the Department of Revenue.

24 A disgruntled walker was also noted where a confrontation had to be dealt with.

25 There were a total of 48 traffic warnings, 27 written, with 9 citations. There were two
26 arrests that occurred as a result of traffic stops, and a number of traffic accidents.

1 Mr. Drum asked how Lely's security stands up against other like communities in the
2 area. Mr. Dorrill advised that Lt. Mulholland has always indicated that the overall
3 incidents of crime in Lely Resort is very low, along with Pelican Marsh and Pelican Bay.

4 B. Maintenance Building Estimate

5 The employee kitchen in the maintenance building gets used heavily, and badly needs
6 some repairs and updates. New cabinets, a new sink and some new appliances will be
7 needed. A chrome, commercial grade rack will be purchased for the microwaves that
8 are necessary at lunch times. These will be put out in the garage.

9 For the millwork, the various appliances and the granite countertop which will have a
10 much longer life than Formica, the not-to-exceed price is \$10,923.62,

11 This was not specifically budgeted for, but Mr. Dorrill felt that it should be done, and
12 there is money for this in the capital reserve. The bathroom floor will be looked at as
13 well and the tile possibly removed as it is in very bad shape. Mr. Dorrill and Mr. Carter
14 are recommending approval for this work.

15 The Board agreed that the costs were reasonable, and **on a MOTION by Mr. Lee and a
16 second by Mr. LoMonte, the Board unanimously approved a budget amendment
17 to move \$12,000 out of capital reserves to cover the costs of this project.**

18 The power available in the garage for the microwaves will be checked to make sure the
19 amps don't need to be increased.

20 C. Notice of Qualifying

21 A qualifying reminder was received from Jennifer Edwards to include the number of
22 voters, and in this case, there are slightly less than 2,500 registered voters. Two terms
23 on the Board are up this year, for Dr. Bularzik and Mr. Lee, and the qualifying period is
24 towards the middle of June. Both of these Board members have done the necessary
25 filings.

26 ATTORNEY'S REPORT

27 A. License Agreement

28 Ms. Brakefield passed out copies of the license agreement to the Board members, and
29 Mr. Dorrill noted that this handout was the final, proposed agreement that was sent to
30 the Master POA's counsel, who agrees with it. This agreement will serve as a template

1 going forward the project, being the artificial or created preserve area adjacent to
2 Masters Reserve.

3 The intent is for the district to assume certain responsibilities of the Master POA,
4 whether they be preserves or other lake bank restoration, for which the district would be
5 compensated. Those items will be addressed with the parties involved in order to get a
6 complete agreement.

7 The one issue with respect to the large conservation preserve adjacent to Ole which is
8 owned by an affiliate of the Lely Development Corporation is ongoing. It was not
9 accepted by Stock when they acquired all of the remaining real estate assets in Lely.
10 The district has indicated that they would be happy to take it over once it is in an
11 acceptable condition for future maintenance. Presently it is full of exotics, and the
12 residents of the Lely CDD should not have to fund an obligation that the original or
13 successor developer should have handled. Mr. Pires has engaged special counsel to
14 handle this issue with the South Florida Water Management District, which had
15 originally asserted that it was the district's responsibility.

16 The next step will be for Mr. Pires to schedule a follow up meeting with Mr. DeBoest,
17 and the Board will be kept advised.

18 The Board briefly discussed how Stock Development had purchased and developed the
19 land it owned and how the preserves had been handled in the past. Mr. Drum asked if
20 the Board would require all exotics be removed and disposed of properly in the
21 preserves that they are contemplating taking over before they go forward with taking
22 responsibility. Mr. Dorrill assured him that this was the case, as he was not looking for
23 this additional work for the district, and that the preserves should be in compliance with
24 what is required.

25 Ms. Brakefield noted that under 2C in the Agreement it says beginning 30 days after the
26 district, in its discretion, if satisfied, and then it lists those two things, bringing it into
27 compliance and the removal of the exotics. The take- over is not done until the district
28 agrees that all these requirements are met. The Board discussed the fact that the
29 Brazilian Pepper, an exotic that grows quickly in the preserves, is a seed source plant,
30 and leaving piles of ground mulch from this plant may encourage new growth.

31 Mr. Lee asked Mr. Carter to get the report from Earth Tech that shows the last seven
32 years of yearly work done on the preserves, and indicates that all of the preserves, with

1 the exception of the one being discussed, are in compliance. Mr. Lee asked that this
2 report be shown to Mr. Drum.

3 Dr. Bularzik noted that Mr. Pires had done a very good job with this agreement and
4 thanked him for his work. Ms. Brakefield added that Mr. Pires had asked that the Board
5 know he had considered every item the Board wished to have addressed before the
6 draft was sent to Mr. DeBoest.

7 Ms. Brakefield also noted that Mr. Pires and Mr. Dorrill talked about the 15 percent fee
8 which is listed in 2E under the maintenance services fee, and they determined that to be
9 a reasonable fee. The one other thing in the agreement that was of importance to the
10 Board was that this was not a capital improvement, and is specifically set forth,
11 indicating that maintenance services do not include any necessary required capital
12 improvements, and all capital improvements remain and are the sole obligation and
13 responsibility of the Master POA.

14 Mr. Lee pointed out that as it relates to the 15 percent, the district saves 7 percent sales
15 tax on everything they do, so the cost will only be only about 8 percent.

16 FINANCIALS

17 The six-month actuals balance sheet showed almost \$5,250,000 in cash at mid-year.
18 \$2,700,000 of that is in reserves, with the balance in the operating account at
19 \$2,526,000. Outstanding payables were \$28,862 at that time.

20 The income statement showed \$33,000 in non-ad valorem assessments having been
21 received, representing almost 40 ERUs. These assessments were paid just prior to
22 becoming delinquent. Total year-to-date revenues stood right at 93/94 percent,
23 \$2,354,000, in non-ad valorem assessments. Under the CSA revenue, year-to-date two
24 quarters have been received and noted in these financials, while a third was just
25 received and will be seen next month.

26 The year-to-date budget was about \$5,000 higher than the actual receipts, and Mr. Lee
27 has asked that Mr. Dorrill determine what that was about, and Mr. Dorrill will make sure
28 he gets an explanation for that.

29 The cost centers, managed by Mr. Carter, showed total operating expenses year-to-
30 date to be slightly ahead of normal, but again, all the insurance premiums and the costs
31 associated with annual flowers and chemicals are purchased at the beginning of the
32 year. At this time on the operating side, they are about \$100,000 over budget, and the

1 balance of that has to do with the special pay adjustment approved by the Board. They
2 may process a budget amendment to cover the personnel costs and special pay
3 increase before they get to the end of the year. Overall expenses, taking into account
4 the capital program and transfers, year-to-date stood at \$1,981,000 against the year-to-
5 date budget of \$1,990,000, so they are slightly under budget at this point.

6 There being no questions from the Board, **on a MOTION by Mr. Lee and a second by**
7 **Mr. Drum, the Board unanimously accepted the financials as presented.**

8 Dr. Bularzik asked about the bound copies of the audit received from the auditor and
9 provided to the Board. Mr. Dorrill advised that he keeps the record copies, so the Board
10 members are not required to keep the copies provided to them. The annual financial
11 report has already been sent to Tallahassee, and there were no deficiencies noted in
12 this year's audit, and it was what the auditor called a clean audit.

13 SUPERVISORS' REQUESTS

14 A. Surplus Action

15 There are 11 items to be auction on August 14 of this year, and Mr. Lee advised that
16 they were all listed in today's paper. Mr. Dorrill added that the district maintains its
17 equipment very well, and when they are auctioned, there is quite a bit of interest.

18 B. Flower Planting

19 Dr. Bularzik thanked the employees for the 1,500 flowers that have been planted
20 throughout the district.

21 C. Mr. Drum/Absence at June Meeting

22 Mr. Drum advised that he will attend the June meeting via speakerphone.

23 D. Vesta Discussion

24 Mr. Campkin and his entire community received quite a bit of information from Vesta
25 Property Management in the mail and wondered if anyone knew what it was about.
26 Some people received two of these mailouts that are listing two items that need to
27 be voted on, but apparently there are some issues getting the necessary proxies and
28 some difficulty with the voting procedures.

1 There was a brief discussion held as to whether the POA would be reducing costs
2 for the residents, and Mr. Lee advised that they have a number of areas that need to
3 be brought up to date in order to have the district accept responsibility for them,
4 which is where they are spending their money.

5 E. Mr. Campkin's Comments

6 Mr. Campkin thanked the flower planter for the nice job that was done at the
7 entrance and memorial. Additionally, he noted that the **** Drive Road surface is
8 looking very bad in both directions and is breaking up in areas. He wondered if the
9 County could come out and do some repairs. Mr. Dorrill advised that the County
10 does an annual survey of road conditions to see which roads will be milled down and
11 repaved. Mr. Dorrill will get a list from that County department to see if that road is
12 scheduled to be done this year.

13 **FURTHER FINANCIAL INFORMATION**

14 In response to a question from Mr. Lee regarding the year end forecast on CSA
15 revenue, Mr. Dorrill advised that it is behind by about \$4,000 or \$5,000, and he will have
16 that information for the Board at the June meeting.

17 **ADJOURNMENT**

18 Mr. Dorrill reminded the Board that there will be two workshops in the coming months,
19 June and July, one for hurricane preparedness and the other for the upcoming
20 November elections.

21 **The meeting was then adjourned at 2:52 p.m. on a MOTION by Mr. Lee and a**
22 **second by Mr. Campkin.**