

**PELICAN MARSH COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD OF SUPERVISORS MEETING
Wednesday, May 16, 2018**

The Board of Supervisors of the Pelican Marsh Community Development District met on Wednesday, May 16, 2018 at 9:00 a.m. at the Pelican Marsh Foundation Building.

APPEARANCES: Frank Garofalo, Chairman
Gordon Walker, Vice-Chairman
Don Pomerantz, Treasurer
Joe Diaz, Assistant Secretary
Edward Walsh, Assistant Secretary

ALSO PRESENT: Mallory Clancy, Johnson Engineering
Tony Pires, Counsel for the Board
John Vanover, Operations Manager
James Calamari, Access Control

ROLL CALL

All members of the Board were in attendance.

PUBLIC COMMENT

No public comment was received at this time.

APPROVAL OF AGENDA

On a MOTION by Gordon Walker and a second by Edward Walsh, the Agenda was unanimously approved as submitted.

APPROVAL OF MINUTES OF APRIL 18, 2018 REGULAR MEETING

On Page 1 under the Agenda Approval, the second was made by Edward Walsh.
On Page 3 in the first line, the \$100,000 is to be received from non ad valorem assessments.

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On Page 4, the sentence in the sixth line should read "...as that area otherwise will turn into a quagmire."

On Page 5 in the fourth line, the word "the" should be "they".

On Page 7 in the fourth line, for clarification the words "fence Company" should be inserted before the word "owner". In the last line of the second paragraph, "fence company" should be inserted before the word "owner" as well.

In the third paragraph on Page 7, the word "Klusa" is misspelled twice and should be "Clusia".

On Page 8, at the beginning of the second to last paragraph, "A resident" should read "The Foundation manager", and in the next line the word the word after "sure" should be "to".

On Page 9, the starred name in the third paragraph is "Tracy Young".

On Page 11, in the second paragraph under Item B, the second line should begin "to pay for the repairs".

On Page 12 in the first line, again Clusia was spelled incorrectly.

With those corrections, the minutes were unanimously approved on a MOTION by Gordon Walker and a second by Don Pomerantz.

FINANCIALS

The April revenue report showed that the year-to-date totals were within \$3,400 of the prior year, which was less than one tenth of one percent.

The mid-year report showed \$2,140,000 in cash and an additional \$45,000 was due from the debt service funds. The payables at that point were \$77,000. The income statement showed that \$92,000 was received during the month of March in advance of taxes being delinquent in April. The District at mid-year was within 95 percent of total revenues. The special revenues for the Naples Daily News and the Shops at Mercato have yet to be billed. An invoice is prepared in the third or fourth quarter and sent to these two entities for their share of the costs associated with the Pelican Marsh drainage facilities that they utilize.

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Mr. Dorrill touched on a few things on the expense side, noting that the Property Appraiser's fees were less than budgeted, at \$8,500 below budget. Property insurance on the liability side was \$3,000 below the original forecast, and most of the salary costs were tracking a little behind year-to-date, due to some vacancies on the landscape side. Mr. Dorrill expects that this will catch itself up in June, when three pay periods are scheduled. Chairman Garofalo noted, however, that Mr. Vanover is currently three people short in that department.

Total year-to-date expenses are \$106,000 below budget, and Mr. Vanover continues to do an excellent job of maintaining his cost center expenditures.

On a MOTION by Don Pomerantz and a second by Gordon Walker, the financials were then unanimously accepted by the Board.

MANAGER'S REPORT

A. Open Seats for 2018 Election/Notice of Qualified Electors

Mr. Dorrill is required by Statute to announce in advance of the elections the open seats on the Board and the qualifying period for the elections that will be held later in the year. Seats 2, 3 and 4 are at the end of their current term, and a separate announcement was run in the Naples Daily News announcing that the elections would be held this fall. There are 2,881 registered voters within the District boundary.

B., C., D. Hurricane Irma Recovery Update/FEMA Status/Hurricane Financial Status

Notification of the pending receipt of \$318,432 from FEMA was received, which is the first of several different phases of reimbursement. The process for this reimbursement has been a long and difficult one, and Mr. Dorrill recently learned that the FEMA accountants have also retained a Big Eight accounting firm to come in and verify their numbers.

The money flows through and is awarded by the State, and while 75 percent of the money is Federal, the remainder is split equally by the State and theoretically what would be the

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District's responsibility to pay. Apparently FEMA's share is about \$235,000, which is 75 percent, with the balance being split as previously noted between the State and the District. Chairman Garofalo noted that the District was not previously aware that the State was responsible for 12.5 percent of the amount, and that the District was responsible for the remainder, which is called the deductible.

That would mean that what the District will receive as reimbursement will be 87.5 percent of the stated number. Mr. Dorrill added that certain costs may also be disallowed, and it is conceivable that they may find a cost that they don't agree with.

Additionally, there are eight categories that the District has filed for reimbursement on, and only two have been responded to thus far. The shrub removal category has not yet been responded to, which is the biggest one filed by the District. The \$318,432 amount relates to the damage to the pedestrian and golf cart bridge that spans the preserve, and the costs associated with the repair or replacement of both the chain link fences and sections of the decorative aluminum picket-style fences.

Mr. Walsh clarified the amount that could be paid by the District, noting that if the round number of \$1,200,000 is used, if a maximum reimbursement was received, the District's minimum cost would be \$150,000 or more. Mr. Vanover added that one thing to take into consideration is that FEMA would be reimbursing the District for its labor costs, which are already budgeted, so it may even out. Mr. Dorrill noted that it was at the initiative of their insurance company that they will receive about \$77,000 from them for the settlement of damages.

Chairman Garofalo noted that Mr. Vanover's statement about the reimbursement of labor costs was important, as FEMA allowed part of the built in costs in the budget to be eligible for reimbursement.

Mr. Pires added for clarification that the insurance is separate and apart from FEMA, and to the extent that insurance coverage is received for a portion of the damage, that will not be

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reimbursed by FEMA. The Chairman stated that the process is very, very complicated, and the chart that Mr. Vanover maintains is still difficult to understand even when it has been explained by the FEMA representatives.

Mr. Dorrill noted that they were tracking the outsider, third party expenses at \$911,094, which do not include costs attributable to the District or its employees and the labor component, and every dollar that was spent has been tracked.

E. Chain Link Fence Update

Mr. Dorrill felt that they were within five to six weeks of construction start on this project and the community will be advised once the exact date is received.

Mr. Vanover spoke to the additional 200 foot section of fence in the Escada area, noting that the contractor will do the area up at Serafina, but there was another section northeast of Escada adjacent to Pelican Marsh Elementary that needed repair.

The contractor is unable to give a specific time to this project, as he continues to be so busy. Every time it rains his present contracts are delayed and Pelican Marsh's contract is pushed further into the future. It is hoped that the fence will begin in July.

Chairman Garofalo clarified for the residents that the Tiburon fence is the biggest project, and there is no access as the fence separates the residences from the golf course. That fence can only be repaired when the golf course is down, as the access will come from the golf course side. The work at Pelican Marsh will begin with Watercrest, but if that coincides with when the golf course is down, which is July 9th through the 29th, then the Tiburon fence will be first in line to be done..

A resident of Watercrest questioned the ability of the contractor to start in July, and the Chairman indicated that there really was no way to determine exactly when the start date would be, as there are so many variables.

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F. Landscaping

Mr. Vanover has completed all of the sodding throughout the District, and at last count, over 1,500 shrubs have been put in along the boulevards. Early in the following month they will try to put in some Clusia shrubs in key areas of the Community where they will not interfere with the installation of the chain link fences. The landscape in the sloping areas will then be worked on as well.

Mr. Carter from Watercrest asked about the area along Airport Road (section inaudible.) Chairman Garofalo indicated that the only place he had seen so far where shrubs could be put in without the fence interfering is at the end of Watercrest's main road by the cul-de-sac, and maybe some sections at the gate. If there are other possibilities, he would like to go out and look at them, keeping in mind access and possible interference with the fences when they are put in. Some of the access in Watercrest is from the road side, but it will be more difficult in other areas.

The Chairman was asked if there was an update on the Gables and their plan to add dirt to a berm there, and the Chairman indicated that Mr. Vanover has cut the fence out in that area and removed the dead trees, and a license agreement has been signed to allow the Foundation and the contractor to perform the work. As was mentioned the previous month, the residents are paying for this work, and Chairman Garofalo added that in two or three weeks that area should be ready for some Clusia shrubs if they don't interfere with the chain link fence. It has been a long process so far, the Chairman added, partly because of the rainy weather.

In response to Mr. Dorrill question, Mr. Vanover indicated that the total amount of sod put down came to 80,000 square feet.

2019 TENTATIVE BUDGET

Mr. Dorrill noted that the budget represented two changes, one being a 2.5 percent increase on the labor as a cost-of-living adjustment, which would also include Mr. Dorrill's contract if that

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was acceptable to the Board. The second is a capital budget item that was not originally anticipated in the capital review schedule, which is the additional, new chain link fencing to be installed at Tiburon in the area where there had been an attempted burglary where thick foliage stood before the storm. It will be done in a way to increase the security and to be able to control access somewhat in the northwest corner of the Tiburon community where no fencing has ever existed.

As a result of those changes, a modest increase is being requested in the amount of the non ad valorem assessment of 3.2 percent, or \$3.25 per month for each residence. Mr. Dorrill felt that this amount was remarkable considering the amount of funds used in the reserves, and the fact that no special assessment was needed for the hurricane recovery period. This increase will require a notice being sent out in advance of the public hearing, and Mr. Dorrill was only looking to the Board for approval of the tentative budget which will be adopted at the public hearing in August. An advance copy will be sent to the County for disclosure purposes no later than June 15th.

Some increases in interest earnings are being projected for next year over this year's budget, and the total proposed budget is \$3,520,990.

Mr. Dorrill briefly went over the cost centers for the Board, and under the administrative section, the proposed cost-of-living increase was noted. The majority of the labor is under the landscaping line item, and the variance on what is projected to be the end of the year actual versus the adopted budget is under by an amount of \$12,000. This is a function of some of the vacant positions under that line item. Mr. Dorrill noted that over the course of time the District will have vacancies or lapsed salaries primarily in the landscaping section. Those salaries, however, are budgeted, in the event of 100 percent utilization.

As noted earlier, Mr. Vanover's year-to-date expenses were over \$100,000 under budget, in part because they do not try to budget attrition.

Additionally under the landscape section, the five month actuals showed that irrigation supplies

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and plant replacement were both noted, and while they are presently under budget on that item, with the amount of sod and plants that have been recently put in, that will quickly correct itself. No additional money, however, is contemplated, other than routine replacement and repair. Under lighting and access control the increases are very modest.

Mr. Dorrill also pointed out that as part of the capital review schedule, the purchase of some new vehicles is being contemplated for 2019, which includes two ten year old flatbed trucks used for hauling vegetation that need to be replaced.

Chairman Garofalo noted for those present that in the eight and a half years he has served as chairman, they have never had a 2.5 percent raise for the people who work for Pelican Marsh. They have not increased the expenditures for the CDD, and have always followed efficiencies to pay for raises and other things. One time they had a revenue increase as they had lost the revenue from Tiburon, but the expenditures did not go up.

Mr. Dorrill noted that there are 2,949 projected equivalent residential units for 2019, and this is meaningful as there are a number of people who do not realize that the number also applies to the Galleria shops at Vanderbilt, all of the golf and country clubs and the Ritz Carlton, all of whom are paying their equivalent share. Because of the \$39 increase, Mr. Dorrill will be sending first class mail notices with a letter to each of the 2,949 units. The legislature formatted the notice, which unfortunately gives the impression that this will be a \$1,100 special assessment, which it is not. His letter will clearly explain what the notice means, and the fact that the increase is only \$39. Mr. Pires further clarified that the courts have deemed any increase in the assessment as a new assessment, even though it is not.

Mr. Gorran suggested that Mr. Dorrill's letter should clearly explain this to the residents, and Mr. Pires added that the letter will be complementary to the language of the statute, as it will be important not to negate the statutory language, but assured those present that he and Mr. Dorrill would coordinate on it.

Mr. Dorrill asked for the help of those present, as well as the Foundation, to get the word out

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that this is not a \$1,200 increase in the taxes, that the assessment has been consistent over time and works out to \$3.25 a month.

(Mr. Gorran's comments were inaudible.)

Mr. Walsh asked about the cost-of-living increase that has not been done in eight years, and this year they have decided to do it for \$3.25 a month. They are looking at the annual budget, and he asked what the expectation would be for the budget and revenue and expenses for five years going forward. If the expectation is that in two years another increase will take place, it would seem foolish to only ask for \$39 for one time. There is a lot of work involved in this for a very small amount of money.

Chairman Garofalo advised that their capital expenses sheet tracks what the capital expenses are on a yearly basis, and this year there are the two trucks which will be paid for in the following year, which means that capital will be reduced by \$84,000 for them. Additionally, \$42,000 will be spent on new fences in Tiburon. Those two items will cover the entire increase in the budget, which will be covered this year, so theoretically that amount will be available next year for other expenses, including salary expenses, possibly for the next two, three or four years out. He and Mr. Vanover will be updating the spreadsheet out another three or four years, and he did not see the need for another assessment for at least two or three years into the future.

Mr. Walsh felt that there were a number of things that could arise in the near future, such as wage competition and the need for building up the reserve and contingency funds in the event of another disaster. Having not raised the assessment for eight years, it made sense to him to at least raise it to an additional \$50 or \$60, since there is quite a bit involved in the process.

Mr. Gorran suggested that Mr. Walsh's opinion might hold true in business, but he was not sure if it would hold true in government spending, adding that it should be explained that there are no reserves per se in the CDD, and they have always paid as they go on different projects. He added that the discussion was philosophical as opposed to a practical one. Mr. Walsh did not

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agree. (Overtalk) While he understood that CDDs were different than businesses on how they handled these types of things, he felt that the Board should think about the possibility of increasing the assessment to prevent having to address this issue again in the near future with all of these possible needs that could occur.

Chairman Garofalo noted that before the hurricane, they had 1.3 million dollars in reserves. One was called a cash flow emergency and the other was called the contingency emergency. As of today they had a balance of \$488,000 in this fund, and they are talking about getting \$800,000 back from FEMA, which will bring them up to the original amount in the reserves. This is why there was no need to have a further or increased assessment. If they are hit with another hurricane within the next three months, Chairman Garofalo has already signed for a line of credit with a local bank. If more money is needed, he will have no problem raising capital the following year if necessary.

Mr. Walsh reiterated that he would rather prepare for the need for more cash, instead of having to go back to the residents again two or three years from now. As they do the budget every year, the Chairman indicated that if they raised the assessment by another \$10, it would be \$29,000 for the year, which would not change anything. And while it would be an additional \$30,000 every year, Mr. Vanover continues to be mindful of hiring people only when necessary, and not during the winter when the work load is much less. He has saved the District quite a bit of money over the last years.

Mr. Walsh added that he would like to be able to continue not raising the assessment for another eight years, as the Chairman had earlier noted. Additionally, continuing to save money in an ageing community meant that it will have to be spent at some point down the road, as the HOAs are having to do. (Overtalk) Chairman Garofalo reiterated that at some point in the next few months he and Mr. Vanover would be updating the asset spread sheet. He has suggested to Mrs. Clancy that someone from her firm should be asked to re-evaluate the bridge to

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determine how much longer it will last. Keeping the spread sheet updated enables them to know how much money they will need at a particular time in the future. The Chairman noted, however, that the decision on what to do about the assessment was up to the entire Board. Mr. Dorrill noted that he could not raise the assessment after the proposed budget was transmitted to the County, but it can be decreased.

Edward Walsh then made a MOTION to approve the proposed budget as submitted.

Mr. Dorrill noted that to Mr. Walsh's point, he will get a copy of the five year capital plan to the Board members. He felt that the Board should focus on the five year plan for the infrastructure at Pelican Marsh, as there are instances in other districts where the infrastructure of 40 year old culverts is beginning to fail. He agreed that the engineer should do some updates on these infrastructure components.

The District has a good plan in place for road resurfacing and a good one in place for equipment replacement, and it would be prudent to look out five to ten years to see what may be required to replace the infrastructure. Once this is determined by the engineer, it can be the basis for budget discussions next year regarding building up a fund for the specific work. It will be important, however, to update the spread sheet before these decisions are made.

This information will be looked at, and at Mr. Walsh's suggestion, Mr. Dorrill felt that they should look beyond five years as it relates to major infrastructure. Chairman Garofalo added that he and Mr. Vanover have made changes in the spread sheet as it relates to lake embankment work, and there are another seven or eight lakes to look at. This will take care of all of the Pelican Marsh lakes, at which point they will begin work on Tiburon's lakes.

Gordon Walker then seconded Mr. Walsh's Motion to approve the budget, which was unanimously approved by the Board.

ATTORNEY' S REPORT

A. License Agreement for Gables Berm Repair

Chairman Garofalo has signed the agreement as well as Mr. Dorrill, and this project is moving forward.

B. Minutes on Website

Chairman Garofalo has asked whether the minutes and other documents need to be kept on the website for a period of time. Mr. Pires noted that the only document that is required to be kept on the website is the budget. Mr. Dorrill suggested that the current and prior year's minutes should probably be kept on the website, but nothing further back.

The Chairman noted that the updated information on the transponders was not on the website when he recently checked it, but minutes dated back to September of 2014 were on there. Mr. Pires indicated that he will double check on the legal requirements as to how long they need to be maintained on the website, but he felt that it was helpful to have them there in the event that someone makes a public records request.

For instance, if someone wanted minutes from 2002, they would have to make a public records request to Mr. Dorrill, who would then have to retrieve them and make them available. These requests come in approximately twice a year, and depending on what the request is, the time spent retrieving them cannot always be reimbursed.

Chairman Garofalo felt that the website was for the residents, and perhaps a different section could be set up for the minutes' history, and then the policies could be kept current with the updates. Mr. Pires agreed that a separate section for agendas and minutes would be an excellent idea for referral for someone seeking a particular record, and he will confirm that there is no minimum or maximum time requirement for minutes on the website. The District does have a webmaster that can do this work for them and make it more user friendly, so that residents are able to find information on all policies and regulations as well.

ENGINEER’S REPORT

Mrs. Clancy had nothing further to bring before the Board.

SUPERVISORS’ REQUESTS

No further supervisors’ requests were received.

FURTHER PUBLIC COMMENTS

Mr. Carter asked about the ficus landscaping along the perimeter of Pelican Marsh Boulevard which they maintain. He asked if their landscaping company could spray them or if a licensed contractor was required because it is on a public road. Mr. Vanover felt that they should have a licensed contractor do this work.

The Chairman added that he has been involved with ficus insects for many years, and spraying for them in the spring is promoted by the contractors, but the spraying is expensive and ineffective except in rare circumstances, as it reaches only the outside of the shrub. The best treatment is to put down granules that is absorbed by the plant and kills the insects. These granules can be applied at any time of year. Chairman Garofalo also noted that infestation of the ficus whitefly is almost eradicated on the East Coast, and is less and less a problem on the West Coast. Apparently every eight to ten years they go through cycles of reproduction, and at this point it is on the down side of infestation.

Kathleen Dammert from Escada indicated that their board had a couple of questions for the District. She asked if the current lake management contract is a continual one or year to year. She wondered if there was an opportunity to entertain outside vendor bids. Mr. Vanover indicated that the contract was on an annual basis, and Chairman Garofalo added that while they could look at other vendors, they would be very highly scrutinized, as they rely heavily on the quality of work and the knowledge and responsibility of the present vendor.

This vendor has been with the District for seven or eight years, and follows a program that has

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been set up. The algae problem has been diminished to a great degree, and the Chairman noted that to change vendors would require a very good reason.

Mr. Dorrill advised that they would like to know if there are some particular lakes that there is a concern about, and added that Pelican Bay is presently using non invasive Tilapia that eat algae 24 hours a day with remarkable success.

Chairman Garofalo added that Mr. Vanover keeps a list that he updates weekly on lakes that complaints have been received about, and when the vendor comes that week he will address those problems first. He added that 10 or 15 years ago carp were used to eat the algae, but over time they began to eat the aquatic plants as well.

Mr. Vanover noted as well that the Escada lakes are a continual problem, and Mrs. Dammert indicated that the problem has continued to worsen, as they have reached build out and more fertilizers are going into the lake, and the long, warm summers and winters have not helped.

Mr. Vanover suggested that they do a walkthrough of those lakes, now and on a regular basis.

Chairman Garofalo added that \$42,000 worth of fencing in the Escada neighborhoods will be installed due to the loss of vegetation in that area.

Additionally, Mrs. Dammert asked what the procedure was for filling a sudden vacancy on the Board, and was advised that they are elected officials, but the CDD Board has the authority to appoint someone to fill a Board seat until the election occurs, preferably someone who attends meetings and is familiar with the issues at Pelican Marsh. The Chairman is going to attend the President's Council meetings in the future to advise those present of what the Board is doing.

ADJOURNMENT

Mr. Dorrill indicated that the next meeting would be on June the 20th, and **the meeting was then adjourned at 10:30 a.m.**