

**MINUTES OF MEETING  
BAYSIDE IMPROVEMENT AND BAY CREEK  
COMMUNITY DEVELOPMENT DISTRICTS**

A Joint Budget Workshop of the Boards of Supervisors of the Bayside Improvement Community Development District and Bay Creek Community Development District was held on **Friday, July 20, 2012 at 9:00 a.m.**, at the **Pelican Landing Community Association, 24501 Walden Center Drive, Bonita Springs, Florida 34134.**

**For Bayside Improvement CDD:**

James Patterson	Chair
Walter McCarthy	Vice Chair
Jack Lienesch (via telephone)	Assistant Secretary
Bernie Cramer	Assistant Secretary
T. Marvin Hancock	Assistant Secretary

**For Bay Creek CDD:**

Frederick McAuley	Chair
Nelson Glueck	Vice Chair
Keith Huffman	Assistant Secretary
Robert Pritt	Assistant Secretary

**Also present were:**

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager

**FIRST ORDER OF BUSINESS**

**Call to Order/Pledge of Allegiance**

Mr. Patterson called the workshop to order at 9:00 a.m., and all present recited the Pledge of Allegiance.

**SECOND ORDER OF BUSINESS**

**Roll Call**

Mr. Patterson stated, for the record, that Supervisors Patterson, McCarthy, Cramer and Hancock were present, in person, for Bayside Improvement CDD. Supervisor Lienesch was attending via telephone. For Bay Creek, Supervisors McAuley, Huffman and Glueck were

present, in person. Supervisor Janek was not present. Supervisor Pritt was not present at roll call.

**THIRD ORDER OF BUSINESS**

**Continued Discussion: Fiscal Year 2013  
Joint Proposed Budget**

Mr. Patterson indicated that the Boards need to discuss several issues related to the general fund, including the Spring Creek road plantings, improving lake water quality and the wetland contract, culvert issues, discussion of flowers at more monuments and messaging systems.

Mr. Patterson voiced his concern regarding the plant replacement program at The Colony, particularly the grass; however, Mr. Adams has assured him that this item is adequately covered. Regarding the enterprise fund, Mr. Patterson stated that he is concerned about the water management portion of the LakeMasters and EarthBalance contracts.

Regarding painting of monuments, Mr. McAuley stated that all residents currently pay for monument painting; however, only one-third of the residents have their monuments painted. He feels that this unfair and, much like the flower program, it is something that should be done for all since all pay for it; it should not only be in certain areas.

Mr. Lienesch noted that an updated budget was emailed and asked for an explanation of the difference between it and the one in the agenda package. Mr. Adams stated that the primary difference is that the updated version contains an additional \$30,000 for inlet cleaning. There was also a minor change to wording related to NPDES.

In response to a question, Mr. Adams confirmed that the \$30,000 is a new expenditure, which breaks down to a \$20,000 general fund and \$10,000 enterprise fund split.

***\*\*\*Mr. Pritt joined the meeting via telephone.\*\*\****

Mr. Pritt expressed his concern related to the issue of the culverts and the potential budget and urged the Boards to consider it.

Mr. Patterson referred to the allocation chart, Page 31, and asked about the Administrative/Field Cost Allocation percentages. He reminded the Boards to look at the totals, not just the line item amounts in either portion of the budget.

Regarding the Fiscal Year 2012 budget, Mr. Patterson pointed out that it was substantially understated because the LakeMasters contract was established after the budget was adopted. Mr. Adams stated that the figures are reflected in the currently proposed budget.

Mr. McCarthy felt that the bottom line figure to consider is the assessment amount. His goal is to not increase assessments and asked the Boards to focus on that, implementing cost savings when possible. Mr. McCarthy referred to the 4% allowable discounts line item under Revenues, on Page 1, and recommended reducing the allowable discount to 3%. The Boards agreed to reduce the allowable discounts figure to 3%.

Mr. Patterson asked why no revenue from street sweeping is projected. Mr. Adams advised that Pelican Marsh no longer wishes to be a part of the interlocal agreement so, as of the new fiscal year, the Districts will no longer be able to share the street sweeper expense; thus, it is a revenue loss of Pelican Marsh's \$23,000 reimbursement. A suggestion was made to disband the street sweeping program. Mr. Adams indicated that the NPDES program looks favorably on street sweeping because it is a point-of-source removal program; it stops things from entering the catch basins. Mr. Adams advised against eliminating it. Regarding frequency of street sweeping, Mr. Adams indicated that the current programs call for twice per week on the primary roads and once per week on secondary roads. A suggestion was made to reduce it to once per week throughout the community. The Board agreed to reduce street sweeping to once per week. It was noted that, in some months, street sweeping is not necessary but is needed more frequently at other times. In response to a question, Mr. Adams indicated that Pelican Marsh's decision is not performance-related; they are moving to a once per month program using a private contractor. A question was raised regarding whether Pelican Marsh's withdrawal now makes the Districts' street sweeping program inefficient. It was pointed out that the only NPDES obligation is related to streets that are owned and the Districts do not own these streets. It was suggested that whoever owns them should contribute. Mr. Adams pointed out that if the service is removed, it will also be removed from the handful of parcel neighborhoods.

Regarding no projected intergovernmental revenue, Mr. Adams confirmed that none is projected and that the current year revenue is related to the closeout of the PIC fund.

Discussion turned to expenditures.

Regarding Supervisors' fees and allocation of the expenditure, Mr. McCarthy recommended that it be evenly split between the Districts, as the amount is the same for each,

making it a 50/50 split, rather than 80/20. Regarding the audit expenditures, he recommended that the specific cost be allocated to each District, as billed. Mr. McAuley voiced his opinion that this approach will undo everything that the Districts have tried to accomplish. Mr. Adams pointed out that the problem with extrapolating the expenditures is that it acts against the idea that the Districts are operating as one community, knowing no boundaries. Mr. Patterson felt that the impact of not separating it out is that Bayside Improvement's unallocated fund is being drawn down faster than it would otherwise be. Mr. Patterson stated that, eventually, Bayside Improvement's reserve will be depleted, while Bay Creek's continues to grow. Discussion ensued regarding the community structure and the basis from bringing the Districts together. Mr. McCarthy stressed that, in the interest of fairness, Bay Creek should be asked to pay the actual costs of items that can clearly be defined.

Debate ensued regarding allocation of costs.

Mr. Huffman noted that, in the combined budget, monies are used interchangeably between the Districts and asked why there is not one budget. Mr. Adams clarified that the Districts have a combined budget but what is being discussed is the duplication of certain overhead, such as Supervisors' fees, audit and insurance. Mr. Adams explained that the idea was that residents of one CDD should not pay different assessments, as they all benefit equally from the common elements within the community, as a whole. Mr. Adams questioned the necessity of separating the discussed items, as he feels it will not be sufficient to allow Bayside Improvement to build its reserves and will likely create more animosity than it is worth.

Mr. Patterson felt that the requested changes can be accomplished, from an accounting perspective, while maintaining the same assessment for all residents. Mr. Adams disagreed stating that the costs are currently split based on the number of units. In response to a question, Mr. Adams indicated that changing the allocation between the Districts will result in different assessment levels for the Districts. Mr. Adams differentiated spreading costs between the Districts and between the general and enterprise funds.

Regarding utilization of reserves to offset assessments, Mr. Adams advised that the Districts will eventually need to stop doing so; it cannot go on forever.

Mr. Hancock commented that the Districts are charged with producing accurate financial statements and contended that certain items, such as Supervisors' fees, are not accurately reflected. He questioned how the auditors can sign off on the audit, if there is inaccurate

information. Mr. Adams noted that the situation is reflected by mention of the interlocal agreement.

***\*\*\*Mr. Pritt arrived at the meeting at 9:48 a.m.\*\*\****

Discussion ensued regarding the legal expenditure line item and a Board Member voiced his preference to not under budget that item and be forced to make a decision based on available funds.

Regarding the audit expenditure, Mr. Adams indicated that a 2% increase is factored in. A Board Member voiced his opinion that the auditor's fee is high and asked Mr. Adams to negotiate a lower fee. Mr. Adams was unsure if there was room to negotiate, given the quantity of funds within the Districts that must be audited. Mr. Adams noted that this is the last year of the auditor's contract. Another Board Member voiced his opinion that the auditor is overcharging and that the Districts' audits are easy. Discussion ensued regarding the RFP and RFQ processes.

In response to a question, Mr. Adams confirmed that the budget will be adopted at the August meeting.

Mr. Adams confirmed that Management's fees and all related line items have remained unchanged for five years. Discussion ensued regarding the postage and reproduction and the legal notices and communications line items. Mr. Adams noted that the communications line item increased because the Districts will begin producing a newsletter. Mr. Patterson questioned why postage and reproduction costs have increased. Mr. Adams indicated that the amount was slightly increased based on anticipated actual expenditures for the current fiscal year. Mr. Huffman questioned if FedEx costs are driving up the cost and suggested comparing prices with UPS. Mr. Pritt recommended that the Board Members wean themselves from hard copies of the agendas. To that end, Mr. Adams stated that the agenda could be visually presented at meetings. It was noted that some Board Members do not utilize computers. Mr. Adams suggested researching other options, such as U.S. mail and/or 2<sup>nd</sup> Day FedEx service. The Boards asked if Management could complete the agenda packages sooner so that delivery costs would not be as high. Mr. Adams recommended returning the line item to the current year amount and moving towards U.S. mail delivery of agendas, meaning that the agendas would be shipped 10 days prior to meetings or FedEx 2 Day, at the very least.

The Boards asked that the office supplies line item be reduced to \$400 total, with \$300 in the general fund and \$100 in the enterprise fund.

Mr. Adams cautioned against changing the insurance line item projection and noted that the figure factors in a 5% increase.

Base on the changes discussed, Mr. Adams stated that the new total professional fees expenditure amount is \$165,551.

Discussion ensued regarding the water management services expenditures. Mr. Adams indicated that the first line after NPDES program is lake/wetland and pipes which is now \$179,580. The next lake/wetland line item is specific to Bay Creek. Mr. Adams will adjust the budget to separate the lake and wetland costs, as the Districts are using different contractors for certain phases. Mr. Adams discussed the lake and wetland maintenance work plan. Mr. Pritt voiced his concern that no progress is being made with regard to the lakes, regardless of how much is spent. Mr. Pritt questioned if the Districts should consider whether they want to continue with the current contractor or move on to another.

A Board Member relayed details of a meeting with a professor at FGCU who seems to understand the Districts' problems and appears eager to work on the project. Mr. Adams indicated that he has not received the professor's proposal but noted that \$25,000 is currently budgeted. Mr. Adams advised that the Districts' equipment investment would be approximately \$1,000 to \$1,500 and they would assist with the installation and monitor data. Phoslock was briefly discussed and may be worked into the study.

In response to a question regarding the chemical treatments, Mr. Adams indicated that it must be funded in order to continue the current program and the second year contract. A Board Member voiced his concern about spending \$30,000 for the cleaning project; he prefers to budget only \$10,000 now to address the known problems and research for the following fiscal year. Mr. Adams acknowledged that the first run of the project will be the most expensive, as it will be extensive; subsequent cleanings should be more routine. Mr. Adams recommended maintaining a budget amount of \$30,000. The majority of Board Members agreed.

Regarding aquascaping, Mr. Adams noted that one planting has taken place to date. He advised that the Districts have realized a significant reduction in plant costs this fiscal year. Mr. Adams recommended maintaining the budgeted amount.

Mr. Adams confirmed that the capital outlay line item is for new aerators. He discussed how aerator needs are prioritized and noted that he would like more budgeted for the aerator-related items. Discussion ensued regarding the benefits of aeration, installation and electrical costs.

Mr. McCarthy stated that he would prefer to reduce chemical costs and increase the budgets for aquascaping and aeration. He felt that LakeMasters should be asked if they are willing to make any concessions with regard to chemical treatments. It was recommended that the Districts wait for the expert's opinion, before drastically changing chemical usage. Mr. Adams will invite the professor to attend the August meeting.

Mr. Adams felt that the aerator repairs and maintenance line item is adequately funded.

Continuing on Page 2, Mr. Patterson voiced his opinion that the current year street lighting personnel services seem high. Mr. Adams stated that there were unforeseen circumstances related to disconnect replacements. He confirmed that he is comfortable with the \$19,000 budgeted, assuming there are no more large unforeseen expenses.

Mr. McCarthy noted that Pelican Marsh's electrician was used and requested seeking other pricing. Mr. Adams noted that the costs were shared between four districts, so there was some cost savings but agreed to revisit the service providers. Discussion ensued regarding street lighting electricity costs and Mr. Adams reminded the Boards that the cost also includes monument lighting. Speaking of the monthly check writing, Mr. McCarthy requested that each meter service description be provided; he feels there is savings potential. The Boards agreed to reduce the street lighting electricity line item to \$48,000 and the equipment line item to \$17,500.

Mr. Adams reviewed the landscape services line items, stating that it is mostly status quo. It was noted that the rentals and leases line item is for the final payment on the lease. The proposed fuel and insurance line items were unchanged. The Boards agreed to reduce the minor operating equipment line item from \$15,000 to \$12,500. The remaining landscape services proposed expenditure line item amounts remained unchanged, with the exception of the mulch program, which was reduced to \$50,000.

Regarding plant replacement, Mr. Adams felt that the work can be accomplished for the proposed \$65,000. The proposed tree trimming, fountain maintenance and office operations costs were unchanged. Discussion ensued regarding monument maintenance and the Boards agreed to maintain the proposed amount of \$7,500.

Regarding roadway services, Mr. Adams stated that this is the area where the Districts could save money and recommended cutting the proposed costs in half by reducing street sweeping to once per week. In response to a question regarding the reduction to roadway services category, Mr. Adams confirmed that those costs relate solely to street sweeping; the service level will be reduced by the elimination of Pelican Marsh and the remaining areas will be reduced to once per week. The proposed personnel costs were reduced from \$21,216 to \$11,974, fuel was reduced from \$3,000 to \$1,750, repairs and maintenance - parts was reduced from \$2,500 to \$1,500 and insurance remained the same, resulting in a new total cost of \$15,402.

Regarding the parks and recreation costs, Mr. Adams confirmed that the operating supplies line item was increased from \$2,500 to \$4,500. He noted that this is an aging asset that will need work. The proposed expenditure amounts remained unchanged.

Mr. Adams confirmed that the other fees and charges categories are fixed.

The new proposed total expenditures amount was \$1,801,699, resulting in a full assessment amount of \$424.21 per unit.

***\*\*\*The workshop recessed at 11:41 a.m.\*\*\****

***\*\*\*The workshop reconvened at 11:47 a.m.\*\*\****

Discussion resumed with the enterprise fund.

Regarding the allowable discounts line item, the Boards agreed to reduce the percentage to 3%, to remain consistent with the general fund. It was noted that this fiscal year's irrigation revenue will likely fall short of the adopted budget amount. Mr. Patterson questioned if the irrigation revenue, in the proposed budget, should be reduced from \$310,000 to \$260,000. Mr. Adams agreed with projecting conservatively and using the lower amount. The Boards agreed to reduce the line item amount to \$285,000. Mr. Adams explained possible reasons for fluctuation in irrigation revenue. Discussion ensued regarding high irrigation users. Acknowledging that irrigation is a source of revenue, Mr. Adams stressed that water is still a finite resource, so conservation is important. The Boards agreed to increase the meter fees line item from \$1,500 to \$7,000, in anticipation of connections related to new development. The adjusted operating revenue totaled \$550,024.

Regarding the enterprise fund operating expenses, Mr. Adams indicated that utility billing is the only line item that is specific to this fund; the others are apportioned with the assessment levy.



The proposed field management fees were unchanged. The water management services line items were previously discussed in conjunction with the general fund budget.

The irrigation services proposed expenditures remained unchanged, except for increasing meter costs from \$2,000 to \$2,500, reducing electricity from \$65,000 to \$60,000. The adjusted total for irrigation services was \$321,134 and the total operating expenses total was \$505,508, bringing the per-unit assessment to \$55.23.

Discussion continued with The Colony budget, on Page 14. Under revenues, the interest line item proposed amount was reduced from \$750 to \$350. Regarding professional fees, Mr. Adams confirmed that all are fixed costs. The street lighting category remained unchanged.

Regarding proposed landscape service expenditures, personnel services was unchanged, rentals and leases was reduced from \$13,700 to \$13,000, fuel was unchanged, repairs and maintenance (parts) was reduced from \$16,000 to \$15,000, insurance was unchanged, horticulture dumpster was reduced from \$13,000 to \$10,000, miscellaneous equipment was reduced from \$13,000 to \$10,000, chemicals was unchanged, flower program was unchanged, mulch program was reduced from \$20,000 to \$15,000, plant replacement program was unchanged and tree trimming was unchanged.

The proposed fountain services operating supplies line item was unchanged.

The adjusted proposed total expenditures for The Colony were \$626,497, resulting in a per-unit assessment of \$490.60.

Mr. Adams explained the mailed notice requirements, since assessments will be increasing. At Monday's meeting, the Boards will be asked to set an assessment level for the mailed notice.

**FOURTH ORDER OF BUSINESS**

**NEXT MEETING DATE: July 23, 2012  
at 2:00 P.M.**

Mr. Adams noted that the next meeting date is July 23, 2012.

**FIFTH ORDER OF BUSINESS**

**Adjournment**

There being no further business, the meeting adjourned at 12:31 p.m.

FOR BAYSIDE IMPROVEMENT:

*Jim A. C. Leveson*  
Secretary/Assistant Secretary

*James A. Patterson*  
Chair/Vice Chair

FOR BAY CREEK:

*Keith Huffman*  
Secretary/Assistant Secretary

*Frederick C. McArthur*  
Chair/Vice Chair