

MINUTES OF WORKSHOP

HARMONY COMMUNITY DEVELOPMENT DISTRICT

The budget workshop of the Board of Supervisors of the Harmony Community Development District was held Thursday, June 29, 2017, at 4:00 p.m. at Harmony Golf Preserve Clubhouse, 7251 Five Oaks Drive, Harmony, Florida.

Present from the Board were:

Steve Berube	Chairman
Bill Bokunic	Assistant Secretary
David Farnsworth	Assistant Secretary
Kerul Kassel	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Tim Qualls	Attorney: Young Qualls, P.A.
Steve Boyd	Engineer: Boyd Civil Engineering
Michael Acosta	District Staff
Britten Arnold	District Staff
Mike Scarborough	District Staff
Gerhard van der Snel	District Staff
Chuck Walter	Severn Trent, Management Division
Shawn Wooldridge	District Staff
Residents and members of the public	

FIRST ORDER OF BUSINESS

Call to Order

Mr. Berube called the workshop to order at 4:00 p.m.

SECOND ORDER OF BUSINESS

Roll Call

Mr. Berube called the roll.

THIRD ORDER OF BUSINESS

Audience Comments

Mr. Berube stated since this workshop is earlier in the afternoon and because we have some new faces on the field staff, I asked them to attend the meeting so everyone could meet each other.

Mr. van der Snel introduced the field staff. Mr. Wooldridge is the pool manager and cleans the bathrooms. He is also my right-hand man and knows what I know. He started the same time I did. Mr. Scarborough is the dockmaster, and he is also certified to maintain the ponds. He prepares the pond reports. He does some work with irrigation, as well. He also helped me with the drop box and takes pictures of the ponds. All of them are residents of Harmony. Mr. Acosta is our newest staff member. He takes care of the

doggie pots, the medians, and small projects. He is responsible for the park bench project that we started, which has become a continuous project.

Mr. Berube stated the park benches look very good and very well done. Previous staff members used to get more black paint on the plastic wood panels than they got on the black painted area. His work is clean, everything is covered, and there is no mess on the ground.

Mr. van der Snel stated on Fridays, Saturdays, and Sundays, he is also the dockmaster. Mr. Arnold is the irrigation specialist. He started about 100 days ago and does a great job. He is mapping out all the back irrigation and doing a good job. He maintains the pools on Fridays and Saturdays plus restrooms and smaller projects, such as the sun dial that he is painting. He also assists with the ponds.

FOURTH ORDER OF BUSINESS

Discussion Items

A. Fiscal Year 2018 Budget

Mr. Farnsworth stated I have a point of order for the sequence we are doing things in. If we discuss this budget before we award a landscape contract, we have a potential \$155,000 increase that we will approve after-the-fact. I want to see if there is a way we can discuss that item during the workshop, prior to the regular meeting where it is on the agenda.

Ms. Kassel stated the landscaping discussion is part of the regular meeting.

Mr. Berube stated I thought about that, and you are correct. In looking at landscaping, it is pretty clear where it is going to go. To Mr. Farnsworth's point, I already anticipated a bump into these budget discussions. We can semi-finalize this budget now. If we make what would seem to be an unusual decision when it comes to the landscape contractor, then we will have to come back to the budget discussion and do a revision.

Mr. Farnsworth stated the way the budget line items have been set up, because they were modified for the Davey contract, we still have the line items in the budget. We cannot fill in the numbers if we have not made a decision.

Mr. Berube stated I understand. We are stuck where we are. We advertised this workshop to discuss the budget, and the consideration of landscape proposals is at the regular meeting.

Mr. Farnsworth asked we cannot move an item from the regular agenda to do it now?

Mr. Berube stated no. It has been advertised.

Ms. Kassel stated looking at the numbers in the projected budget, I think we will probably be okay with the annual budget projection for fiscal year 2018.

Mr. Farnsworth stated I am not disagreeing with you. I think everyone knows where it is going.

Mr. Berube stated your point is taken. We will simply have to deal with it. We will discuss the budget and make an assumption. If the Board makes a different choice than what seems to be obvious, we will address it then.

Mr. Moyer stated keep in mind, this is a workshop, and you are not going to make a decision on anything.

Mr. Berube stated we can modify the budget again.

Mr. Moyer stated yes, the budget hearing is scheduled for August. The Board can direct me to make certain changes.

Mr. Berube stated we started this process early.

1. Revenues

- a. Interest—Investments: *No change on this line item.*
 - b. Interest—Tax Collector: *No change on this line item.*
 - c. Special Assessments—Tax Collector: *No change on this line item.*
 - d. Special Assessments—CDD Collected: *No change on this line item.*
 - e. Special Assessments—Discounts: *No change on this line item.*
 - f. Settlements: *No change on this line item.*
 - g. Other Miscellaneous Revenues: *No change on this line item.*
 - h. Access Cards: *No change on this line item.*
 - i. Facility Revenue: *No change on this line item.*
 - j. Facility Membership Fee: *This line item was reduced to \$1,200.*
- Mr. Berube indicated the history has been that only one person or one group has paid \$1,200. We do not know if we will receive that amount, but \$4,000 seems overly generous. I recommend this line item be reduced to \$1,200, presuming only one person will pay the annual fee. Mr. Farnsworth suggested reducing the amount by half, to \$2,000. Ms. Kassel agreed with reducing it to \$1,200. Mr. Berube indicated the budget is driven by history, which has been \$1,200. Ms. Kassel referenced fiscal year 2016 when the fee was \$1,000. The reason for \$1,200 in fiscal year 2017 is it may have been for a partial year.

2. Administrative Expenditures

- a. Payroll—Board of Supervisors: *No change on this line item.*
 - b. FICA Taxes: *No change on this line item.*
 - c. Professional Services—Arbitrage Rebate: *No change on this line item.*
 - d. Professional Services—Dissemination Agent: *No change on this line item.*
 - e. Professional Services—Engineering: *No change on this line item.*
 - f. Professional Services—Legal Services: *No change on this line item.*
 - g. Professional Services—Management Consulting Services: *No change on this line item.*
 - h. Professional Services—Property Appraiser: *No change on this line item.*
 - i. Professional Services—Special Assessments: *No change on this line item.*
 - j. Professional Services—Trustee: *No change on this line item.*
 - k. Auditing Services: *No change on this line item.*
 - l. Postage and Freight: *No change on this line item.*
 - m. Insurance—General Liability: *No change on this line item.*
 - n. Printing and Binding: *This item was reduced to \$2,000.*
- Mr. Berube indicated based on the current year and previous years, this amount has been low and suggested the amount be reduced from \$2,500 to \$1,500. Ms. Kassel showed the actual amount spent was \$1,900 in fiscal year 2016 and suggested reducing the amount to \$2,000. Mr. Farnsworth agreed with \$2,000.
 - o. Legal Advertising: *No change on this line item.*
 - p. Miscellaneous—Records Storage: *No change on this line item.*
 - q. Miscellaneous—Assessment Collection Cost: *No change on this line item.*
 - r. Miscellaneous—Contingency: *No change on this line item.*
 - Ms. Kassel indicated this is a plug amount. Mr. Berube reasoned we may need more money as we go along. The actual amount in fiscal year 2016 was \$136, and it may be \$1,313 for fiscal year 2017. Mr. Berube recommended reducing contingency from \$2,600 to \$2,000. Ms. Kassel asked if Mr. Berube wanted more money in this line item, and Mr. Berube indicated the amount could be left at \$2,600. Ms. Kassel agreed with leaving it at \$2,600. If the Board makes other substantial changes, this number might shift. Mr. Moyer clarified this is a contingency category for administrative line items, so the exposure exceeding

\$2,600 is pretty low. The District does not have a lot of administrative contingencies.

- s. Office Supplies: *No change on this line item.*
- t. Annual District Filing Fee: *No change on this line item.*

3. Field Expenditures

- a. Professional Services—Field Management: *No change on this line item.*
- Mr. Berube recommended increasing this line item from \$230,000 to \$240,000, which is almost 4% and will allow for staff raises that come up during the year and any unanticipated items that may involve field services. We will probably remain under that number based on the current projection. Ms. Kassel indicated the actual for fiscal year 2017 will be about \$202,000+, leaving \$8,000 plus an additional 4% above that. Mr. Berube noted the amount could be left at \$230,000, and Ms. Kassel agreed. Mr. Berube indicated a number of turnovers occurred this year, resulting in a short payroll, but \$230,000 should be fine.

4. Landscape Expenditures

- a. Contracts—Mulch: *No change on this line item.*
- b. Contracts—Trees and Trimming: *No change on this line item.*
- c. Contracts—Shrub Care: *No change on this line item.*
- d. Contracts—Ground: *No change on this line item.*
- e. Contracts—Turf Care: *No change on this line item.*
- f. Contracts—Landscape: *No change on this line item.*
- g. Contracts—Shrub/Groundcover/Annuals: *No change on this line item.*
- Mr. Berube indicated the total of Contracts—Mulch, Contracts—Landscape, and Contracts—Shrub/Groundcover/Annuals is \$479,146 the District is paying to Davey this fiscal year. The lowest proposal we received in response to RFP 2017-101 is about \$528,000. The increase is \$50,000. Mr. Moyer clarified that figure is for 14 months. Mr. Berube agreed and indicated he is using the quoted number in the proposal. Mr. Moyer clarified that some of the original proposals only provided a figure for 12 months instead of 14 months, so staff asked the proposers to clarify their prices. Ms. Kassel concluded that the original 12-month price from Servello & Son was correct for 12 months, at \$476,691. Mr. Walter calculated 12 months from the 14-month price of \$527,308 to compare what they sent the first

- time. Mr. Berube confirmed the \$476,691 provided in the first proposal amount should be correct for 12 months. Ms. Kassel indicated the proposal had additional inaccuracies. If Servello & Son is the lowest responsible proposal, then we should be fine, and Mr. Berube agreed. Mr. Berube was using the highest possible number, which was for 14 months, to calculate this line item. Ms. Kassel asked why use a 14-month figure for an annual budget, and Mr. Berube indicated to have a cushion and not run the budget too tight. Ms. Kassel reminded the Board that miscellaneous services has \$25,000.
- Mr. Berube asked if everyone agrees the 12-month proposal price is \$476,691, and Mr. Walter disagreed. Based on the email sent prior to the meeting, their math was significantly off. Based on 12 months for the number they submitted, it is \$451,978; however, looking at the totals on their unit price sheet, it is \$476,691, which is their annual rate. The math does not work. Mr. Berube commented these are big, professional firms that had all the chances possible to get this right, and Ms. Kassel pointed out every firm made mistakes in their proposals. Mr. Farnsworth asked why the math does not work because perhaps they offered a discount. Mr. Walter explained to look at the unit prices for a year and add the quantities, the annual total is \$476,691. Taking their 14-month price of \$527,308 multiplied by .85, which is 12 months, the annual total is \$451,978, which does not equal their 12-month price on the unit price sheet. It is off by about \$20,000.
 - Mr. Farnsworth commented that Mr. Walter made a different assumption in that calculation. Mr. Farnsworth's interpretation was based on the other responses, that they are giving a 5% discount on the first year. Ms. Kassel disagreed. Mr. Berube shared his distress that the District provided the dates and indicated the first year was 14 months, then asked them to confirm the price, and they came back and said it was not and added 15% or 16% to their first price. Throughout the RFP, it said ignorance is no excuse and to read everything carefully. Ms. Kassel indicated the Board does not have time to reject all bids. Mr. Berube disagreed but indicated the Board probably did not want to do that. We already know the numbers.
 - Ms. Kassel indicated the point is, the current projected budget indicates enough to cover the new landscape contract. Ms. Kassel understands the desire to have some

- cushion. Mr. Berube asked to clarify the annual price based on their 14-month proposal, which is \$527,308 divided by 14 months times 12 months, equaling \$451,978. Mr. Berube indicated the annual price might also be \$476,691. Mr. Walter pointed out the unit prices were on a worksheet, which one would presume is for their annual plan. Ms. Kassel indicated the worksheet shows how many mowings and other services at a certain price per mow or service, and so forth, which totals \$476,691. Mr. Berube shared the pricing form for Servello & Son Exhibit A, the year one number is for 14 months.
- Ms. Kassel asked Mr. Qualls for guidance on the fact that the Board is discussing landscaping proposals, which is an item on the regular agenda for discussion, and if it is acceptable to be mentioning specific proposals in the workshop when the Board has not met to discuss any of the proposals. Mr. Qualls clarified that the Board's conversation is looking at the proposals to project what to budget. In that case, the Board is not evaluating the proposals but looking at the bottom line price, which is very factual, albeit the math seems to be fuzzy. Looking at the prices is not a problem because otherwise, the Board will not be able to determine a budget amount. Ms. Kassel pointed out the Board is only discussing one of the proposals, not all three. Mr. Berube indicated the math goes across all of them, and they all made mistakes. Mr. Qualls advised to just look at the numbers and factually state about the math, not evaluate anything. The Board is just having a factual discussion based on the submittals and the math, and the Board should keep it at that factual level.
 - Mr. Moyer indicated the Board should not interpret a proposer's intent. Servello & Son may be giving the District the remaining two months of this fiscal year at a very low price and are actually bidding \$476,691 for one year. Mr. Berube indicated the end result is not bad. Ms. Kassel indicated the result would be the opposite because the 14-month price is lower than the 12-month price. Mr. Moyer pointed out that one assumption is every month is equal, when the last two months for fiscal year 2017 – August and September – could be less. Mr. Berube agreed that August and September are going to be the start-up months and the contractor will not be fully up to speed or will deliver the quality that we expect. None of the proposers will.

- Mr. Berube suggested looking at the proposal form from Servello & Son for year 1: \$476,691. The second column is \$483,841, which compares 12 months to 12 months. The price increases about \$7,000, which is just under 2%. Year 3 is \$491,099, which is about 2%. Year 4 is \$498,465, which is about 2%. Factually when you look at the grand total of the lines, those are probably the numbers that apply to the 12-month contract. They are including the additional \$52,000 to cover the additional two months. That is the only thing you can figure. You cannot divide it by months because I think Mr. Moyer is right, that they are giving us a lower number for the first two months. Mr. Moyer did not think the Board should interpret what they are trying to do. These are the prices provided in their proposal, and Ms. Kassel agreed. Mr. Berube indicated if Servello & Son is the chosen proposer, the 12-month contract number will be \$476,691. Mr. Bokunic suggested having a conversation with the proposing company, but Mr. Berube indicated this is how he is interpreting their proposal. It is hard to turn 12 months into 14 months and get an even monthly number.
- Ms. Kassel shared the prices from other two landscape proposers range from \$650,000 to \$700,000, in which case, the Board would need to increase the budget by \$200,000. Mr. Berube suggested to make the obvious assumption for purposes of the budget, and asked how much to use for the budget. Ms. Kassel suggested leaving the numbers as they are for now. Next month, the manager can adjust the budget numbers with the numbers from the proposer the Board selects at the regular meeting. Mr. Moyer confirmed we will then know with certainty which proposal to include in the budget, once the Board has chosen a proposer.
 - h. Repair and Maintenance—Irrigation: *No change on this line item.*
 - i. Repair and Maintenance—Trees and Trimming (Canopy): *No change on this line item.*
 - j. Miscellaneous Services: *No change on this line item.*
- Mr. Berube indicated we will need additional money for the landscaping contract items, and we do not know where it will come from. Mr. Berube suggested reducing this line item from \$25,000 to \$10,000, with the difference going toward the overages. Mr. Moyer commented that Ms. Kassel was correct with the contingency line item being a plug number. The Board can also look at the street

light buyout category to cover landscaping. The Board members agreed to leave this item as proposed.

5. Utilities Expenditures

a. Electricity—General: *No change on this line item.*

b. Electricity—Street Lighting: *No change on this line item.*

- Mr. Berube indicated this line item increased but is not sure why. Ms. Kassel suggested it is for new communities coming online. Mr. Berube suggested reducing it to \$85,000 based on actual projections for fiscal year 2017, we can leave this line item as is.

c. Utility—Water and Sewer: *This line item was increased to \$130,000.*

- Mr. Berube suggested increasing this line item to \$130,000 from \$120,000. Mr. Farnsworth pointed out the \$120,000 is already an increase of \$15,000 from the fiscal year 2017 budget. Ms. Kassel indicated the projected actual for fiscal year 2017 is \$135,651, which is \$15,000 above what is proposed for the fiscal year 2018 budget amount. Part of it is due to the drought that lasted a solid five months. Another part of it is due to new communities coming online. Ms. Kassel is more comfortable with it at \$130,000 than at \$120,000.

d. Lease—Street Lights: *No change on this line item.*

- Mr. Berube indicated this has already been calculated and will drop to the \$123,000 shown in the proposed budget for fiscal year 2018.

e. Capital Outlay—Street Lights: *No change on this line item.*

- Mr. Moyer indicated historically, we have budgeted \$330,000 for street light buyouts. When you take all the revenues and expenditures, that line item increases \$34,000 to \$364,000. In my mind, that is how much the Board has to move around to the other line items. Ms. Kassel agreed, capital outlay for street light buyouts can remain at \$330,000 and move the balance to landscaping services.
- Mr. Berube indicated this is due to the discussion Mr. Farnsworth raised when the Board paid off more loans. When we get to this year, we will not have enough money to pay off a significant amount, so \$364,000 is probably sufficient and can be left alone for the time being. When you aggregate various contracts, we will be significantly under that amount or be significantly more than \$330,000. Ms. Kassel asked if \$330,000 will allow the Board to reach its goal, which is

dependent on how many are paid off and which ones are paid off. Mr. Farnsworth showed the open loans on the screen which are yet to be paid. Mr. Berube indicated taking \$236,000 and \$136,000 would be \$362,000 against a budget number of \$364,000. The bottom two are the most obvious ones to pay off; \$364,000 works better than \$330,000 because the Board committed to the residents we will pay these down.

- Ms. Kassel asked where the money would come from for additional landscaping. Mr. Berube suggested continuing through the budget discussion but to leave this item as proposed.
- Mr. Farnsworth asked where the proposed budget number of \$364,701 came from, because the Excel spreadsheet shows \$337,495. The last spreadsheet that was sent has these numbers. Which revision is right? Mr. Moyer responded that too many people are accessing information and sending it out. What is included in the agenda package is correct. What is on the Excel spreadsheet probably is not correct. Mr. Farnsworth pointed out the same spreadsheet was provided twice, and it was the same both times. Mr. Berube indicated the latest version was forwarded to us from Ms. Brenda Burgess, but the file is probably old. What is the date on the file? It is probably the first proposed budget. What we received says version 2 modified tentative budget. We went by the numbers in the agenda package, and the spreadsheet might be off. Mr. Moyer will provide an updated spreadsheet.

6. Operation and Maintenance Expenditures

- a. Contracts—Lake and Wetland: *No change on this line item.*
 - b. Communication—Telephone: *No change on this line item.*
 - c. Utility—Refuse Removal: *No change on this line item.*
 - d. Repair and Maintenance—Ponds: *This line item was increased to \$12,500.*
- Mr. Berube discussed this with Mr. van der Snel earlier in the day, noting that some changes have been made to how the ponds are maintained in order to cut back on some of the chemical costs. The District is maintaining additional ponds, and some ponds are aging. The additional ponds should not require many chemicals; the ponds that are aging may or may not depending on rainfall and various other things. Mr. Berube asked if the amount should be left at \$10,000 or increased slightly. The chemical cost is the big expense in this line item. Mr. van

der Snel explained the large initial chemical cost when staff started maintaining the ponds, going from liquid to granular. Mr. van der Snel suggested increasing this line item to \$12,000. Ms. Kassel pointed out the actual for fiscal year 2017 is projected to be \$12,617. Mr. Berube agreed the final actual cost may be \$12,000; however, the cost should decrease since the most expensive expense in this line item is the chemicals. Staff has contained some of the costs based on recent invoices. Ms. Kassel suggested increasing this line item to \$12,500.

e. Repair and Maintenance—Pools: *This line item was reduced to \$15,000.*

- Mr. Berube indicated the Swim Club pool will probably need resurfacing this winter. One of the walls has a small crack and a small hole through the last resurfacing. It is also fading due to the brushing. This resurfacing will probably not be easy because it was already done once, meaning they will need to scrape off more than they did last time. It will probably need to be re-tiled, which would be a good idea anyway since the tile on the top edge under the concrete edge is open. We will probably need to re-tile and resurface. Mr. Berube suggested this work will cost \$50,000, which will be funded through reserves, not from the general fund. Mr. Berube suggested reducing this line item to \$15,000 from \$20,000. Mr. van der Snel indicated we went from a fixed price on pool chemicals to a billable price, which staff does not have a good history how much that will be. In looking at the actuals for fiscal year 2017, we have spent \$9,800, and staff has projected to spend more than that for the last third of the fiscal year. Some cushion has probably been plugged into that line item figure. Mr. Berube does not think we will spend \$10,000 over the remainder of the fiscal year, so actuals for fiscal year 2017 might be \$14,000 or \$15,000, maybe more but probably close to \$15,000. Mr. van der Snel indicated the pools are in a good chemical balance, so not much chlorine has to be added. The work program is working, and the lease program for the ORP (oxidation-reduction potential) controllers is really paying off. Mr. van der Snel is comfortable with \$15,000.

f. Repair and Maintenance—Roads and Alleys: *This line item was reduced to \$10,000.*

- Mr. Berube indicated the Board budgets \$65,000 each year, which is rolled into fund balance. Mr. Berube suggested reducing this line item from \$65,000 to

- \$10,000, which is about what the District will spend this year since no alley refurbishments were done. This is the category where the \$55,000 would come from to cover landscaping services. Ms. Kassel asked Mr. Boyd if it is reasonable to have \$10,000 for roads and alleys for fiscal year 2018. Mr. Boyd responded that it will not hold up for the long-term reserve the Board is building; however, given the short-term budget challenge the Board may be facing for fiscal year 2018, making that adjustment for one year will not have a big impact. Mr. Boyd advised going back to budgeting \$65,000 in the following fiscal year budget. Ms. Kassel pointed out this line item is only for operations, not to fund a reserve for alleys. Mr. Berube confirmed that whatever is not spent rolls to the reserve. The reserve for alleys has \$165,000 because the last two years have rolled into that reserve since it is a designated item.
- Ms. Kassel explained if the budget amount is \$65,000 but the District only spends \$10,000, then the remaining \$55,000 rolls into the reserve for sidewalks and alleys, which is what has happened for the past two or three years. The point being, the reserve fund is for when the Board needs to spend a lot of money, and it will not be added to in the fiscal year 2018 budget. The Board will miss one year of increasing that reserve fund for this purpose. Mr. Berube indicated the alleys are not in bad shape except for some small patchwork projects. Mr. Farnsworth commented that some are showing a little age, to which Mr. Berube agreed, as well as the roads showing a little age. No one anticipates a huge cost in the upcoming 12 months for alleys that will be a major project expense. If something comes up, the reserve already has \$165,000 designated for sidewalks and alleys. Mr. Berube is trying to balance the budget without increasing assessments, hence the suggestion to reduce this line item.
 - Mr. Moyer explained Exhibit A behind the budget numbers, which is the allocation of fund balance. With the \$165,000 in reserve for sidewalks and alleys, the Board still has \$417,000 available that is not committed to anything. The Board could take the \$417,000 and allocate some of it to the \$165,000 and increase that reserve. Mr. Berube agreed, and added the Board can do that at the time it is needed for a major project on alleys. The alleys are not increasing in

number because the new neighborhoods do not have alleys. Everyone agreed to reduce this line item to \$10,000.

g. Repair and Maintenance—Sidewalks: *No change on this line item.*

- Mr. Berube pointed out the sidewalks are aging, but staff is still grinding them as needed. The grinding machine is a little expensive to operate; the maintenance is pretty good. It is a destructive machine; in doing 50 to 75 cuts, it is about \$500 to rebuild the cutting drill. Ms. Kassel asked about the cost to replace panels, since some panels will need replacement. Mr. van der Snel indicated it is about \$1,000 per panel, depending how many are done and how many at one time. Ms. Kassel thought \$5,000 is too low for sidewalk maintenance. Mr. van der Snel agreed due to panel replacements. Ms. Kassel pointed out some places will need panel replacements. Some have been ground and are getting too thin, so they will need to be replaced. Mr. Berube mentioned the \$417,000 fund balance that is available, and panel replacements can come from reserves.

h. Repair and Maintenance—Vehicles: *This line item was increased to \$15,000.*

- Mr. Berube indicated the District maintains five, four-wheel vehicles, including the pickup truck. The truck is new. The Land Master is now two years old. The Kawasaki mule is now six years old, almost seven, with 5,000 hours. The Bobcat is one year newer than that and has about 3,000+ hours. The golf cart requires very little. We will probably spend about \$8,000 this year on those vehicles. We never pay a labor charge for any repairs because Mr. Berube and field staff provide the labor. At some point, that will not be available due to time constraints. If the repair is obvious, staff can order some parts, depending what is going on, but nothing is being spent on labor or to transport the vehicles to a repair shop. If we did that, the cost would easily rise by 50% for the parts because of mark-ups, so the \$8,000 would increase to \$12,000. Labor would approach that same number. If someone else was fixing the vehicles, which is not the case currently, the budget needs to reflect enough money to maintain the vehicles.
- Mr. Farnsworth suggested adding \$10,000, and Mr. Berube indicated we probably do not need that much. This line item needs to be funded carefully, so \$10,000 is probably too much, but \$5,000 would be reasonable, to bring the total to \$15,000.

- Mr. Farnsworth pointed out the Excel spreadsheet that should match the budget numbers is incorrectly showing \$5,000 for the proposed fiscal year 2018 budget amount and should be \$10,000 to be consistent with the budget provided in the agenda package. This was the reason Mr. Farnsworth suggested adding \$10,000, to bring the total proposed budget line item to \$15,000.
 - i. Repair and Maintenance—Equipment, Boats: *No change on this line item.*
- Mr. Berube indicated the proposed budget amount for fiscal year 2018 is \$7,500 and questioned how the proposed actuals for fiscal year 2017 are shown to be \$12,861. Mr. van der Snel indicated the District purchased two motors, including \$2,700 for the rescue boat, which was probably coded to this line item. Mr. Berube indicated the Suntracker came out of the recreation fund. Mr. van der Snel indicated \$7,500 for fiscal year 2018 should be fine.
 - j. Repair and Maintenance—Parks and Facilities: *This line item was reduced to \$30,000.*
- Mr. Berube suggested this line item be reduced to \$30,000. This line item includes such things as basketball nets, toilet paper, and other items that do not fall in another category. Mr. Moyer read the narrative in the budget to be maintenance or repairs to the basketball courts and athletic fields and cleaning of basketball courts, dog parks, and all miscellaneous park areas. It also includes cleaning, daily maintenance, and restroom supplies. Ms. Kassel thought \$20,000 for facilities was a fairly big number and agreed the total line item should be reduced to \$30,000.
 - k. Miscellaneous Services: *No change on this line item.*
 - l. Miscellaneous—Access Cards and Equipment: *This line item name is changed to Miscellaneous—Access Cards and Security Enhancements in the amount of \$5,000.*
- Mr. Berube indicated this line item is never used because the purchase of access cards is coded to security enhancements, which overstates security enhancements to a certain degree. Ms. Kassel asked why the projected actual amount is shown to be \$2,500, and Mr. Berube responded it is projected at the budget number to provide excess monies. Mr. Farnsworth pointed out the actuals for fiscal year 2016 were \$1,426, with \$4,484 for security enhancements. Mr. Berube indicated

- the difference is how the invoice is coded. The purchase of the access cards and ink were coded to security enhancements instead of to this line item. Ms. Kassel indicated even in that case, the actuals for fiscal year 2016 indicate a total of \$5,800 for access cards and security enhancements.
- Mr. Berube reminded the Board that when first implementing security, it included door gates, locks, DVDs, DVR players, various cameras, and so forth. All that is now standard and is fixed. The costs are reducing and leveling out. This line item could be eliminated since it is not used. Mr. Farnsworth asked why the purchase of access cards is coded to security enhancements. The terminology does not fit. The purchase of access cards is coded to the wrong line. Mr. Berube understands the point, but it is all related to security. The only reason this line item shows zero dollars is because of the way the access card invoices are coded. Mr. Farnsworth pointed out that does not make it right. Mr. Berube indicated the invoices could be coded correctly going forward.
 - Ms. Kassel suggested having a single budget line item for Miscellaneous—Access Cards and Security Enhancements in an amount of \$5,000.
 - Mr. Farnsworth asked what was the intention behind the terminology for security enhancements. Ms. Kassel indicated it is for the gate locks. Mr. Berube added it was for the cameras and the gate on the dock. Mr. Farnsworth feels if this term is well defined, then keep two different line items for two different purposes. They are not the same thing. Ms. Kassel disagrees because the access cards are all about security. Mr. Berube pointed out the door gate does not work without an access card. Mr. van der Snel indicated the lightning strike at Buck Lake cost \$1,400 to repair, which has to be determined if it is an access card or a security enhancement. Ms. Kassel would like to combine the two line items to simplify them.
 - Mr. van der Snel requested a higher dollar amount since he is making 80 cards per month. The cost for some of the cards is realized in the revenue line item. The Board gave consensus on an amount of \$5,000 for the newly named category.
 - m. Miscellaneous—Contingency: *This line item was reduced to \$5,000.*

- Mr. Berube indicated the total amount spent this fiscal year might be \$5,000, which is a catch-all category for miscellaneous costs. Mr. Berube suggested reducing this item to \$5,000 from \$8,000, and Ms. Kassel agreed.
 - n. Miscellaneous—Security Enhancements: *This line item is deleted; see item l above.*
 - o. Operations Supplies—Fuel, Oil: *This line item is reduced to \$2,750.*
- Ms. Kassel summarized actuals for fiscal year 2016 were \$2,438, and fiscal year 2017 is anticipated to be \$2,600. Ms. Kassel recommended increasing this line item to \$2,750 from \$2,500.
 - p. Capital Outlay—Other: *No change on this line item.*
- Mr. Berube indicated this line item was used for the purchase of a boat motor at one point.
 - q. Capital Outlay—Vehicles: *This item was increased to \$12,000.*
- Mr. Berube indicated the vehicles are aging, as mentioned previously. In theory, things can be made to run forever. Does the Board want to continue spending money for repairs? How much does the Board want to spend repairing an aging vehicle? Mr. Berube suggested increasing this line item to \$12,000 from zero, considering the District might need to purchase another vehicle to replace one. The oldest mule is 10 years old. The Bobcat is 11 years old. The Land Master is 14 or 15 years old. Ms. Kassel mentioned her golf cart is from 2006, but Mr. Berube pointed out the field staff uses these vehicles and the golf cart differently, even though the terrain might be the same; further, Ms. Kassel and her husband own their golf cart and take reasonably good care of it. These vehicles have had multiple people cycle through them. No one is suggesting one will fail, just presenting the age of the vehicles. A new mule is about \$10,000 to \$12,000. Each of the vehicles is different. The Land Master was inexpensive, and it works fine. The best vehicle appears to be the Kawasaki mule. It was the most cost efficient and requires the least handiwork.
- Mr. Farnsworth provided a net change, going by the Excel spreadsheet that was emailed to the Board, the net change is a positive \$45,000, exclusive of any change to this line item. Mr. Moyer confirmed the final budget would not require increasing non-ad valorem assessments. To the degree it is needed, some of the

unallocated fund balance can be applied to this line item. Mr. Berube suggested one does not necessarily have to be purchased even if money has been budgeted for it.

Discussion of Net Budget Changes:

- Mr. Berube indicated the net result with all the changes to each line is probably about \$10,000 over, which is workable.

7. Other Financing Sources

- a. Interfund—Transfer In: *No change on this line item.*
- b. Contribution To (Use Of) Fund Balance: *No change on this line item.*

8. Reserves

- a. Operating Reserve—First Quarter Operating Capital: *No change on this line item.*
- b. Reserves—Insurance: *No change on this line item.*
- c. Reserves—Renewal and Replacement: *No change on this line item.*
- d. Reserves—Sidewalks and Alleys: *No change on this line item.*

9. Debt Service Budgets

- Mr. Berube commented that we really have no say in these budgets since they are fixed.

10. Assessments

- Mr. Moyer indicated the proposed budget for fiscal year 2018 does not anticipate increasing the non-ad valorem assessments.

11. Conclusion

12. Capital Fund

B. Photo ID Access Card Issuance Rules

Mr. van der Snel stated as I am making access cards, some residents have four or five people at the same address with different last names. They could be from a divorced family or kids from different fathers; however, I do not know that. It could also be someone who lives in St. Cloud but is friends with a Harmony resident. I cannot check to see if that person actually lives in Harmony. I have a strong feeling that is happening now. Some homes have seven cards, and I do not know if all seven people live in the same house.

Mr. Berube asked are these adults?

Mr. van der Snel stated yes.

Mr. Farnsworth asked how are they instituting that?

Mr. van der Snel stated they are being listed on the access card registration form.

Mr. Farnsworth stated on the registration form, not only do you have to identify yourself but you have to prove, through a lease or HUD, that you actually live at this address.

Mr. van der Snel stated the people who are listed on the lease do have proof they actually live there, so they provide an OUC bill or a water bill or a driver license. However, they will list four other members on the registration form that have a different last name. One may be 15 years old and another 16 years old with one being 23 years old, all three with different last names. Those additional people do not have to be identified right now to get an access card, and they can live anywhere.

Ms. Kassel stated they have to show a driver license or identification card as proof of renter status, which means proof of residency within the District to qualify them for an access card. They should provide a copy of a driver license or an identification card for all residents over 16 years old at that address.

Mr. Berube stated the address requirement is not part of the rules at this point, which is the weak spot.

Mr. Farnsworth stated I will fight against this.

Mr. Berube stated the rules do not say the driver license needs to have a Harmony address, and this issue has come up.

Ms. Kassel stated that is if you are a renter but not if you are an owner.

Mr. Berube stated no. Proof of personal identity for either an owner or a renter shall require identification in a verifiable form, such as but not limited to, a passport, driver license, or identification card which contains the full name of the individual and a full-face photograph. It says nothing about the address.

Ms. Kassel stated we understand because that is only proof of personal identity. Then we have proof of ownership within the District or proof of renting within the District. That is a distinction. First, they prove who they are, and then they prove they live here or that they own here.

Mr. Berube stated this will be tough, and I have been thinking about it a lot. Mr. van der Snel wants to make sure that everyone who is requesting a card actually lives here, so each of them would have to give you identification and proof of address, such as a utility

bill with their name on it. That is not what this says. It just says the name of the renter. So all you need is one person to be the renter, and everyone else who says they live in that house can say they do not have their name on a utility bill. The next record is a current phone bill with the name of the renter denoting proof of address in Harmony, and that is the same issue. If the person asking for it is not the renter, then they do not have to give it to you. The final record is other suitable proof of renter status. All we are asking for is the owner or the renter. If other adults live in that house, all they have to do is ask for the card.

Ms. Kassel asked do the rules have Section 3.1.5.4?

Mr. Berube stated no.

Ms. Kassel stated perhaps we need something for any additional cards issued to a household, that proof of residence must be provided. It can include a driver license, identification card, proof of school enrollment, or school identification.

Mr. Farnsworth stated you could even get a sworn affidavit.

Mr. Berube stated it does not have to go that far. We do not need another section. It can go under Section 3.1.5.3(A), which can be expanded to read “Current utility bill with name of Renter or Requestor...” for whomever is requesting the card.

Ms. Kassel stated no, that will not cover all the other people.

Mr. Berube stated yes, it does. All the other people would be the requestor: whoever wants an access card. Section 3.1.5.3(B) can likewise be expanded to read “Current phone bill of Renter or Requestor denoting proof of address...”

Ms. Kassel stated no, because the requestor is the person who is submitting the application. We need something for additional cardholders. The additional cardholders are the issue.

Mr. Berube stated no, that is not how it reads.

Mr. Farnsworth stated for general discussion, what Mr. van der Snel is dealing with is a renter or an owner who has identified themselves properly for a card. Then someone else comes along and says they also live here, is what Mr. van der Snel is saying.

Ms. Kassel stated no, what happens is, someone wants a card for themselves and has proven they are the renter, but they also want a card for their brother-in-law or sister-in-law or cousin or aunt.

Mr. Berube stated that is correct.

Mr. Farnsworth stated that is what I am trying to run through. It does not matter if they are related or not. One family has been well identified, and then someone else comes along and says they also live at that address. What you need is a way to have a legally signed affidavit from the person who already has the access card and has proven he lives there to attest this person also lives at that address.

Ms. Kassel stated that is not going to work. How are you going to enforce that? It is unenforceable. Why can we not add Section 3.1.2.1 that says for each additional card issued to a household beyond the initial card, proof of residency is required?

Mr. Berube asked what is proof of residence?

Ms. Kassel stated driver license, identification card, proof of school enrollment, or government-issued identification proving residency within the District.

Mr. Berube stated that would mean we go back to requiring a driver license with a Harmony address on it.

Ms. Kassel stated no, they could have government-issued identification or a school enrollment form.

Mr. Berube stated whatever they use will need to have a Harmony address.

Ms. Kassel stated yes.

Mr. Berube stated we had this discussion before, and we said we were not going to do that because two people in the back of the room said they will never have a Harmony address on their license. So we removed that requirement.

Ms. Kassel stated that person showed proof of rentership, but their children were not required to show proof of school enrollment. Even if they are not enrolled in a Harmony school, they will still have an address shown as Harmony.

Mr. van der Snel stated I am fine with that. Military members should be excluded. If someone was deployed to Iraq and comes back, is 22 years old and lives with someone in Harmony, they should not need to show proof of residency.

Ms. Kassel stated we do not have to state that but can do it by exception.

Mr. Berube stated if we require a change in the terms, we can require proof of residency in any of these forms from anyone who wants an access card. Right now, it just says renter. Anyone who wants a card has to provide proof.

Ms. Kassel stated I think we are better off having a less-confusing Section 3.1.2.1 that says any additional cards issued beyond the initial card must show proof of residency within the District, listing the kinds of identification that can be supplied.

Mr. van der Snel stated Ms. Rosemary Tschinkel and I will enforce it, so people will know when they apply for an access card. We just need backup that those are the rules.

Mr. Berube stated we can always have a public hearing on the rules.

Mr. Qualls asked was this advertised as a rulemaking workshop?

Mr. Berube stated no.

Ms. Kassel stated it was advertised as a workshop.

Mr. Qualls stated as I understand the concern, resident owners are covered if they have additional people in the house. The concern is only for resident renters.

Ms. Kassel stated actually, it applies to owners, too, so it should not be under Section 3.1.2. It should be Section 3.1(A) or something, or part of Section 3.1 that all residents must show proof of residency.

Mr. Qualls stated Section 3.1.1 says “Resident Owners in Harmony shall be entitled to one photo ID Access Card per resident...”

Mr. Berube stated that tells you they have to prove residency.

Ms. Kassel stated perhaps we add to Section 3.1 that proof of residency is required in all circumstances.

Mr. Qualls asked is that not already required?

Mr. Berube stated yes, Section 3.1.1.

Ms. Kassel stated it just says “per resident” but it does not say how residency is established.

Mr. Qualls stated if the rules do not say how residency is established, then this District has the ability to interpret how residency is established. You do not have to lay out every single eventuality in your rules. You can leave room for discretion of the District manager. It clearly says to me that you have to be a resident renter. I suggest you leave the discretion to the manager to decide how to determine residency instead of going through another workshop to change a rule.

Mr. Berube stated Section 3.1.1 says one photo ID access card per resident. It is up to the person requesting a card to prove they are a resident as an owner.

Mr. Qualls stated it applies whether an owner or a renter. Both require proof of residency.

Mr. Berube stated they are different levels. Renters shall pay \$10 per person for an access card, renewable upon the start of each successive lease period. Then the proof and identification come in later as to how you establish residency.

Mr. Qualls stated no, that is how you establish renter status.

Ms. Kassel stated that is correct, not for residency.

Mr. Qualls stated you must be a resident, whether you are renting or owning. If you are a renter, you must establish that you are a renter.

Mr. Berube stated proof of renter status is a signed memo from the owner, a copy of the lease, and a utility bill.

Ms. Kassel stated all the other people requesting access cards are not renters; they are just residents.

Mr. Berube stated if they cannot meet the standards, then they do not get a card.

Ms. Kassel stated Section 3.1.1 addresses owners. Sections 3.1.2 and 3.1.3 address renters. Then we have a proof of renter status. For all those other people in the house who are not the renter on the lease and are the issue, how do we assure they are actually residents?

Mr. Qualls stated I can research that to give you options, or you can simply say now, which I believe is a fair and correct interpretation of the rules, they must have resident status. Then leave it up to the manager to determine how to establish that.

Ms. Kassel stated it really says that for resident owners. Section 3.1.1 is for resident owners, but it does not have the same verbiage for renters.

Mr. Qualls stated the rules include a provision for resident renters. You have two categories: resident owners, and resident renters. In either case, they must be a resident. There is a requirement that if you are going to run for office, you must establish residency within your district. There is a load of case law on how you establish residency. It is a little vague, not clear cut. The common understanding is where you stay most of the time; that is residency. If you require residency, and that is what residency is, then you do not necessarily have to expressly state it in the rules. You can do that, or you can just direct the manager how to interpret the rules you already have.

Ms. Kassel asked if we said the rules indicate cardholders must be a resident so they must prove to us they are a resident, and Mr. van der Snel and Ms. Tschinkel establish what that looks like, will that solve the problem?

Mr. van der Snel stated yes, if they can prove they are a resident and actually live there with any form of proof. It can be a driver license, school identification, or other.

Mr. Farnsworth stated one possible thing is voter identification, which specifies where you are a resident.

Mr. Bokunic stated not everyone may be registered to vote.

Ms. Kassel stated we are not going to enumerate what those are. We are going to leave it as is and let Mr. van der Snel and Ms. Tschinkel deal with how people prove they are residents.

Mr. Berube stated Section 3.1.5.3(B) is a current phone bill. Every adult in the world has a cell phone, and they will have a bill for that cell phone, which will come to their address. That is one means of identification that we have already covered. Section 3.1.5.3(C) covers all the rest: other suitable proof of renter status.

Ms. Kassel stated that is proof of renter status, not proof of residence.

Mr. Berube stated I understand, but once you prove you are a renter, then you have proven you are a resident. It has to have the address.

Ms. Kassel stated we are talking about all the other people that the person says live in the house.

Mr. Berube stated yes, the people who live in the house are going to get a cell phone bill, and it will come to that house.

Ms. Kassel stated for Mr. van der Snel's and Ms. Tschinkel's illumination, perhaps phone bills could be proof of resident status.

Mr. Berube stated that is correct. Mr. van der Snel is concerned with turning people down for a card and having them get aggravated and come here to yell at all of us to say he will not give them a card. We filled in a lot of gray areas with discretionary authority for the manager, and Mr. van der Snel is looking for some discretionary authority as the person who prints the cards.

Ms. Kassel stated we are discussing giving him that authority.

Mr. Berube stated yes, without rewriting the rules as suggested by the attorney.

Ms. Kassel asked we do not need to make any approvals?

Mr. Moyer stated that is correct.

Mr. Qualls stated the key is to be consistent. I can provide some information on this since there is a lot of *jurisprudence* on this issue. It comes up a lot. I can provide information in the Statute that identifies proof of residency. The intent has always been for the people swimming in your pools who call Harmony “home.” That is exactly what residency is. As long as you enforce that equally across the board and document that you are enforcing it, I believe that is what your rules require. It is a fair interpretation. Both ownership and rentership require residency status. I will provide more information if you want to enumerate those things, but your rules require it whether you further enumerate it or not. My advice is, you are not required to change your rules in order to enforce residency status because the rules already require residency status.

Mr. Berube stated Mr. van der Snel has been given the discretion to determine residency status. Are you comfortable with the discussion?

Mr. van der Snel stated yes. I just need to align with Ms. Tschinkel and Mr. Moyer. When people ask for an access card, Ms. Tschinkel usually gives them a list of what they need to provide. Added to the list should be that everyone who lives in the house needs to prove they are a resident. That is really the only thing that is wrong. They will send us the information, but we need to be able to request it. I also need to have the Board back me up, that you discussed this and it is what we are going to do.

Mr. Berube stated as people figure out the weaknesses in the system, it will be addressed. The reason this comes up is because the pool is getting very crowded. This week, Mr. van der Snel made 21 cards. Last week, he made 80 cards. This is becoming a big number. The pools will be really crowded, and we need to make sure we limit the number of people. This summer will be a mess. I was at the pool today, and I counted about 45 people on a Thursday afternoon.

Ms. Kassel stated this is the week before a holiday.

Mr. Berube stated it is this way every day. I am at the pool most days. If I am home, I will go to the pool most days at some point, and it is surprisingly crowded on week days.

Mr. Bokunic stated it will get busier with more houses being sold.

Mr. Qualls stated I will send to Mr. van der Snel the Statute that lists requirements for permanent residency.

FIFTH ORDER OF BUSINESS

Supervisors' Requests and Comments

There being none, the next order of business followed.

SIXTH ORDER OF BUSINESS

Adjournment

The next meeting is scheduled for Thursday, June 29, 2017, at 6:00 p.m.

On MOTION by Ms. Kassel, seconded by Mr. Berube, with all in favor, the workshop was adjourned at 5:20 p.m.
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Gary L. Moyer, Secretary

Steve Berube, Chairman