PORT OF THE ISLANDS COMMUNITY IMPROVEMENT DISTRICT
NAPLES, FLORIDA
Public Hearing and Regular Meeting of the Board of Supervisors
July 16, 2026

The public hearing and regular meeting of the Port of the Islands Community Improvement District Board of Supervisors was held on Thursday, July 16, 2026, at 9:30 a.m. at the Port of the Islands Resort Main Dining Room, 25000 E. Tamiami Trail, Naples, Florida.

SUPERVISORS PRESENT

Anna-Lise Hansen, Chairman, Via Zoom

Dan Truckey, Vice Chairman

Russell Kish, Supervisor

Kevin Baird, Supervisor

Lisa Sager, Supervisor, Via Zoom

ALSO PRESENT

Neil Dorrill, Manager, Dorrill Management Group

Billy Sparacio, Manager, Dorrill Management Group

Zachary Lombardo, District Counsel

Matt Gillispie, Florida Utility Solutions

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited in unison.

ROLL CALL/APPROVAL OF THE AGENDA

Three supervisors were present in person, establishing a quorum. Ms. Hansen and Ms. Sager participated via Zoom.

The full participation of Ms. Hansen and Ms. Sager by Zoom was authorized, citing extraordinary circumstances, on a MOTION by Mr. Truckey, a second by Mr. Kish, and all in favor.

Mr. Dorrill stated that the meeting was both a public hearing and a regular meeting. He noted that an application for a Community Development Block Grant would be added to the regular meeting agenda at the appropriate time.

FISCAL YEAR 2027 BUDGET AND ASSESSMENT METHODOLOGY

Mr. Dorrill stated that, as part of opening the public hearing, he would first review where the District stood with the Fiscal Year 2027 budget and then walk through a separate handout from the most recent assessment methodology update to obtain Board direction on what, if any, methodology revisions should be incorporated into the final budget and assessment roll. He stated that the proposed budget did not increase the non-ad valorem assessment and had remained consistent with the budget first workshopped in May. The proposed general fund budget was $910,105, proposed special assessment revenue was $815,105, and the separate rate-driven utility fund budget, which did not include an assessment for the year, was $1,443,300.

Mr. Dorrill reviewed the categories the assessment consultant had been asked to evaluate, including split residential lots, both one-and-a-half lots and double lots that had historically received one ERU; the underlying commercial units-per-acre factor; liveaboard slips; recreational or water-only slips; a possible new commercial-slip category for uses such as eco tours and backcountry fishing charters; and the existing treatment of the hotel condominiums and gun club. He stated that the current total assessment base was 1,130.11 ERUs. The current and proposed Fiscal Year 2027 assessment remained $721.26 per ERU, generating $815,105 in general fund assessment revenue.

Mr. Dorrill then began walking through the recommended changes. There were eight split-lot conditions, consisting of two one-and-a-half lots and six double lots. Mr. Weyer recommended assigning 1.5 ERUs to the one-and-a-half lots and 2.0 ERUs to the double lots, which would increase the total ERU count by seven. Mr. Dorrill immediately continued into the dock analysis. Based on the original submittal and a technical memorandum he had located, the residential or water-only slips had initially been identified on Docks B and D. Reducing water-only slips from 1.0 ERU to 0.25 ERU would reduce the ERU count and corresponding general fund assessment revenue.

The Board immediately questioned the inclusion of Dock D as recreational or water-only because of commercial activity there. Mr. Dorrill stated that the dockmaster had initially identified approximately four major commercial entities, while subsequent research conducted with assistance from the Marina condominium indicated there could be approximately 15 commercial entities, including eco-tour operators, fishing guides, and a large sightseeing or pontoon-type vessel. Board members questioned whether the relevant number could instead be as many as 28 commercial slips and whether individual businesses controlled more than one slip. Using 15 commercial uses and the consultant's proposed 0.85 ERU factor, Mr. Dorrill calculated a $9,196 reduction in assessment revenue, which prompted further questions about why the calculation should use 15 rather than the potentially larger number of commercially occupied slips.

Mr. Lombardo advised that commercial status should be established from publicly verifiable records rather than District judgment calls. He identified Collier County local business tax receipts or similar business-license records as a potential source. He noted, however, that the County requires a business address but does not necessarily correlate a business license to a particular marina slip, so further research and reconciliation would be required. Until the District could verify which slips were commercial, he suggested leaving uncertain commercial slips at the current 1.0 ERU and issuing credits later if appropriate rather than reducing an assessment without a defensible source record.

Mr. McNamee stated that the figure of 15 had come from the dockmaster the prior day, while another source had produced a figure of 28, confirming that the information was not yet reconciled. The Board also questioned the proposed 0.85 commercial factor because one commercial slip served an approximately 80-passenger sightseeing or pontoon boat, while other fishing and eco-tour operations could bring several customers per trip. The concern was that those commercial operations could generate more traffic and impact than a liveaboard while being assessed at less than the proposed 1.0 ERU liveaboard factor.

Mr. Lombardo stated that if the Board intended to depart from Mr. Weyer's recommendation, the final hearing record should contain written technical support explaining the basis for doing so. He discussed trip-generation information, the Institute of Transportation Engineers manual, an engineer's analysis, or other supporting material as possible evidence. He recommended that Mr. Weyer attend the August hearing or an interim meeting so he could fully explain and defend or revise the methodology. The Board also discussed having the District Engineer participate because the engineering team was reviewing the District's unit, account, and system data. The Board expressed interest in holding a meeting a couple of weeks before the final hearing so the issues could be worked through in detail.

Before returning to the split-lot recommendation for action, the discussion shifted to whether liveaboards should remain at 1.0 ERU and whether the O&M methodology should be consistent with the utility-rate structure. Mr. Kish favored reducing liveaboards to 0.5 ERU and previewed concepts he intended to discuss later in the utility-rate discussion, including a 0.5 factor for units under 500 square feet and an approximately 0.8 factor for larger condominium units. He stated that he had reviewed prior water and wastewater materials showing a combined budget of approximately $1.9 million compared with the current utility budget of approximately $1.4 million and was concerned that the various analyses did not reconcile.

Mr. Kish described his own attempt to count and categorize the community's units. He referenced 13 hotel rooms, 72 smaller or "dorm" units, approximately 502 condominium or multifamily units, 120 liveaboard slips, 28 commercial slips, and 167 single-family residences, including two units he had added for the marina and fire department. He stated that his weighting calculations produced approximately 708 billable equivalents against a physical count of approximately 929 residences or units. He also referenced an online figure of 809 billable units but expressly questioned its reliability. Using his assumptions, including 0.25, 0.5, and 0.85 factors, he calculated a lowest utility base-rate figure of approximately $164 per month based on a $1.6 million revenue requirement.

Mr. Dorrill then deliberately returned the discussion to the split lots and asked whether the Board supported the consultant's recommendation to increase the one-and-a-half lots and double lots from their current 1.0 ERU treatment. Mr. Truckey stated that he did not object to the 1.5 and 2.0 O&M factors but questioned the historical utility ERCs associated with combined lots. He asked whether owners who had not paid for the additional utility capacity for years would effectively receive that capacity back merely because the O&M assessment was increased.

Mr. Lombardo repeatedly clarified that the discussion before the Board concerned general fund O&M ERUs, not utility ERCs or utility capacity. He explained that the Board annually determines how to allocate the O&M budget among properties receiving benefit and that the O&M assessment methodology had been decoupled from utility capacity. The Board discussed the confusion created by using similar terminology and referenced prior changes to boat-slip ERUs. Mr. Lombardo stated that changing an O&M ERU factor does not transfer, grant, or remove a utility ERC and noted that the District had previously been challenged over tying O&M benefit allocation directly to ERCs.

Steve McNamee - Port of the Islands - stated that ERCs originally assigned to properties would remain unless the Board had taken formal action to remove them and should not be assumed to have been taken back merely because they had not been billed in the manner being discussed. Mr. Lombardo agreed that the status of any utility ERC was distinct from the O&M allocation then before the Board.

The use of 1.5 ERUs for the two one-and-a-half lots and 2.0 ERUs for the six double lots was authorized for preparation of the final assessment roll on a MOTION by Ms. Hansen, a second by Mr. Baird, and all in favor. Mr. Dorrill clarified before the vote that the action authorized preparation of the roll for the final hearing and was not final adoption of the Fiscal Year 2027 assessment methodology.

Mr. Dorrill then moved to the next assessment category. He stated that Mr. Weyer's current recommendation was to keep liveaboard slips at 1.0 ERU, reduce recreational or water-only slips to 0.25 ERU, and establish a new commercial-slip category at 0.85 ERU based on limited trip-generation assumptions. Mr. Truckey again opposed the 0.85 commercial factor. He stated that commercial boats could bring four, six, or eight customers on a typical trip, while the largest sightseeing boat could carry approximately 60 to 80 passengers and make repeated trips, which in his view generated substantially more activity than a residential unit or liveaboard.

Mr. Lombardo stated that he did not know the correct commercial factor but reiterated that any departure from the consultant's methodology should be supported in the record rather than based only on anecdotal information. He stated that Mr. Weyer should have sufficient time at the next meeting to explain the trip-generation source and that any contrary engineering or ITE information should also be placed in the record. At that point, the Board indicated there was no support for reducing the commercial factor from 1.0 ERU to 0.85 ERU without additional support.

The Board then returned to the liveaboard factor. Mr. Kish favored returning liveaboards to 0.5 ERU and argued that special assessments must be based on the benefit received by the property. He stated that a liveaboard does not receive the same stormwater, roadway, landscaping, and other O&M benefits as a single-family home and referred to a prior arrangement under which recreational slips were treated at 0.25 and liveaboards at 0.5. He expressed concern that leaving liveaboards at 1.0 could result in a challenge.

Mr. Truckey disagreed and compared liveaboards with seasonally occupied condominium units. He stated that many condominium owners also use their units only part of the year, while liveaboards have water and sewer service available and can be occupied as residential living units during the season. He opposed reducing the factor solely because the residence was a boat rather than a land-based condominium.

Mr. Lombardo advised the Board not to make the assessment decision simply from fear of litigation. He stated that the goal was to reach the most supportable allocation and, if the Board disagreed with its expert, to develop a clear record explaining why. The discussion included a rough estimate that reducing approximately 120 liveaboards from 1.0 to 0.5 ERU would change annual assessment revenue by approximately $42,000. Mr. Lombardo noted that the Board had previously challenged the consultant's split-lot analysis and obtained a revision, but the boat analysis had not been revised, reinforcing the need for another substantive discussion with Mr. Weyer. The Board also briefly noted that some liveaboards could be related to the unresolved marina ERC issue dating to 2018, which would be addressed separately.

The Board discussed scheduling Mr. Weyer for an interim meeting and the availability of Board members. Mr. Dorrill emphasized that the final Fiscal Year 2027 budget hearing had a hard tax-roll deadline and that at least three Board members needed to be physically present for the August 19, 2026 hearing so the final assessment roll could be transmitted electronically to the Property Appraiser in time to appear on the tax bill. Board members discussed their anticipated August availability and remote participation.

Mr. Dorrill then asked for the Board's direction on reducing recreational water-only slips on Docks B and D to 0.25 ERU. Board members corrected the description and stated that the recreational water-only category at issue was Dock B only. Mr. Dorrill stated that if bona fide commercial uses were later verified on Dock D, those slips could be addressed accordingly.

The recreational water-only slips on Dock B were authorized to be recalculated at 0.25 ERU for preparation of the final assessment roll on a MOTION by Ms. Hansen, a second by Mr. Kish, and all in favor.

After the Dock B action, Mr. Dorrill stated that there were no other proposed changes from Mr. Weyer's analysis that the Board was then prepared to make and that he would determine Mr. Weyer's availability for a follow-up meeting. The Board and Mr. Lombardo discussed whether the current hearing could simply be continued or whether an interim meeting should be separately noticed. Mr. Lombardo stated that separately noticing an interim meeting would also allow the Board to take up the utility base-rate adjustment before the next bills were issued. He noted that the utility-rate action required approximately 10 days' notice and discussed July 30 or July 31 as possible dates. Dock D would remain at its current 1.0 ERU treatment unless the District could verify its commercial uses from reliable records.

Mr. Dorrill summarized the working assumptions for recalculation at that point: liveaboards would remain at 1.0 ERU, Dock B recreational water-only slips would be reduced to 0.25 ERU, and commercial slips would remain at 1.0 ERU unless further documented analysis supported another factor. He then raised the utility base-rate matter, which had also appeared on the regular meeting agenda. He stated that he had recalculated the utility budget to reduce the base rate to $100 per month, consistent with what he understood to be the Board's prior direction, and asked for consensus to make the adjustment retroactive to June 1.

Mr. Dorrill explained that meter readings would occur in approximately two weeks and the next bills would be issued on August 15, so he needed to give the billing company direction in advance. The Board agreed by consensus to apply the reduced rate retroactive to June 1 for the billing cycle in question, subject to the required notice and later formal action.

Mr. Lombardo then returned immediately to the O&M notice issue. He stated that increases for the one-and-a-half lots and double lots carried additional notice requirements and that any later decision to increase commercial slips above their current 1.0 ERU treatment would likewise require prompt additional notice. Slips that remained the same or were reduced did not present the same issue. Mr. Dorrill stated that an off-roll assessment could potentially be considered if a commercial increase were later justified after the tax-roll deadline and emphasized that the Board should not be rushed into an unsupported decision merely because of the tax-bill timetable.

The discussion then shifted to the Marina ERC matter. Mr. Lombardo stated that Collier County had been notified that utility ERCs associated with a prior marina site plan had not been purchased. County information indicated that the site plan attached to the prior utility availability documentation may not have been fully completed, and the marina appeared to be involved in a code-enforcement or site-plan-modification process. Board members questioned that explanation because liveaboards were present, spaces had been enlarged or modified, and the assessment roll reflected marina improvements.

Mr. Lombardo stated that if improvements had actually been completed without the required notification or ERC purchase, there could be a code-enforcement issue and the District could pursue recovery if it could establish when the build-out occurred and what was owed. The Board stated that the marina had expanded to approximately 118 liveaboards and modified spaces and questioned how the site could remain characterized as incomplete. Mr. Dorrill confirmed that 175 docks were on the assessment roll, were current, and were paying O&M assessments. Board members cited that fact as evidence that the improvements had been built and expressed frustration that the ERC issue had remained unresolved for more than a year.

The preparation of a complaint to pursue recovery of ERCs from the Marina, including amounts associated with the failure to purchase ERCs dating back to 2018, was authorized on a MOTION by Mr. Kish, a second by Mr. Baird, and all in favor.

Mr. Dorrill stated that the public hearing discussion was concluded and that the final budget public hearing would be re-advertised and continued to August 19, 2026. Mr. Lombardo then presented a corrective resolution because the final budget hearing had previously been noticed for the sales center. He explained that the resolution would correct the hearing location to the District's current temporary meeting location.

The corrective resolution 2026-2 establishing the corrected location for the August 19, 2026 final budget hearing was approved on a MOTION by Mr. Truckey, a second by Mr. Kish, and all in favor.

The Fiscal Year 2027 budget public hearing was continued to August 19, 2026 so that the Board could complete the methodology review, satisfy any required notices, and take final budget and assessment action after the additional consultant and engineering review.

REGULAR BOARD MEETING

ROLL CALL/APPROVAL OF THE AGENDA

The regular meeting agenda was considered. Mr. Dorrill requested adding item 6D2 for authorization relating to a Community Development Block Grant application. The agenda was approved as amended on a MOTION by Mr. Kish, a second by Mr. Truckey, and all in favor.

PUBLIC COMMENTS

Yolanda Debartolo - A&Y Cam Duo Services, property manager for the Port of the Islands Condo Hotel Resort - commented on commercial slips at the marina. She stated that, based on her 32 years in the community and her prior experience as a business owner, she had always understood that only two commercial entities or commercial slips were allowed at the marina. She asked whether that had changed and whether zoning or land-use approvals had been modified to allow additional commercial operations. Mr. Dorrill responded that the District does not have land-use authority and that any zoning or land-use changes would be handled through Collier County, not the District.

Ms. Debartolo also addressed mosquito spraying. She stated that mosquito conditions had become extremely bad and asked whether the District could help bring back the former private mosquito-control company or share costs with associations. Mr. Dorrill explained that the residents voted to be annexed into the Collier Mosquito Control District, which is a separate unit of local government funded through its own taxes. He advised that residents should direct complaints and service requests to the Collier Mosquito Control District because that entity is now the responsible governing body. Mr. Dorrill stated that Mosquito Control tracks complaints through its website and that complaints can drive additional ground-level service using trucks or backpack sprayers.

Mr. Truckey stated that he had spoken with mosquito-control representatives in the community and encouraged residents to submit complaints through the Mosquito Control website. Mr. Kish explained the prior private spraying and the current governmental service used different products and coverage approaches, and that the community was now paying through the Mosquito Control District tax rather than the prior District service model.

Ms. Debartolo also stated that the Port of the Islands Condo Hotel Resort continued to work with Mr. Kish on utility-billing issues but that a water and sewer expense approaching $200,000 per year would exceed the association’s budget and was not affordable. She stated that the issue would have to be resolved because the association could not absorb that level of cost.

Mr. Dorrill cautioned the condo-hotel representative that doing nothing in response to the utility bills would create risk under the District’s utility policies, including shutoff notices. Ms. Debartolo objected to the magnitude of the bills and stated that the community had waited many years for County takeover of the utility system. Mr. Dorrill stated that he could not waive bills administratively unless the Board changed the applicable rates or policies.

APPROVAL OF MINUTES – JUNE 2026

A correction was requested to the standard header location reference because the meeting was held at the current meeting location rather than the location shown in the draft header.

The June 18, 2026 minutes were approved as amended to correct the meeting-location header on a MOTION by Mr. Truckey a second by Mr. Baird, and all in favor.

UTILITY MONTHLY REPORT

Mr. Gillispie of Florida Utility Solutions presented the monthly utility report. He first reported on a water issue under review that morning and stated that staff had determined the issue appeared to involve reuse water rather than potable water.

Mr. Gillispie reported that operations at the facilities during the month were in accordance with contract and regulatory requirements. All wastewater plant requirements were met, and all water distribution requirements were met. The reuse system functioned properly for outgoing pressure. There had been no change in the canal pump station condition.

The wastewater plant received 2.034 million gallons of wastewater in June, and the water plant produced 2.652 million gallons in June. Mr. Gillispie stated that the wastewater plant flow meter had been corrected, so the current wastewater flow readings were accurate. The reuse system distributed 9.231 million gallons in June. The facilities used 430 gallons of chlorine during the month.

Florida Utility Solutions completed weekly pump station inspections, odor-control checks, generator and automatic transfer switch load tests, lubrication of pumps and motors as needed, and cleaning and calibration of inline effluent analyzers. Staff replaced the reverse-osmosis cartridge filters on Train 2, which act as prefilters before the RO system and remove sand, grit, and larger material from the well water. Staff installed two backflow repair kits because of leaks and repaired a leaking backflow on Newport Drive.

Mr. Gillispie reported that, following the Board’s request from the prior meeting, he contacted the water meter vendor regarding networking the District’s water meters back to the plant. The vendor sent a form, which he completed, and the vendor will conduct a survey to determine the equipment locations, configuration, and cost required for a networked system. Real-time meter communications could help identify leaks and that the immediate need was also to determine which meters correspond to which units, particularly in the multi-unit hotel and condominium areas.

The Board discussed the need for clear meter-account information. Mr. Dorrill stated that the District maintains a separate schedule showing serial numbers for meters, including larger meters serving the hotel and condominium areas, and that he would provide the schedule. Mr. Kish requested the schedule for the account numbers he had previously identified and asked that it be sent to his personal email address.

Mr. Truckey also reported that South Florida Water Management District had approved a fourth well for fire-protection purposes and that the project was moving to the engineering and County permit process. He stated that if eligible grant funds can be repurposed, the fourth well could be incorporated into the raw water main and wellfield improvements to increase fire-flow capability because saltwater intrusion in the canal has limited the canal pump station as a reliable fire-flow source.

Mr. Dorrill stated that the original bids for the wellfield improvements and new raw water main were based on earlier pricing and that Florida Utility Solutions was not in a position to sign the prior contract because of approximately a 40% increase in high-density polyethylene pipe costs. He stated that the contract did not contain a mechanism to increase the bid solely for material escalation, so the work would need to be rebid.

The Utility Monthly Report was accepted on a MOTION by Mr. Baird, a second by Ms. Hansen and all in favor. Mr. Gillispie remained available after the report to answer additional utility-budget and billing questions.

MANAGER'S REPORT

Mr. Dorrill stated that the first two Manager's Report items had already been addressed during the budget discussion and proceeded to Item C.

C. CID Building Update

Mr. Dorrill reported on the CID building and after-the-fact permit process. He stated that the District had not incurred additional costs since the prior meeting. He had been advised that personnel were on site that morning, although it was later clarified that the individual was not there for the building matter. The remaining items were to certify the roof repair and address a plan or inspection item related to an improvement made to the circuit breaker panel. The District had not yet received the certificate of occupancy. Mr.

Dorrill referred the Board to an email from Mr. Bodner in the agenda materials summarizing the work and stated that he would share additional information or inspection scheduling when received.

D. FEMA Award Notification/Contract

Mr. Dorrill discussed the first FEMA mitigation grant contract. He noted that the agenda packet was large because the grant contract was approximately 54 pages and included numerous federal requirements. He stated that the grant included many strings, including office-access requirements, Davis-Bacon federal wage provisions, wage certifications for laborers and mechanics, and extensive documentation requirements. He had requested a waiver of the requirement that the District maintain an office open 11 hours per day without closing for lunch. As a fallback, the District could designate the District Engineer of Record’s office, which is closer and staffed during the required hours.

Mr. Dorrill described the FEMA grant as a major win for the community. The grant contract was for approximately $2.3 million. Mr. Truckey then reviewed the related match-grant application. He explained that the FEMA grant would pay 75% of eligible costs and that the separate match grant, administered through another government program, could fund the remaining 25%. He estimated the match grant at approximately $750,000, which would avoid a local share of that amount if awarded and approved.

Mr. Truckey stated that the District’s grant consultant compensation was structured at 10% because the Board chose to have the consultant compensated from grant success rather than paying hourly throughout the multi-year process. He stated that FEMA may reimburse approximately 5% of eligible grant administration costs, and the District would be responsible for approximately 5%. Mr. Dorrill reported that the consultant had submitted a $300,000 invoice tied to the $3 million grant scope, but both he and Mr. Truckey indicated the District should not process that invoice until the grant funds and reimbursement structure were in hand.

The Board discussed the projects supported by the grant process, including the storage tank, new raw water pipeline from the wells, raising well components and electrical equipment to reduce flood vulnerability, addressing prior generator and electrical damage from Hurricane Ian, hardening infrastructure, and potentially incorporating a fourth well. Mr. Truckey stated that some funds may be eligible to be repurposed within the grant pools if the projects meet FEMA criteria. Mr. Dorrill stated that the grants are reimbursement based, so the District must advance funds and then seek reimbursement through the state and federal process.

Mr. Dorrill stated that the District had a kickoff meeting with a project manager that works for the state, Rita Knapp, who was helpful and supportive of Port of the Islands. Mr. Truckey stated that the grant process required a team effort, including staff, consultants, the grant manager, and Board members, and that these were the first grants obtained by Port of the Islands, reaching into the millions of dollars.

The Chairman was authorized to execute the FEMA mitigation grant contract on a MOTION by Mr. Kish a second by Mr. Truckey, and all in favor.

The Chairman was authorized to execute the Florida Department of Commerce Community Development Block Grant match application on a MOTION by Mr. Kish, a second by Ms. Sager, and all in favor.

FINANCIALS – MAY 2026

Mr. Dorrill presented the financials as of May 31, 2026. He reported combined cash on hand of $5.3 million. Additional receivables included outstanding utility bills of $82,000. Prepaid items, primarily insurance premiums, were also shown in current assets. Total current assets were $5,700,871. Outstanding payables totaled $56,000 on the liability portion of the balance sheet.

On the income statement, Mr. Dorrill noted that approximately $12,000 in non-ad valorem assessments were received during May after the tax auction. He stated that the amount likely reflected late payments with penalties immediately before certificate sale or tax certificates purchased by investors at the auction. Year-to-date revenues were $876,227 against an annual budget of $930,000, which was close to 90% and slightly more than expected for the period.

Mr. Dorrill stated that, looking through the general fund and capital items, total expenditures were $208,933 below budget year to date. Some of that favorable variance reflected untapped contingency and capital reserve funds. In the interest of time, he offered to answer any specific questions.

The financials were accepted on a MOTION by Mr. Truckey, a second by Mr. Kish, and all in favor.

ATTORNEY'S REPORT

A. CH 2026-169, Laws of Florida; Accepting Certain Forms of Payment

Mr. Lombardo reported that new legislation will require local governments to allow residents and customers to pay local government accounts by credit card or debit card. He stated that the District already has mechanisms in place to accept such payments. Compliance will be required beginning in January 2027.

B. Prep Mac Litigation and Related Matters

Mr. Lombardo reported that the hearing on entitlement to attorney's fees in the Prep Mac matter had been held and that the District was waiting on the court's ruling. He stated that he would report the ruling when received. He also stated that another lawsuit was moving forward positively but avoided detailed public discussion because of active litigation. He expected to have a substantive update for the Board at the next hearing.

Mr. Lombardo stated that, based on the Board's earlier direction during the meeting, he would prepare and bring forward a complaint relating to the Marina's failure to purchase ERCs if the claim is supportable.

C. Orchid Cove Agreements and Street-Light Charges

Mr. Lombardo then discussed Orchid Cove. He stated that he had exchanged correspondence with Orchid Cove's attorney but could not obtain an acknowledgement that the District's obligation to pay the heightened amount for upgraded street-light facilities had an endpoint. Orchid Cove's counsel appeared to take the position that the District should continue paying indefinitely. Mr. Lombardo stated that he could not advise the Board to agree to an interpretation requiring payment forever where the original dispute involved approximately $45,000. Him and Mr. Baird had tried to meet with Orchid Cove but they would not meet and refused to talk to them. He noted that the prior agreement was not drafted clearly and that the District may need either to send a termination and calculation letter or file a declaratory action to determine the meaning of the agreement.

The Board discussed that the District pays the LCEC bill for electricity and ordinary pole service while the dispute concerns the decorative or upgraded pole costs. Mr. Truckey stated that the District pays the electric bill for streetlights throughout the community, but Orchid Cove has a greater number of upgraded decorative poles than other areas. Mr. Lombardo stated that the District needed to determine how much had been paid toward the $45,000 settlement amount and that it may already have paid more than the settlement amount.

Mr. Lombardo stated that he would prepare correspondence explaining the District's calculation, stating that the District would continue payment only through the end of the fiscal year, September 30, 2026, and requesting that the account be converted to Orchid Cove effective October 1, 2026, if LCEC will permit the change. He stated that if LCEC will not change the account without Orchid Cove's agreement, the District may need to bill Orchid Cove for the upgraded portion or take further legal action. The Board expressed consensus for Mr. Lombardo to send the letter and continue attempting to resolve the matter without litigation if possible.

SUPERVISORS' REQUEST

A. Orchid Cove Roads and Parcels

Mr. Baird asked whether, in fairness to all taxpayers, the District should consider taking over all Orchid Cove roads if it had previously taken over certain roads in 2011. Mr. Lombardo explained that road transfers require cooperation from the current owners and, depending on ownership and public or private status, may require agreements, easements, County participation, or other legal steps. He noted that associations may have reasons to retain private roads, including standards, landscaping, repaving control, and access-control rights. He will review the issue further.

The Board discussed stormwater responsibilities in the same context because swales, drainage systems, and roads are often connected. Mr. Lombardo stated that multi-developer communities often have inconsistent arrangements because infrastructure was built and transferred in phases by different entities. Mr. Kish also asked staff and counsel to review the potential acquisition of approximately eleven undeveloped Orchid Cove building parcels he believed were owned by Collier County. Mr. Lombardo discussed the property-appraiser records and indicated they would look into ownership and acquisition options.

B. Former North Hotel Site

The Board discussed the former north hotel site. Mr. Dorrill stated that Collier County intends to issue a competitive invitation to negotiate during the first quarter of 2027 for interested parties seeking to acquire the parcel. Mr. Lombardo stated that the District had submitted the Board's prior offer and that the County's response indicated it would proceed through an invitation-to-negotiate process. He stated that prospective private developers may propose affordable or workforce housing, likely based on area median income parameters, and the District may need to submit not only a purchase proposal but also an intended use or development concept if it wishes to compete.

C. Utility Rates, Multi-Unit Metering, and Condo-Hotel Billing

Mr. Kish then returned to the utility-rate discussion and reviewed the condo-hotel and multi-unit utility bills. He stated that the current bills showed one-inch and two-inch meter classifications, base charges, and wastewater charges that did not appear internally consistent. He compared the District's approach to Collier County and City of Naples practices for master-metered multi-unit properties and stated that, in those systems, the base rate is generally tied to pipe and then submeter charges cannot exceed the base rate assigned to that meter size.

Mr. Kish stated that the District appeared to be taking a two-inch or one-inch master meter and multiplying the residential base rate by the number of rooms or units behind the meter, which resulted in very large base-rate bills. He stated that a 500-square-foot or smaller unit should not be treated the same as a large single-family house for water and wastewater base charges. He stated that he had reviewed hotel and multi-unit examples outside the District, including local hotel facilities, where the per-room base-rate equivalent was far lower than the current District bills.

Mr. Dorrill stated that the prior utility-rate study included a meter-equivalency base-rate factor based on meter size. He explained that the consultant recommendation treated a two-inch meter as an equivalent number of base rates, but the Board previously adopted a motion focused on the hotel and marina to bill the actual number of units served by a meter rather than only the meter-equivalency factor. He stated that if a two-inch meter served 20 units, the current billing treated that meter as serving 20 base rates, not the lower meter-equivalency count. Mr. Lombardo stated that his advice remained to follow the consultant unless the Board has support in the record for a different policy choice. Mr. Kish reiterated that he does not understand how it is appropriate that they are receiving a $6,000 bill instead of a $600 bill plus usage.

The Board discussed whether the hotel/condo, condominium buildings, and single-family homes were being treated consistently. Mr. Kish stated that he wanted the rates to be defensible and consistent and suggested that condos greater than 500 square feet could be treated at 0.8 and smaller units under 500 square feet at 0.5, similar to the prior approach to smaller units or RV-type units. Ms. Hansen was in favor of considering this. Mr. Kish stated that if the District charged by door or unit, the master-meter size should not also be used to impose a larger meter-size charge, while other Board members discussed whether individually owned units should be distinguished from a commercial hotel or apartment building.

Mr. Lombardo stated that the immediate issue was how to move forward. He said the Board needed to determine whether a majority wanted the matter re-evaluated, and the Board expressed agreement that the issue should be reviewed. He recommended re-engaging Raftelis, the utility-rate consultant, to review the discussion, address the competing points, and provide a defensible recommendation. He stated that moving more costs into volumetric gallonage charges and reducing reliance on the base rate may resolve many equity concerns because system cost and actual gallons used are the two clearest data points. The Board discussed that shifting more of the cost to usage would also incentivize conservation and better match cost to consumption.

Mr. Dorrill cautioned that re-engaging the consultant should not create wishful thinking because the consultant may again recommend the industry-standard meter-equivalency approach. Mr. Lombardo nevertheless stated that the consultant should address why the condo hotel is billed one way while other condominium buildings are billed another way and should evaluate whether the base-rate and gallonage structure should be adjusted.

The Board expressed consensus to re-engage Raftelis to review the utility billing and rate issues, including multi-unit meter equivalency, base rates, volumetric rates, condo-hotel billing, and comparability to other condominium or multi-unit properties in the District. Mr. Lombardo stated that the consultant should review the meeting discussion.

The Board also discussed the status of the condo-hotel account while the review is pending. Ms. Hansen asked what the District would do to avoid shutting off the condo-hotel water while the issue was under review. The Board agreed that the District should not shut off water service while staff and the consultant evaluate the account, the payment status, and any necessary adjustments. Mr. Dorrill stated that he would confirm the account status, that the June and July bills would reflect the reduction of the base rate to the $200 bimonthly combined base amount, and that staff would continue working through the issue before any shutoff action.

ADJOURNMENT – NEXT MEETING: AUGUST 20, 2026, AT 9:30 A.M.

Mr. Dorrill stated that once Mr. Kish left the meeting, the Board would no longer have a quorum. Staff discussed noticing an additional meeting near the end of July, if needed. The next regular meeting will be August 20, 2026, at 9:30 a.m.

The meeting was adjourned at 12:26 p.m. on a MOTION by Mr. Truckey, a second by Mr. Kish, and all in favor.