

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTICE OF PUBLIC HEARING ON THE ADOPTION OF THE DISTRICT'S BUDGET AND CONSIDERATION OF ASSESSMENT RATES FOR FISCAL YEAR 2023 WHICH COVERS THE PERIOD OCTOBER 1, 2022, THROUGH SEPTEMBER 30, 2023

THIS IS NOT A BILL – DO NOT PAY

Date of Mailing:	June 15, 2022
Parcel Identification Number:	<<PARCEL_ID>>
Property Owner Name(s) and Mailing Address:	<<OWNER_ADDRESS>>
Property Address:	<<SITUS_ADDRESS>>
FY 2023 Assessment Rate per unit Assigned to Parcel:	\$1,399.81
Number of Units Assigned to Parcel:	1
Cap Rate per unit Assigned to Parcel:	\$1,679.78

This NOTICE is to provide you information about Flow Way Community Development District ("District"), its services, and upcoming events. You are receiving this notice because the Collier County Property Appraiser's records indicate that you are a property owner within the District.

Upcoming Public Hearing

The District will hold two public hearings on **Thursday, July 21, 2022, at 4:00 P.M.**, at the **Esplanade Golf and Country Club, 8910 Torre Vista Lane, Naples, Florida 34119**. The purpose of the first public hearing will be to consider the adoption of the District's budget(s). The purpose of the second public hearing will be to determine and levy non-ad valorem assessments on all property owners in the District.

In order to fund operations, the District imposes and levies non-ad valorem special assessment on your property on an annual basis, the purposes of which are: (i) to fund the District's general administrative

and maintenance budget (“Operation and Maintenance Assessment”), and (ii) to provide the funds necessary to pay debt service on outstanding bonds as reflected in the District’s debt service budget (“Debt Service Assessment”). The Operation & Maintenance Assessment is not a new assessment, but the District is required by Florida law to notify each owner by mail of an intended increase in the Operation and Maintenance Assessment.

Fiscal Year 2023 – Proposed Budget

This past year brought many challenges and opportunities as the District transitioned from developer-control to resident-control and included unprecedented financial impacts to the District. During this time, the Board of Supervisors focused on the challenges of meeting the expectations of the community for Fiscal Year 2022 successfully.

Those challenges included on-going litigation with the developer over the thorough cost of bringing the preserves into compliance, the compliance with the governing Permits and Chapter 190, Florida Statutes, and the developer’s transfer of the Preserves to the CDD. That litigation is currently on-going.

Additionally, the District undertook a comprehensive analysis of the state of the District’s assets. That analysis revealed significant deficiencies in the systems and other adverse financial impacts to the District, including potential additional litigation with the developer, which the District is currently evaluating.

The District also assumed maintenance responsibilities of all District assets which were previously the responsibility of the developer-controlled HOA using existing resources in Fiscal Year 2022. The assumption of maintenance responsibilities was accomplished quickly and smoothly. After assuming maintenance responsibilities, we determined that the District’s stormwater pipes that drain rainwater off roads and from yards into the lakes were over 80% clogged. Remediating this required extensive work and funds to quickly remove all the debris to ensure that roadways and homes would not be damaged from storms. As of January 1, 2022, all the maintenance responsibilities are now safely being monitored and standards are being implemented to ensure quality maintenance for the assets of the District. In the coming Fiscal Year which begins October 1, 2022, we will continue to protect the assets of the District and strive to provide the requisite levels of service we all desire.

The Fiscal Year 2023 Proposed Budget undertakes the implementation of a comprehensive plan and complete set of goals looking forward for a five-year period, to maintain assessments at sustainable levels to ensure services are provided, while continually assessing the outlook of District needs and amending resource allocations accordingly. The focus of the Fiscal Year 2023 Proposed Budget is to stabilize an assessment rate for the District that is sustainable over a five-year period, invests in our community to include service delivery requirements that meet both regulatory requirements and the District’s needs, and which meets the objectives necessary to provide a focused management of the District’s assets.

Fiscal Year 2023 - Budget Summary

The District has completed a comprehensive engineering review of its assets and outlines the District's operating requirements for Fiscal Year 2023 and beyond. The Fiscal Year 2023 Budget provides a path going forward to put the District on a clear focused path to maintain the various systems that are owned by the District for the benefit of the residents in a manner that allocates resources appropriately, strives to maintain assessment levels that meet the operating expectations of residents, and finally, to maintain the assets and to preserve their value for the benefit of the community. To meet these objectives, it is first important to fully understand the size and scope of the assets. These include an extensive Stormwater Management System, Community-Wide Irrigation System, and the entrance to the community.

The Stormwater Management System includes both internal and external preserves, lakes, littoral plantings, lake banks, and drainage pipes, and encompasses over 190 acres of lakes, 19 miles of lake banks, 15.8 acres of littoral plantings, 33,148 linear feet of drainage pipes and over 1,125 acres of wetland preserves.

The Community-Wide Irrigation System consists of a Pump House located adjacent to Lake 10, which houses two pumps, and a 2.5-acre lake that feeds the pumps water, and two (2) recharge wells that are drilled into the Lower Tamiami Aquifer that supplements water from the recharge lake of up to 269.50 million gallons of water each year.

Finally, the entrance to the community along Immokalee Road from Addison Place Drive west to Rose Boulevard are a part of the Landscaping/Bridge program, and includes the Bridge itself, entrance pavers, landscaping, and entrance monuments.

All of these assets were previously maintained by the developer-controlled HOA. Subsequent to the transition of the HOA and Board to resident-control, the District and the HOA were able to assume full control of each entity's respective assets for operations and maintenance. We thank the HOA for its valued contribution and our strong working relationship.

The chart below shows a summary the Fiscal Year 2023 Budget. Importantly, we note that the change in total expenditures (appropriations) from Fiscal Year 2022 to Fiscal Year 2023 is due solely to the assumption of maintenance responsibilities of the District's assets from 2022 to 2023. This appropriations plan is fully sustainable over the next five years, recognizing capital expenditures over that period, based on when those capital expenditures are needed.

**Proposed Budget - General Fund
Fiscal Year 2023
Budget Summary**

Description	AMENDED Fiscal Year 2022 Budget	Anticipated Year End 09/30/2022	Fiscal Year 2023 Budget
Revenues and Other Sources			
Carryforward	\$ 243,545	\$ 243,545	\$ (85,253)
Assessments - On-Roll	\$ 621,646	\$ 621,646	\$ 1,657,379
Total Revenue:	\$ 865,191	\$ 865,191	\$ 1,572,126
Appropriations			
General Government			
Administration	\$ 146,325	\$ 149,906	\$ 156,340
Legal	\$ 275,000	\$ 190,000	\$ 195,000
Engineering	\$ 50,000	\$ 81,920	\$ 55,000
Stormwater Management Services			
Preserve Area Maintenance	\$ 17,500	\$ 10,405	\$ 111,820
Lake, Lake Bank and Littoral Shelf Maintenance	\$ 185,000	\$ 232,610	\$ 476,733
Community Wide Irrigation System	\$ 35,000	\$ 50,913	\$ 146,307
Landscaping Services	\$ 131,500	\$ 131,179	\$ 268,041
Discounts	\$ 24,866	\$ 12,500	\$ 62,885
Total Appropriations	\$ 865,191	\$ 859,433	\$ 1,472,126
Fund Balance	\$ 335,757	\$ 97,971	\$ 183,223

The Proposed Budget recognizes the need to increase the cash balance over a three-year period, to meet the first three months of operations, in anticipation of receiving assessments in late December of each year.

The administration is the cost of continued administration of the District, which remains relatively constant from year-to-year. The change for Fiscal Year 2023 was made to account for potential increases in Insurance, which has been a consistent theme for CDD's in recent year. The legal costs are litigation-related and as those matters are resolved, those costs will decrease over the ensuing year. The engineering costs for Fiscal Year 2023 reflect the necessity to continually ensure regulatory compliance with permits, periodic reviews of system assets, and recommendations and reporting to the Board.

The remaining items of the maintenance program are the result of in-depth engineering analysis of the requirements to maintain District systems, which are more fully outlined in the companion engineering reports by the District Engineer. The Fiscal Year 2023 capital items are also included in the maintenance program. A recommended five-year Capital Plan is noted below, that looks forward to what our future needs will be, to better ensure that the District can deliver on the requisite services for the community. This Budget, however, does not include funds for the maintenance of the exterior preserves, that are the subject of on-going litigation with the Developer. The average annual cost of the exterior preserve maintenance is approximately \$250,000/year and may further impact future Budgets.

The Capital Plan takes a comprehensive look at all the District’s assets and plans for the next five years the cost of asset maintenance/restoration to ensure a more accurate reflection of the financial needs of the community as we move into the future.

Included in the Capital Plan, and one of the most important assets of the District of note, are the lakes and lake banks and which must be repaired in a manner that ensures the integrity of the stormwater system. As such, the estimated cost of that capital item (Erosion Restoration), over the next five years, is approximately \$620,000.00.

The balance of the Capital Plan encompasses assets that are generally in good order, and to keep those assets in shape, their recommended capital items are included in the Capital Plan.

The total investment of all capital items over the five-year Capital Plan is \$1,132,617.

Capital Plan

Description of Item	2023	2024	2025	2026	2027
Littoral Shelf Plantings	\$ 4,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Erosion Restoration	\$ 183,128	\$ 172,298	\$ 106,449	\$ 97,345	\$ 85,397
Drainage Pipes	\$ 31,000	\$ -	\$ -	\$ 36,000	\$ 60,000
Internal and External Preserves	\$ 55,000	\$ 75,000	\$ 124,000	\$ 17,000	\$ 8,000
Recharge Wells (New Meter)	\$ 28,000	\$ -	\$ -	\$ -	\$ -
Community Entrance	\$ 10,000	\$ 15,000	\$ 20,000	\$ 56,000	\$ 56,000
Total - All Capital	\$ 311,128	\$ 257,298	\$ 240,449	\$ 160,345	\$ 163,397
Total Costs: All Years					\$1,132,617

Summary

The District’s Budget provides the necessary level of expenditures to maintain the assets and does not provide a great margin in the event that expenditures vary from provided recommended forecasts. The capital funding will continue to remain an important focus of the budget requirements, and which are adequately funded to keep our infrastructure maintained for the community. This budget builds the foundation for the financial stability of the District, while allowing the District to continue its focus of providing and meeting the needs for services to all residents.

The complete Budget for Fiscal Year 2023 is on the District’s web site at www.flowwaycdd.org and we encourage all residents to visit the web site for more information. Additionally, the Engineering reports that provide full information on all of the District’s assets are on the web site.

Assessment Rates

The proposed assessment rate noted on page 1 is \$1,399.81 with a CAP rate of \$1,679.78.

The amount of the Debt Service assessment is not subject to change.

The District collects the Operation and Maintenance Assessment and Debt Service Assessment on the Collier County Tax Bill.

Under the proposed budget, all properties, pay the same operations and maintenance assessment amount, as noted above.

The District expects to collect and arrange to collect no more than \$1,657,379.00 in gross revenue for Fiscal Year 2023's operations and maintenance assessment, including any applicable discounts and applicable fees because of the operations and maintenance assessment. The total revenue the District would expect to collect, in future years, if the assessment cap rate is used, would be not more than (in gross revenue per year, including any applicable discounts and applicable fees.

All benefited lands within the District pay the Operation and Maintenance Assessment. The unit of measurement for the Operation and Maintenance Assessment is per residential unit. Lands within the District are assigned units of measurement in accordance with their use. Platted residential lots or condominium units are considered to contain one (1) residential unit.

At this public hearing, the Board will also consider adopting an assessment cap for notice purposes in the amount of \$1,988,854.87. The effect of adopting such a cap for notice purposes only simply means that the District will not provide mailed notice to you in the future of the annual Operation and Maintenance Assessment amount provided it is less than or equal to the cap adopted. If in the future the District's proposed Operation and Maintenance Assessments exceed the adopted cap, mailed notice will be provided to all landowners within the District prior to the public hearing. The purpose of adopting an assessment cap for notices purposes only is to reduce the costs to all landowners associated with providing mailed notice.

Notices

By operation of law, the District's assessments each year constitute a lien against your property located within the District just as do each year's property taxes. It is important to pay your assessments since failure to do so will cause a tax certificate to be issued against the property which may result in loss of title.

You have the right to appear at this public hearing and express any objections, suggestions, or comments you may have. You may also file written objections within twenty days of the date of this Notice at the office of the District Manager, 2301 Northeast 37th Street, Fort Lauderdale, Florida 33308, Attention: James P. Ward. Additionally, written objections may be filed by e-mail notification to the office of the District Manager, at JimWard@JPWardAssociates.com.

If anyone chooses to appeal any decision of the Board with respect to any matter considered at the public hearing, such person will need a record of the proceedings and should accordingly ensure that a verbatim record of the proceedings is made, which includes the testimony and evidence upon which such appeal is based. The public hearing(s) may be continued to a date and time certain that will be announced at the hearing.

In accordance with the provisions of the Americans with Disabilities Act, any person requiring special accommodations at this hearing because of a disability or physical impairment should contact the District Manager at least five (5) days prior to the date of the hearing.

Finally, on behalf of the entire Board of Supervisors and professional team, we would like to thank you for your valued contributions during this transition, and we look forward to a successful year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'ZS', with a long horizontal line extending to the right.

Zack Stamp
Chair