

Sean O'Keefe

From: Scott Line <sline@linecapitalinvestments.com>
Sent: Tuesday, September 19, 2023 4:00 PM
To: m29.macfarlane@gmail.com; Sean O'Keefe
Cc: 'Bud Beucher'
Subject: Town of Howey -- Central Lake CDD

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Dear Martha and Sean,

Bud and I had the opportunity to speak last week regarding the Town's need to acquire 25 or so ERU's for the existing downtown commercial areas. As we have communicated to you before, the CDD does not own any additional capacity.

Bud has expressed a willingness to go back to his partners at Packing House By-Products (the former owner of the Mission Inn) and see if they'd be willing to sell 25 of their ERU's to the Town. Packing House has previously sold ERU's to the Town, but Packing House needs all of its remaining ERU's in order for the future development of the land it still owns in and around the Mission Inn. Bud is hopeful that he can convince his partners that Packing House will be able to replenish the ERU's it sells to the Town through the Plant owner or the CDD's future expansion of the CDD's wastewater plant.

As part of the above, the Town and the CDD would need to amend their agreement to address the 25 or so additional ERU's. Additionally, the Town and the CDD would need to "clean-up" some of the open items (many of which go back 5+ years), including by agreeing to one rate structure rather than the different rate structures in the different agreements (the only exception would be the rate structure for the Lake County School System as that would not change), adjusting the \$24 flat rate to a market rate, agreeing on the duration of the agreement, and making sure that the agreement accurately identifies the developments/areas subject to the agreement. Importantly, we are not looking to address the Town's future capacity needs/expansion of the CDD's plant, as that issue is very complicated and the Town appears to still be evaluating its different options.

You will recall that we had a meeting (along with Bud and George Flint) in 2021 where we discussed all the above and we reached a general agreement on the open items. However, nothing got finalized and signed because the Town decided to explore building its own Wastewater Plant. It is my hope that our past discussions will help in our current discussions.

Of all the issues mentioned above, the rate adjustment is probably the most challenging, as we recognize that it is not easy for any public entity to raise the rate it charges to its residents. However, the \$24 rate has not been changed in many, many years, and the residents in Venezia and Talichet have benefited financially from this. We all know the impact that inflation has had on families and businesses ---- and the CDD is no different. Inflation and the additional operating costs tied to turning on and operating the CDD's new wastewater plant in 2022 have resulted in significant increases to the CDD's expenses. As one example, in 2020 the CDD spent \$24K on electricity and in 2024 the CDD is budgeted to spend \$169K on electricity.

If the Town is interested in pursuing the above discussions, please confirm the exact number of ERU's the Town would need for its downtown commercial area and by when so that Bud has this information before he speaks with his partners at Packing House. Additionally, we ask that the Town propose terms (or a proposed amendment is fine too) for the open items. In doing so, we further ask that the Town's proposal reflects the Town Council's input and approval.

Bud left on a long-needed vacation, but he asked that I share the above with you.

Regards,
Scott