

**CITY HALL COMPLEX MASTER PLAN TASK FORCE
CITY OF REHOBOTH BEACH**

April 18, 2013

The City Hall Complex Master Plan Task Force Meeting of the City of Rehoboth Beach was called to order at 9:07 a.m. by Chairman Sam Cooper on Thursday, April 18, 2013 in the Commissioners Room in City Hall, 229 Rehoboth Avenue, Rehoboth Beach, DE.

ROLL CALL

Present: Chairman Sam Cooper, Greg Ferrese, Stan Mills, Jim Ellison, Jim Horthy (arrived at 9:20 a.m.), Keith Banks, Pat Coluzzi

Absent: Ken Simpler, Dawn Lynch

APPROVAL OF MINUTES

Minutes of the September 13, 2012 and November 1, 2012 City Hall Complex Master Plan Task Force Meetings were distributed prior to the meeting.

Pat Coluzzi made a motion, seconded by Stan Mills, to approve the September 13, 2012 City Hall Complex Master Plan Task Force Meeting minutes as written. (Cooper – aye, Ferrese – aye, Mills – aye, Ellison – aye, Banks – aye, Coluzzi – aye, Horthy – absent.) Motion carried.

Pat Coluzzi made a motion, seconded by Stan Mills, to approve the November 1, 2012 City Hall Complex Master Plan Task Force Meeting minutes as written. (Cooper – aye, Ferrese – aye, Mills – aye, Ellison – aye, Banks – aye, Coluzzi – aye, Horthy – absent.) Motion carried.

Review current status of the planning process with the City's consultant.

Mike Wigley of Davis, Bowen & Friedel (DBF) and Rick DiSabatino of EDiS Company were in attendance at the meeting.

Mike Wigley provided drawings, three-dimensional model of the blocks for the planning, program and cost estimate which had been updated since the November 1, 2012 meeting. The drawings now show the sally port being relocated to a different area, color coding for the different departments, a center aisle back to the Convention Center and the modified entrance to the Convention Center area. This is a planning exercise to make sure the square footage is there to do the general concept, to introduce a building that fits in between the current convention center and the street and developing a streetscape along Rehoboth Avenue. There are options to explore at the next stage. In this scheme, the western side would be preserved for service oriented access, and the eastern side would be dedicated for public access and parking. Access would also be directed from Second Street. The design is in two phases to work out sequencing and keep the operations going in the existing facility and introducing a new building in addition to the time. Phase 1 would primarily be devoted to the Police Department and getting it in at the basement level, a working 911 Center and Police Department on the first level while keeping all the other operations in place, and the Police Department on the second floor. Phase 2 would keep most of the Police Department where it is located in Phase 1, some spaces would be converted from the Police Department to Administrative areas. The Police Department and the 911 Center would be located on the west side of the building. Administrative offices would be relocated to the east side of the building on the first floor along with a new lobby area and restroom facilities for the Convention Center located at the north side of the building. The east side of the second floor in Phase 2 would house Building & Licensing, Commissioners Room, Alderman Court and IT Department. In Phase 2, the existing offices would be relocated to temporary facilities while the existing building is demolished. Using the existing right-of-way on the western side would ease the ability for trucks to negotiate and simplify the design in that area. Main Street and Parking Meter and Parking Department would be located where the existing Parking Meter Department is currently located. The administrative and servicing parts of Parking Department would be combined into one facility. Main Street would be adjacent to the Parking Department. There would be access to this building from City Hall Drive, and parking would be located in the western lot along with street parking. A secured area would be provided for the Police Department.

Wayne Neale, 46 Sussex Street, suggested that the Commissioners Room suite should be located on the first floor so it is accessible to civic groups, etc. It could be locked off from the rest of the building so that people would not need to go through the building itself to get to the second floor. Public rooms should be located at street level in order to be used by the public in general, civic groups, etc. Two members of the Task Force supported this notion of

having public activity visible and at street level. There is an important principle of trying to create activity across the entire Fire Department and City Complex streetscape where there has been a void. Mike thought that this would be worth exploring. There is a possibility that the Administrative offices could be split, or Building & Licensing and the Administrative offices could be located on the first floor. The central corridor to the outside could be relocated.

Rick DiSabatino provided an estimate in the amount of \$13,575,078.00 for the total project costs which is based on blocks and concepts that are still fluid. The estimated costs are broken down by department and can be reduced or expanded. One of the larger costs is the temporary facilities at approximately \$729,000.00. Contingencies have been built into the estimate to cover the lack of specificity of what is trying to be done. The possibility of \$2,000,000.00 for the sale of the 306 Rehoboth Avenue building would go into the project which is not part of the total project costs.

A question was raised regarding the cost to relocate the IT wireless system from 306 Rehoboth Avenue to City Hall and how much down time there would be. The cost would not be too great, but there would be down time. The IT Department will address this matter. The most important thing to be done is to get everyone on one campus.

Discuss current debt of the City and funding options for a new City Hall Complex.

Sam Cooper provided an overview of what it might look like in terms of an annual cost to the City in order to construct this facility. WSFS Bank quoted a rate of up to 10 years out, and it would be a balloon note that would go to market rate at the end of 10 years. The existing debt of the City is an outstanding loan for funding of the final phase of Streetscape, Lake Gerar Bridge, the 306 Rehoboth Avenue building, Boardwalk, etc. The original loan amount was \$6,000,000.00, and the balance as of March 31, 2014 will be \$2,249,824.00. The interest rate is 3.41%, and the year of payoff will be 2018. The final year payment is less than the other remaining three years. The annual payment is \$734,907.00 which was originally with Citizens Bank and was refinanced with WSFS to get the 3.41% rate. The original loan of the Lynch Well Field was \$5,000,000.00, and the balance as of March 31, 2014 will be a little greater than \$4,000,000.00. The interest rate is 2.76% and will retire in 2028. The annual payment is \$346,938.00, and the lender is Delaware Drinking Water Revolving Fund. The loan, which no money has been borrowed to date, of the Schoolvue Sanitary Sewer Project is \$450,000.00 at an interest rate of 3%. This loan would retire in 2023 with an annual payment of \$52,000.00. The Delaware Wastewater Revolving Fund is the lender. The Wastewater Outfall and Plant Upgrades Project is still in the planning stage, and all data is estimated based on the data currently available. The City's portion would be 40% of the total might be \$22,000,000.00. No money has been borrowed to date. The interest rate may be 3% or less, and the year to retire the loan is approximately 2035. The estimated annual payment would be approximately \$1,500,000.00. It is anticipated that the project would start in approximately 18 months. These estimated figures reflect the City's portion of the project. A determination has not been made to date as to whether the City will borrow all the money and charge the costs for the retirement of the debt to the County or the County will provide its own capital. The new City Hall Complex Project would be \$15,000,000.00 as figured for budgeting purposes. A matrix was provided of the annual costs at 20 years, 25 years and 30 years and at 3%, 4%, 4.5% and 5%. The annual financing costs at 4% at 25 years would be less than \$1,000,000.00. It was suggested to refinance the WSFS loan with the borrowing of an additional \$2,500,000.00. The balance in a year would \$2,250,000.00, and it would allow the existing annual debt service on the WSFS loan of \$734,170.00 to be used to retire the combined loan. The \$17,500,000.00 to be used as the principle amount less \$734,170.00 that the City would be committed for this year and the next years to pay at an interest rate of 4% for 25 years would be less than \$400,000.00 in additional debt service payments. The City would qualify for issuing tax exempt bonds. One of the issues with selling the bonds to make them marketable is for them to be rated. A referendum would be needed for both the Ocean Outfall and City Hall Complex projects. The wastewater system would be paid by the users which would include the debt retirement.

Greg Ferrese noted that by combining the loans, \$100,000.00 which is currently budgeted could be subtracted from the additional cost. The City Hall Complex Project can be done, and the budget can handle funding it.

Rick will contact Scott Douglas, Treasurer of the University of Delaware, as an advisor and set up a meeting to further discuss this matter.

Discuss reporting the progress made to date to the Commissioners.

Sam noted that \$100,000.00 was put in the budget for the next phase of this project. He suggested going to the Commissioners to make a presentation in full and get their approval to move to the next phase. The presentation will be made at the Regular Meeting on May 17, 2013.

Discuss the next phase of the planning process.

Mike said that a planning exercise is needed to make sure all the blocks fit. The next step would be to convert

this into real architecture with schematic design so that Rick and his team could price it out. The \$100,000.00 in the budget would allow getting through the schematic design process and alternative concepts could be looked in sketch form to see if they are worth pursuing. Selection of a more refined concept would also be developed in schematic design. This phase would incorporate exact locations and fine tuning with departments, etc. After the next phase, the design of the construction drawings would occur. He and Rick will come back to the Task Force at a future date for discussion and to present the schematics and costs.

A suggestion was made that the Task Force has a comfort level with the design team. The Task Force has not done any investigation or RFP to find out what other kinds of considerations the Task Force might make in terms of design firms. The Task Force needs to be committed that it has the right team, and it is something that can be worked on. After the next phase, the Task Force should look at whether or not to move forward with this project with regard to funding. A commitment to the next phase will not occur until the Commissioners have seen and discussed it. A powerpoint presentation, brief overview, financial discussion and the next steps will be provided to the public at the Regular Meeting.

Mike will forward the powerpoint presentation to the Task Force and Commissioners one week prior to the Regular Meeting.

Discuss items to be included on future agendas.

There were no items to be included on future agendas.

Discuss setting next meeting date.

No future meeting date was determined at this time.

There being no further business, Chairman Cooper adjourned the meeting at 10:25 a.m.

Respectfully submitted,

(Ann M. Womack, CMC, City Secretary)

**MINUTES APPROVED ON
SEPTEMBER 9, 2013**

(Sam Cooper, Chairman)