

**MAYOR AND COMMISSIONERS MEETING
CITY OF REHOBOTH BEACH**

December 9, 2013

The Workshop Meeting of the Mayor and Commissioners of the City of Rehoboth Beach, was called to order at 9:02 a.m. by Mayor Samuel R. Cooper on Monday, December 9, 2013 in the Commissioners Room in City Hall, 229 Rehoboth Avenue, Rehoboth Beach, DE.

City Solicitor Glenn Mandalas gave the Invocation followed by the Pledge of Allegiance.

ROLL CALL

Present: Commissioner Toni Sharp
 Commissioner Patrick Gossett
 Commissioner Bill Sargent
 Mayor Samuel R. Cooper
 Commissioner Stan Mills

Absent: Commissioner Lorraine Zellers
 Commissioner Mark Hunker

Also in attendance was: City Solicitor Glenn Mandalas

Also absent: Acting City Manager Gregory Ferrese

CORRESPONDENCE

There was none.

OLD BUSINESS

There was none.

NEW BUSINESS

Mayor Cooper called to discuss a letter received from Mr. Paul Kuhns, President of the Rehoboth Beach Historical Society, requesting that, as the Historical Society approaches Phase 2 of museum construction, the Commissioners consider forgiving the \$125,000 balance on a \$250,000 loan extended to the Historical Society in 2008 which funding was used for Phase 1 construction.

Mayor Cooper provided a brief history of the museum. In 1998, the City purchased the Olde Icehouse from Mrs. McQuay. The Commissioners were interested in purchasing the building because of the prominence of it at that location and to protect the integrity of the park. The City paid \$380,000.00 for the building which came with a 4.5 years lease. The Commissioners had been approached with the idea of putting a museum in the building which was an ideal fit for the location. The Commissioners signed a 50 year lease in 2002 for the museum. The Museum Committee for the Historical Society did the design of the building and obtained funding from the State, private donations and foundations. Part of the building was torn down because it was deemed to be inadequate for the purposes of the museum and it was structurally deficient. More than \$1,000,000.00 was spent on renovating the building. The decision was made at that time to leave the second floor unfinished. In the end, the line of credit was in the amount of \$300,000.00 and the Historical Society raised \$50,000.00 to reduce it to \$250,000.00. The Society approached Mayor Cooper about using the City's credit, cosigning a note, etc. so it could get the interest rate decreased. No one thought that the Commissioners had the authority to lend the City's borrowing power to another organization. Mayor Cooper had wanted to help the Society, so a lease modification was done which fronted the Society \$250,000.00 from the City's funds. A lease was written that the Society would pay the City \$25,000.00 per year plus interest for ten years. To date, the museum has been successful. Every payment has been made on time. The Society is interested in renovating the second floor of the museum. Mr. Paul Kuhns, President of the Rehoboth Beach Historical Society had asked Mayor Cooper if the lease could be re-amortized over the next ten years so that the payments would be lower. Mayor Cooper was more interested in forgiving the \$125,000.00 if the Society could move forward on Phase 2. Forgiving the \$125,000.00 would be the City's contribution to the project. Mayor Cooper said that it would require another lease amendment that the previous lease amendment would be null and void. No rent has been contemplated after the forgiveness of the lease.

Commissioner Bill Sargent said his preference is that this would be a contribution to the second floor

because the City owns the building.

Commissioner Stan Mills said that the City will be paying for a portion of the building. The City owns all the physical structure of the building. This would be considered an investment in the building itself. Currently, the Society is trying to raise money for an elevator with a cost of \$75,000.00.

Mr. Paul Kuhns, President of the Rehoboth Beach Historical Society, noted that the museum's location is at a perfect place because it is at the entrance to the City; it is in a park area; the old railroad station and the Chamber of Commerce are located there; it is next to the canal and there is available parking. The Society has quietly raising money, approximately 50% of what is needed, for the second floor renovations. The Society's main fundraiser is the Beach Ball, and approximately 40% of the money for its operating expenses is generated in that fundraising effort. It has been difficult to raise money for the debt. Approximately 20% of the operating budget has been paid to the debt on an annual basis over the past five years.

City Solicitor Mandalas said that the simplest way to do it is recognizing that the improvements have far exceeded the City's initial contribution. Rather than putting requirements on the forgiveness, he would rather see a resolution that says in recognition of the improvements that have already been made that far exceed the City's initial contribution. He would do a straight forgiveness. Mayor Cooper said that he would like to see this done as a second amendment to the lease.

Commissioner Patrick Gossett said that in one portion of the lease, it states that to ensure that Phase 1 of the Rehoboth Beach Museum project is fully funded the City agrees to contribute \$250,000.00 to Phase 1 construction in exchange for rent. In the resolution, it could be stated that Phase 1 has been completed and then move on to the next phase.

Commissioner Mills said that he would like to look at the budget so the Commissioners know what to expect after forgiveness, such as contemplating whether or not the Society will have to pay its own utilities. Mayor Cooper said that the Commissioners will have to look at those things in the future. He would expect that whatever the Society can save on interest costs will be put back into the programs, etc. A library has been contemplated for the second floor of the museum where items can be catalogued, etc. which will be a great tool for people who want to look at the history of Rehoboth.

Mr. Kuhns explained that the second floor of the museum will have a substantial exhibit space on the west side. There will be one restroom and an elevator. The east side of the museum in the old part of the icehouse will house an auditorium that will seat approximately 70 people for functions and presentations, etc. as well as exhibit room on the walls and movable exhibit cases. In the main exhibit room on the west side of the building would be movable exhibit cases as well as movable walls. There would be a seating area and a library for people to do research. The plan is also to have a children's facility with approximately 10 computers and space for activities. A grant has been received for legos and robotics. Two times per year the first floor has been rented for events. It is anticipated that the second floor would also be rented by individuals for events. It is anticipated that the second floor will be available in approximately three years. Construction of the second floor would take place for approximately six months.

City Solicitor Mandalas will prepare a lease amendment in the form of a resolution for the next Regular Meeting on December 20, 2013.

Mayor Cooper called for the presentation by a representative from the Lewes Rehoboth Canal Improvement Association (LRCIA) dealing with the issues of adequacy of parking in the vicinity of the proposed dock, the US Army Corps of Engineers lease, projections for the use of the facility based on the experience to date, plan to obtain necessary financing for the complete project, plan for the operation of the facility and other issues related to the proposed Rehoboth Beach Dock Facility.

Commissioner Gossett had written a letter to the Lewes Rehoboth Canal Improvement Association (LRCIA) expressing his concerns about specific issues which were outstanding about continued support of the project, etc. Members of the LRCIA were in attendance at the meeting to address concerns.

Mr. Ted Becker of LRCIA categorized the issues as parking, Army Corps of Engineers (ACOE) lease, estimate use of the water taxi, financing, and a business/operating plan. Members of LRCIA as a group are willing to come back to the Commissioners to provide updated information on a regular basis. This can be done quarterly or more frequently.

Mr. Scott Thomas of Southern Delaware Tourism gave a presentation to address the parking adequacy issue. A series of aerial photographs were taken on July 3, 2010 between 1:00 p.m. and 3:00 p.m. There are a

total of 32 parking spaces available at the Grove Park/Visitor Center parking lot. A 450 foot portion of Henlopen Avenue accommodates approximately 23 cars for permit parking. On Canal Street, the west side accommodates 35 cars, and the east side accommodates 15 cars. With regard to the parking supply and demand scenario, 22 of the 105 total parking spaces were occupied on July 3, 2010. This resulted in 83 available spaces. Twenty-two metered spaces on Rehoboth Avenue between the museum and State Road were not included. Existing water shuttle usage was looked at between Dewey Beach and Lewes. The capacity of the Cape Water Taxi is 70 passengers. If one third of the passengers board at Lewes, the available capacity for Rehoboth would be 47 passengers. If 47 passengers would be boarding at Rehoboth and assuming that all the passengers drove to the water shuttle with two passengers per car, then the demand would be 24 parking spaces. Even with a maximum case, it still puts the projected usage well within the playing field of the available parking spaces. This proposal would be in context with multi-mode transportation for the Cape Region. There has been ongoing success with the Junction & Breakwater Trail and Gordon's Pond Trail. Passengers will be using other means of transportation such as the DART bus, Jolly Trolley and Destination Station Center. Some of the parking instructions for patrons would be communicated at the time of the reservation, will be electronically sent with ticket confirmation, would be communicated in print marketing collateral such as brochures and rack cards and would be available on multiple websites. This project will add to the location as a welcome point to the City.

Mr. Paul Kuhns and Mr. Matt Spohn addressed the Army Corps of Engineers (ACOE) lease. Mr. Kuhns is also a member of LRCIA as the representative of the Rehoboth Beach Museum. This project came in 2003 from the Historical Society in negotiations with the City for doing the museum project. At that time, the Historical Society also signed a lease with ACOE because at some point Phase 3 of the museum project is to be a public dock area. The Historical Society has been given a 25 year lease with ACOE which goes to 2030.

Mr. Matt Spohn of LAS discussed the specifics of the ACOE lease. There have been various correspondence and meetings with ACOE. Mr. Spohn contacted Mr. Craig Homesley of ACOE is the Chief of Civil Support Branch in the Baltimore District who oversees the lease, permitting and documentation and asked about the lease. On October 31, 2013, Mr. Spohn received an email from Mr. Homesley saying that the intent of Condition No. 21 of the lease is to prevent the property from being utilized as a type of private exclusive club. The use of one slip of the water shuttle as a sub-lessee would be considered an adjunct to the operation of the leased premises as an enhanced public service. Therefore the service would not be denied as a private exclusive use. The Corps will have to approve the sub-lease in writing as provided in Condition No. 9. It is anticipated that the service would be acquired through standard public solicitation and award methods. The lease can be renewed at any time prior to the expiration as long as the terms of the lease have been utilized appropriately. Mr. Spohn acknowledged that this facility would be open to kayaks, canoes, etc. so it will not fall into the private club restriction.

Mayor Cooper said that the plans the Commissioners originally saw included a kayak launch which would be a huge parking generator if it would be used. This could create a huge demand for parking.

Mr. Kuhns acknowledged that as part of the lease, the proposed facility cannot be only for a water taxi. The original intent in 2005 from the Historical Society is that this would be a public facility. Mr. Kuhns anticipated that the museum would sublet the area to LRCIA to do the lease-holding improvements on the dock. Then LRCIA would sublet to a vendor for the taxi service that the City would approve.

Mr. Thomas said that it is in the LRCIA's best interest to accommodate the Comprehensive Development Plan for the City with regard to waterfront access. This would include public components.

Mr. Mark Carter of LRCIA had talked with ACOE that this project would not be categorized as a marina. This would be a public access area to the canal with a development of the waterfront. In the original concept, LRCIA asked to have included a pulley system for lowering a kayak or canoe for the reason to show that it could be there. It is not an item that is needed, and it is listed as an add-on item when the plan was originally drafted. This would be a recreational outlet. This project could be done in phases.

Mr. Dennis Diehl of Streets & Transportation Committee said that the Committee has discussed a possible bike path that would come from Canal Street, cross over Rehoboth Avenue and through Grove Park. The dock facility will have an effect on how the bike path would come through there or should come through there. The bike path is more important than kayaks. He hoped that the Commissioners will consider the bike path in as part of the plan.

Captain David Green and Ms. Sonja Koplowitz of Cape Water Taxi began operation on Memorial Day 2012. It originally started as a water shuttle operating between Lewes and Dewey Beach. The water taxi

service only ran on weekends. Currently, the company has grown into more of a tour company than an actual water taxi service. In the first season, the shuttle carried 2,500 passengers of which 1,450 were shuttle riders between Lewes and Dewey Beach. In the second season, the shuttle carried 5,993 passengers of which 1,317 were shuttle riders. In moving forward with the dock facility in Rehoboth he estimated that the water shuttle service would be operated seven days per week. The shuttle would operate approximately 165 days per year depending on the weather which would be an average of 43 passengers per day. Since 2012, a second boat has been added to the service. Currently, he is in the process of buying a third boat that will operate in the Pot Nets area and will provide water shuttle service to Dewey Beach. First and foremost, the business is a cape water taxi. He would like to continue to offer that service. The majority of the people riding the taxi to Dewey Beach would much rather get off the taxi in Rehoboth.

Ms. Sonja Koplowitz said that the business evolved through requests from visitors and residents of Lewes and Rehoboth to provide transportation down the canal, to provide a history of the area and to provide ecological programs that exist as well as what is being done to restore the ecology in the inland waterways. One of the attractions offered is an eco-tour. One of the captains is licensed to band ospreys. The plan is to continue to evolve the service into an organization that not only provides transportation, but also provides an historical view of the area as well as the ecology view of the area.

Mr. Alex Moore of Avenue Inn said that from a tourism standpoint this will be the biggest thing that has hit the City in years. He thought that a jitney-type service could provide the transportation from the hotels to the dock facility.

Mr. Mark Carter of LRCIA said that while not seeking funds from the City of Rehoboth Beach and the City of Lewes, it must have the support and endorsement of both cities in order to move forward with this project. The estimated cost of the Rehoboth Dock Terminus is \$850,000.00. Of that amount, \$150,000.00 is for the design phase. The LRCIA has been reaching out to local and state legislators as well as DNREC to secure public funds to help finance the Rehoboth Beach Dock Terminus. Other contributions and funding is being provided by private business (including Dogfish Head) and "Friends Group" an arm of LRCIA. Potential funding sources are MAP21 Funds from DeIDOT which have a fluctuating match up to \$1,000,000.00, CEMAQ Funds from DeIDOT that would be applicable to state trails and could apply to the dock with a letter from the City, DE Land & Water Conservation Trust Fund from DNREC that would require 50% match on trail projects up to \$500,000.00 but are usually less, Community Transportation Funds with up to \$250,000.00 per state legislator of which request letters have been sent by LRCIA and DEDO Tourism Grants/State Infrastructure Funds. The endorsement is needed from the City to pursue funding. A copy of the cost estimate was provided for review.

Mr. Becker noted that with regard to a business/operating plan, the seasonal docking fee is currently estimated to be \$3,500.00 per dock based on agreements in Lewes and Dewey Beach. Annual routine dock maintenance is estimated to cost between \$1,000.00 and \$1,500.00. The dock leasing documents should be coordinated between Lewes and Rehoboth so the water taxi is not working with two different sets of guidelines, etc. Coordination will be required between the two entities in moving forward. LRCIA is committed to keeping the City informed on a regular basis such as every 90 days.

Mayor Cooper asked how this project would proceed if LRCIA would have a sub-lease from the Historical Society and LRCIA would in turn sub-lease to the operator. He was confused as to whether or not LRCIA will raise the funding, issue the contracts and have it built. Mr. Becker said that some of it will require the City's participation, at least on an administrative end in terms of offering an endorsement. Some of the grants cannot be issued to an organization. They have to be issued to a municipality. Mayor Cooper said that in the end, the contracts would have to be the City's contracts to construct the facility. The City would take on risk there. Mr. Becker deferred to City Solicitor Mandalas to answer this question.

Commissioner Mills said that at a prior meeting, LRCIA did not expect the City to contribute any money to the construction costs; however, the dock facility would be turned over to the City, and the City would be expected to own and maintain it. Mr. Becker said that there was discussion on that, but the Commissioners were not favorable in looking at that. Some of the grants will require the City's endorsement for the grant applications. Mayor Cooper said that there is a difference between an endorsement and the City actually applying for the grants. The City cannot apply on behalf of someone else. The money has to come to the City so therefore the City has to expend the money in which case the City would have to do the contracting.

Commissioner Gossett said that the Delaware River and Bay Authority operates the water taxi in the Wilmington Area and the ferry. It would seem a likely candidate to support this type of project. He suggested that the LRCIA should present this idea to the Authority. The City had previously supplied a letter of

endorsement for the October 2013 grant cycle. The City applied for and sponsored the grant for the bank stabilization study one year ago. Mr. Becker said that LRCIA did not meet that grant cycle.

Commissioner Mills said that the previous letter of endorsement was for the design phase, not for the entire project. At the last session, Commissioner Mills voted no primarily because he wanted a MOU in place before voting and more discussion needed to take place. His philosophy was that by voting and then endorsing the design, it implied that the City approved construction of the project at that time. He did not believe that the Board of Commissioners has formally discussed construction and voted that it wants something to go there. This needs to be part of the discussion. By endorsing the design and implying approval of construction, there are assumptions that the City will be paying for portions of construction. This also needs to be further discussed and voted on. Also, there is perception that the Commissioners agreed to pay the maintenance and will manage the facility. The Commissioners have not had that conversation. This also makes the assumption that the Commissioners have addressed public comment. Commissioner Mills also voiced concern that the parking in the area which comprises the museum, Chamber administrative offices and Visitor Center needs to manage if this project goes forward. Regardless if the project goes forward, it now may be time to manage parking in this area. He thought the Commissioners should meet with representatives of the different organizations and look at possibly assigning spaces to each entity, and then the remainder would be for the public to use. If there would be parking on the south side of Rehoboth Avenue, then the Commissioners would need to contemplate pedestrian crossing access and the potential impacts on traffic.

Mr. Carter stated that the letter of endorsement says the City backs the idea of moving forward with the design phase. With some of the grants, LRCIA now needs the municipality to receive the grant and administer the funds. LRCIA is willing to put in the leg work, to be the grant writers, go after the funding, to work with the designers, etc. and get the public onboard and make this project a reality.

Mr. Walter Brittingham, 123 Henlopen Avenue, said that the water taxi should be a byproduct of the discussion about the proposed dock facility. This project will be an expense to the City. Parking in this area will be a major issue.

Ms. Libby Stiff, 1007 Scarborough Avenue Extended, said that she was encouraged by the wholesomeness of this project. She would like the Board of Commissioners to consider what the City can afford and what impact any of the changes will have for the property owners and the residents of the City.

Mr. Becker noted that LRCIA will be pursuing funding for the grants during the 2014 grant cycle because it missed the window for the 2013 grant cycle. LRCIA will work on providing answers to the various questions raised at this meeting before coming back to the Commissioners at a later date.

Mayor Cooper recessed the meeting at 10:52 a.m. The meeting reconvened at 10:57 a.m.

Mayor Cooper called to discuss with the Chief of Police a plan to reorganize the Police Department by designating two officers as lieutenants and assigning them appropriate duties to include pursuing accreditation for the Rehoboth Beach Police Department. The job title and description for lieutenant currently exists with the City's employee classification system.

Police Chief Keith Banks had distributed a proposed organizational chart to the Commissioners for their review. The plan is to reorganize the Police Department because in 2014, it will be mandatory to be accredited by the State. The job description for lieutenant currently exists in the City Charter which was adopted on June 15, 2003. Police Chief Banks is required to annually reassess the needs of the department in order to serve the community better. The Police Department is currently comprised of 16 officers which includes Police Chief Banks. He proposed to promote two the current officers to the lieutenant classification. In the 2013 budget, Police Chief Banks had budgeted for two officers, but only one officer was hired. In the future, he would like to either increase the officers to 17 or get back the canine the department had at one time. The operations lieutenant would be in charge of the detective, training, firearms, baton/oc/defensive tactics, B.E.U., quartermaster, DUI coordinator and the department website. Two sergeants would report to the operations lieutenant. The administrative lieutenant would be in charge of the K-9, policy & procedures, accreditation, evidence, vehicle maintenance, special event coordinator and scheduling. The police clerk/grants, emergency management coordinator, administrative assistant, 911 manager, communication section, part-time dispatchers and the two lieutenants would report to Police Chief Banks. There would also be an internal affairs department. The salary range for each lieutenant would be \$69,000.00 to \$70,000.00.

Mayor Cooper said that Police Chief Banks oversees more people with more responsibility than any department in the City. To not get him some help in those responsibilities would be derelict. Mayor Cooper

encouraged Police Chief Banks to get someone hired for the 17th position in the Police Department in order to be ready for when the next academy starts.

Commissioner Gossett said that the real motivating factor is the accreditation which needs to be in place and moving forward on it. Discussion ensued as whether or not this subject should be addressed prior to or after the new City Manager comes onboard.

Mr. Walter Brittingham, 123 Henlopen Avenue, asked why not all four of the patrol sergeants would report to the operations lieutenant. He thought that the new City Manager should be onboard before a decision is made. Police Chief Banks said that he was trying to break it down to the shifts and expertise.

Ms. Libby Stiff, 1007 Scarborough Avenue Extended, that Police Chief Banks is proposing a protocol for later accreditation. The new City Manager would not be able to address this issue in the first three months she is here. The Commissioners needs to move forward with this matter as soon as possible.

City Solicitor Mandalas noted that the Commissioners would not have to take a vote on this matter. Police Chief Banks is looking for an endorsement from the Commissioners, and this is more of an administrative matter.

The Mayor and Commissioners provided an endorsement for Police Chief Banks to move forward on this matter.

CITY MANAGER'S REPORT

There was nothing to report.

COMMITTEE REPORTS

Commissioners Mills, Chair of Communications Committee, reported on the status of various committee projects and provided a Committee statement on the level of maintenance desired for the City website. One of the projects the Committee is working on is the website overhaul which is ongoing. The Committee reviewed the current website and gave the stamp of approval before finalizing the content and going live. The Committee is doing the same process for the website overhaul. It has a standing policy for regular review of the website to look for out-of-date content and report it to the IT Department. The overhaul timeline is in the hands of the IT Department which is not rigid but is moving forward. It is estimated that the overhauled City website may go live in March 2014. Other Committee projects being worked on are possible welcome letters to new residents and new businesses. The Commissioners have supported and approved a program of having documents which support agenda items available online to the public. The Committee has developed final guidelines on this topic. Ms. Ann Womack, City Secretary, has shadowed a representative from Sussex County to see how it is done there. She has developed a first sample packet. Commissioner Mills expects to make a presentation at the January Workshop Meeting on the guidelines and the sample packet. Also, the Committee met on December 6, 2013 and developed a position statement with regard to future standards for maintaining the content on the website. Three premises were utilized: (1) A quality website is always a work in progress and should never be considered finished. (2) The existing website contains out-of-date information that requires updating. (3) The new website will incorporate current content such as visitor information, city department information, city administration information including ongoing business and public notices. Also the new website will incorporate new features such as meeting support packets, home page news, forms, etc. and will require systematic and regular review of the website content and updates to be made promptly, timely and on a weekly schedule. The Communications Committee recognizes that: (4) There needs to be a review of who is accountable for maintaining each bit of web content. (5) There could likely be a need for additional personnel to perform as noted. (6) There is sufficient value in maintaining a first class city website such that additional personnel and monies should be allotted within the 2014-15 budget to cover the additional personnel requirements as well as any additional software needs, etc. The reason for the report is to create an awareness of and seek support for the need for maintaining current content on the website and to support whatever it takes to better maintain the website, be it personnel and/or monies. Mr. Max Hamby, IT Supervisor and the web developer Inclind from Georgetown have been working on the overhaul. Mr. Hamby has taken the lead himself on working with Inclind on the design content, etc. In the near future when the rough version of the overhauled website is ready for the Communications Committee to review, it will be critiquing and providing recommendations and feedback.

CITY SOLICITOR'S REPORT

City Solicitor Mandalas reported that an appeal was filed with regard to the scooter litigation.

COMMISSIONER ANNOUNCEMENTS/COMMENTS

There were none.

DISCUSS ITEMS TO INCLUDE ON FUTURE AGENDAS.

Items to include on the December 20, 2013 Regular Meeting agenda are the Schoolvue contract and the fire hydrant painting contract. Item to include on the January 6, 2014 Workshop Meeting agenda is the support document packet.

CITIZEN COMMENT

There were none.

The next Regular Meeting will be held on December 20, 2013 at 7:00 p.m.

There being no further business, Mayor Cooper adjourned the meeting at 11:37 a.m.

Respectfully submitted,

(Ann M. Womack, Assistant Secretary)