

**SUSSEX COUNTY COUNCIL - GEORGETOWN, DELAWARE, MAY 19, 2020**

**A regularly scheduled meeting of the Sussex County Council was held on Tuesday, May 19, 2020, at 10:00 a.m., by teleconference with the following present:**

<b>Michael H. Vincent</b>	<b>President</b>
<b>Irwin G. Burton III</b>	<b>Vice President</b>
<b>Douglas B. Hudson</b>	<b>Councilman</b>
<b>John L. Rieley</b>	<b>Councilman</b>
<b>Samuel R. Wilson Jr.</b>	<b>Councilman</b>
<b>Todd F. Lawson</b>	<b>County Administrator</b>
<b>Gina A. Jennings</b>	<b>Finance Director</b>
<b>J. Everett Moore, Jr.</b>	<b>County Attorney</b>

**The Invocation and Pledge of Allegiance were led by Mr. Vincent.**

**Call to  
Order**

**Mr. Vincent called the meeting to order.**

**M 181 20  
Approve  
Agenda**

**A Motion was made by Mr. Wilson, seconded by Mr. Burton, to approve the Agenda, as posted.**

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**Amended  
Minutes  
Approved**

**Mr. Vincent noted an error in the May 12, 2020 Council minutes:**

**Page 1, Paragraph 1, Line 2**

**March 12, 2020 should be May 12, 2020.**

**The minutes of May 12, 2020, as amended, were approved by consent.**

**Public  
Comments**

**A public comment period was held and the following spoke: Jeanette Akhter.**

**COVID-19  
County  
Update**

**Mr. Lawson provided a COVID-19 County Update.**

**It is anticipated that the County will hear from the State very soon about State funding for local municipalities. The County has had conversations with State officials regarding State funding flowing through the CARES Act to the State; Kent and Sussex Counties are being asked to help with the administration of that funding. The funding will come with guidelines from the State; final decisions have yet to be made.**

**COVID-19  
County  
Update  
(continued)**

In regard to reopening, the Governor has recently lifted some restrictions and June 1 is the target date for other restrictions being lifted. The County is continuing to take steps to be able to open at the appropriate time. The County has now received plexiglass dividers and they are being installed throughout the County Administration Building so that staff can be separated from the public. Meetings are being held with directors to finalize contingency plans related to reopening. The County is in no rush to reopen; the County will continue to operate with most people working from home; however, at the appropriate time, the County will be prepared to open its doors and serve the public accordingly.

**Fiscal  
Year  
2021  
Budget  
Presen-  
tation**

Mr. Lawson and Mrs. Jennings gave a presentation on the Proposed Budget for Fiscal Year 2021.

Mr. Lawson reported that, due to the uncertainty related to the COVID-19 pandemic, the County is taking a very conservative approach to the budget and keeping growth to a minimum. The County's largest revenue source, Realty Transfer Tax (RTT) is projected to be approximately \$2 million beyond Fiscal Year 2019; this increase is a result of large-valued transfers occurring during the fiscal year. Relying on RTT collection for operations does present a risk due to the volatile nature of the funding. Based on these trends, the budget being presented keeps RTT at the same level as the previous year. In this budget, RTT funding is used for public safety only; these expenses include fire and ambulance service support, supplemental contracted State Police troopers, local law enforcement grants, and the operations of the Emergency Medical Services and Emergency Preparedness departments.

The budget was a collaborative effort among the budget team and department heads to prioritize expenses during an unstable economic time. Mr. Lawson acknowledged the efforts of Gina Jennings, Finance Director, and Kathy Roth, Deputy Finance Director, and stated that they do an outstanding job each year during the budget preparation and presentation. He noted, however, that this year presented some very unique and economic challenges and, even so, they have developed a budget which reflects the uncertainty of these times yet maintains the County's operations. Mr. Lawson also thanked the County Council for its leadership and continued fiscal responsibility, which have helped build a strong foundation that has allowed this government to continue to live within its means and stay strong during economic uncertainty.

Mr. Lawson stated that Sussex County's economy will be affected by the COVID-19 pandemic. As the budget was prepared, building permits continue to be pulled and demand for services have not decreased. However, unemployment claims are increasing, and non-essential businesses are unable to fully open their doors. It is only a matter of time before the County's revenues are impacted. Therefore, the County will continue to live by a responsible financial philosophy while monitoring the local market trends. This philosophy governed the decision of developing a baseline

**Fiscal  
Year  
2021  
Budget  
Presen-  
tation  
(continued)**

**budget with supplemental increases depending on financial metrics. It is hoped that this unique budget strategy will allow the County to support its residents with low-cost services, while being able to increase support for citizens throughout the budget year if revenues allow it.**

**Mr. Lawson and Mrs. Jennings presented the proposed \$157.8 million budget for Fiscal Year 2021.**

**Summary:**

<b>Fund</b>	<b>2021 Budget</b>	<b>2020 Budget</b>	<b>Difference</b>
<b>General Fund</b>	<b>\$65,891,626</b>	<b>\$81,460,499</b>	<b>(\$15,568,873)</b>
<b>Capital Projects – GF</b>	<b>\$10,200,000</b>	<b>\$21,366,500</b>	<b>(\$11,166,500)</b>
<b>Water &amp; Sewer Fund</b>	<b>\$42,426,210</b>	<b>\$40,803,693</b>	<b>\$ 1,622,517</b>
<b>Capital Projects – WS</b>	<b>\$30,950,000</b>	<b>\$34,580,000</b>	<b>(\$ 3,630,000)</b>
<b>Pension</b>	<b>\$ 8,381,650</b>	<b>\$ 7,553,724</b>	<b>\$ 827,926</b>
<b>Total</b>	<b>\$157,849,486</b>	<b>\$185,764,416</b>	<b>(\$27,914,930)</b>

**Revenue Highlights:**

- **No tax increase or general fund fee increases**
- **No increase in sewer service charge**
- **Unified connection fee remains at \$6,360 – all districts will now pay the same rate (including Ellendale and Blades)**
- **Increase in water service charge of \$15 - \$3.75/quarter (Dewey)**
- **Assessment fees decrease in the following areas:**
  - **Ocean View**
  - **Holt's Landing**
  - **Holt's Landing – The Greens**
  - **Long Neck**
- **Assessment fee increase for:**
  - **Henlopen Acres/Dewey Beach**
- **New assessment for customers coming online in FY 2021**

**General Fund Revenue Projections:**

- **No use of savings to support the operations of the General Fund budget**
- **The new accommodations tax is now shown in this budget**
- **The following revenues expected to increase from FY2020 budget:**
  - **Taxes due to additional improvements (assessment rolls) - \$489,000 – 3% increase**
  - **Increase in grants from other governments - \$777,000 – 11% increase**
- **The following revenues expected to decrease from FY2020 budget:**
  - **Interest - \$236,000 – 24% decrease**

**Fiscal  
Year  
2021  
Budget  
Presen-  
tation  
(continued)**

- **Building related revenues - \$549,000 – 5% decrease**
- **Decrease in Sheriff revenues - \$200,000 – 10% decrease**
- **Overall, revenue increase, without appropriated reserves, is \$1.3 million or a 2% increase (reflection of new Accommodations Tax)**

**Mrs. Jennings reviewed trends for building related revenues and Realty Transfer Tax. Realty Transfer Tax is budgeted at \$22.5 million which is 65% of FY 2020. One-hundred percent (100%) of Realty Transfer Tax will be used for public safety: Paramedics (minus grant) - \$11,704,863; State Police - \$3,413,922; EOC (minus grant/911 fee) - \$4,145,020; Fire Companies (minus building permit fee) - \$2,876,350; and Local Law Enforcement Grant - \$690,000.**

**Expense Highlights:**

- **Operational expenses are relatively flat**
- **No new initiatives or grants**
- **Changes in personnel benefits**

**Mrs. Jennings reviewed the Grant-In Aid Budget totaling \$16,050,136: public safety – 53%, libraries – 17%, open space – 11%, accommodation tax eligible expense – 6%, community assistance – 7%, economic development – 4%, and agriculture and drainage – 2%.**

**Mrs. Jennings reported that, in regard to capital projects, if a project has been started in a previous year, the project will continue. Total funding sources total \$10,200,000. Any new projects have been postponed until the economic impact on the County is known. Capital projects include public safety, information technology infrastructure (broadband initiative), land acquisition and improvements, and airport and business park projects.**

**Sewer Revenue:**

- **No increase in sewer service charges**
- **All sewer areas will pay the \$6,360 connection fee**
- **Assessment fees decrease for: Ocean View - \$0, Holt's Landing - \$0, Holt's Landing – The Greens - \$5.23 (decreased \$2.36/front foot), Long Neck - \$0**
- **Assessment Fee increase for: Henlopen Acres/Dewey Beach - \$317.52/EDU (increased \$21.48) – annual debt payment increased \$120,000 over last year – due to closing second SRF loan**
- **New Assessment for customers coming online in FY 2021: Chapel Branch - \$680/EDU and Western Sussex - \$303/EDU**

**Sewer Expenses:**

- **Expenses increased \$1.5 million, or 3.8%**
- **The increase is due to the capital improvements to maintain the**

<b>Fiscal Year 2021 Budget Presen- tation (continued)</b>	<b>sewer system:</b> <ul style="list-style-type: none"><li>○ <b>\$800,000 – Pump Stations 27, 222 and 70 – rehab wet well, new valve vault and electrical improvements</b></li><li>○ <b>\$600,000 – Pump Station 2 – new wet well, valve vault, and electrical building</b></li><li>○ <b>\$400,000 – Pump Station 4 – drywell improvements, new bypass manhole and electrical replacement</b></li></ul>
---	---

**Mrs. Jennings reported that Sewer Capital Projects total \$30.9 million, which is a slight decrease due to contract timings. There are no new initiatives included.**

**Water:**

- **Increase is water service charge of \$15 - \$3.75/quarter (current rate = \$312)**
- **Operations increased \$115,000; the increase is driven by the water being purchased from Rehoboth Beach**
- **Beginning January 1, prices will increase by \$300,000; a \$150,000 increase in this year's budget**

**Mrs. Jennings noted that the water increase is a large impact to customers; therefore, since the Dewey Beach Water Fund has additional funding, that funding can be used to help offset this cost. In lieu of increasing the rate to \$80 immediately, Mrs. Jennings proposed a gradual increase in rate.**

**Mrs. Jennings commented on this presentation of a baseline budget with no new initiatives and no new projects, and she reported on the creation of supplemental budgets – supplemental to the baseline budget. Mrs. Jennings proposed that, every quarter, economic-driven revenues (Realty Transfer Tax, building permits, building inspections, and Recorder of Deeds) be looked at and for every \$1 million increase, a supplemental budget can be enacted. Mrs. Jennings reviewed the operational programs and projects, grant-in-aid, and capital projects included in Supplemental Budget Nos. 1 through 9. Mrs. Jennings noted the clause which was included stating that any amounts remaining would be transferred to the Capital Fund for future projects.**

**Mrs. Jennings advised that the budget and the accompanying budget presentation will be available on the County's website. Public Hearings on the budget will be held on June 23, 2020, beginning at 10:15 a.m. At this time, due to the public health crisis and in compliance with Gov. John C. Carney's emergency declaration, the public hearing may be limited to a virtual session with public comment submitted via telephone or in advance by emailing [budget@sussexcountyde.gov](mailto:budget@sussexcountyde.gov). The public should consult the Council's June 23rd agenda, when posted, for further guidance.**

**By law, Council must adopt a budget by June 30th. The public can view a copy of the proposed budget, including the accompanying presentation, at**

(continued) [www.sussexcountypa.gov/county-budget](http://www.sussexcountypa.gov/county-budget).

**Introduction of Proposed Budget Ordinances** Mr. Burton introduced the Proposed Ordinance entitled “AN ORDINANCE ESTABLISHING ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2021”.

Mr. Burton introduced the Proposed Ordinance entitled “AN ORDINANCE ESTABLISHING ANNUAL SERVICE CHARGES, ANNUAL ASSESSMENT RATES FOR COLLECTION AND TRANSMISSION AND/OR TREATMENT, AND CONNECTION CHARGES FOR ALL SUSSEX COUNTY WATER AND SANITARY SEWER DISTRICTS”.

The Proposed Ordinances will be advertised for public hearing.

It was noted that although Mr. Burton stated “adoption” in regards to the introduction of the Proposed Ordinances, it was clarified that both ordinances were “introduced” by Mr. Burton.

**Administrator’s Report** Mr. Lawson read the following information in his Administrator’s Report:

1. Delaware State Police Activity Report

The Delaware State Police year-to-date activity report for April 2020 is attached listing the number of violent crime and property crime arrests, as well as total traffic charges and corresponding arrests. In addition, DUI and total vehicle crashes investigated are listed. In total, there were 197 troopers assigned to Sussex County for the month of April.

2. Holiday and Council Meeting Schedule

A reminder that County offices will be closed on Monday, May 25th, to observe the Memorial Day holiday. In addition, Council will not meet on Tuesday, May 26th. The next regularly scheduled Council meeting will be held on Tuesday, June 2nd, at 10:00 a.m.

[Attachments to the Administrator’s Report are not attachments to the minutes.]

**General Labor & Equipment Contract/ Project C/O and Award of Second One-Year Contract**

Hans Medlarz, County Engineer, discussed the FY 2019 General Labor & Equipment Contract, Project No. 19-01 and presented Change Order No. 3 (FY 2020). The Change Order, in the amount of \$697,000, is a result of a design change due to emergency work at the Greenwood Library, Inland Bays agricultural field regrading and additional work at budgeted pump stations for unexpected conditions.

Mr. Medlarz reported that the General Labor & Equipment Contract is again due to expire on July 1, 2020. As presented at the initial award, the

**General  
Labor &  
Equipment  
Contract  
(continued)**

contract allows for two (2) one-year extensions at the County's discretion. Mr. Medlarz reported that the contractor's performance is still quite satisfactory, and a second one-year extension is in the County's best interest. Therefore, the Engineering Department recommends exercising the second one-year extension option under the unit prices previously bid, in the amount of up to \$5,170,000.

**M 182 20  
Approve  
Change  
Order and  
Renewal  
of Contract/  
General  
Labor &  
Equipment  
Contract**

A Motion was made by Mr. Hudson, seconded by Mr. Burton, based upon the recommendation of the Sussex County Engineering Department, that Change Order No. 3, FY 2020, for Contract 19-01, FY 2019 General Labor & Equipment Contract, be approved, increasing the contract amount by \$697,000, for a new total of \$8,754,200; and to approve the second one-year contract extension in the amount up to \$5,170,000, unit prices, as previously bid.

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**Grant  
Request**

Mrs. Jennings presented a grant request for Council's consideration.

**M 183 20  
Council-  
manic  
Grant**

A Motion was made by Mr. Rieley, seconded by Mr. Burton, to give \$5,000 (\$1,000 from each Councilmanic Grant Account) to Delaware Aviation Museum Foundation to offset the price of fuel for the America Strong Flyover.

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**M 184 20  
Go Into  
Executive  
Session**

At 11:15 a.m., a Motion was made by Mr. Hudson, seconded by Mr. Wilson, to recess the Regular Session and go into Executive Session to discuss matters relating to personnel, land acquisition and pending litigation.

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**Executive  
Session**

At 11:18 a.m., an Executive Session of the Sussex County Council was held by teleconference to discuss matters relating to personnel, land acquisition and pending litigation. The Executive Session concluded at 12:36 p.m.

**M 185 20**  
**Reconvene**  
**Regular**  
**Session**

**At 12:38 p.m., a Motion was made by Mr. Hudson, seconded by Mr. Wilson, to come out of Executive Session and to reconvene the Regular Session.**

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**M 186 20**  
**Negotiate**  
**Agreement/**  
**Land**  
**Acquisition**

**A Motion was made by Mr. Burton, seconded by Mr. Hudson, to authorize the County Administrator and Finance Director/Chief Operating Officer to negotiate and enter into an agreement for purchase and sale, and proceed to closing thereon, for the acquisition of two certain parcels of property known as Land 2020-C and Land 2020-E.**

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**M 187 20**  
**Adjourn**

**A Motion was made by Mr. Rieley, seconded by Mr. Wilson, to adjourn at 12:40 p.m.**

**Motion Adopted: 5 Yeas.**

**Vote by Roll Call: Mr. Hudson, Yea; Mr. Rieley, Yea;  
Mr. Wilson, Yea; Mr. Burton, Yea;  
Mr. Vincent, Yea**

**Respectfully submitted,**

**Robin A. Griffith  
Clerk of the Council**

***{An audio recording of this meeting is available on the County's website.}***