



# **Sussex County Council Public/Media Packet**

**MEETING:  
December 13, 2016**

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MICHAEL H. VINCENT, PRESIDENT  
SAMUEL R. WILSON JR., VICE PRESIDENT  
ROBERT B. ARLETT  
GEORGE B. COLE  
JOAN R. DEEVER



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# Sussex County Council

## AGENDA

DECEMBER 13, 2016

10:00 A.M.

\*\*AMENDED on December 8, 2016 at 4:45 P.M.<sup>1</sup>

\*\*AMENDED on December 9, 2016 at 9:30 A.M.<sup>2</sup>

### Call to Order

### Approval of Agenda

### Approval of Minutes

### Reading of Correspondence

### Public Comments

### Todd Lawson, County Administrator

1. Recognition of Retiring County Councilwoman Joan R. Deaver
2. Recognition of Election Year Scholarship Contest Winners
3. Discussion and possible action related to the Collective Bargaining Agreement with AFSCME AFL-CIO and its Affiliated Local Union 1926
4. Administrator's Report

### Gina Jennings, Finance Director

1. 2016 Private Activity Bond Volume Cap Reassignment
2. Quarterly Pension Update and Funding Policy Recommendation



**Hans Medlarz, County Engineer**

1. George, Miles & Buhr, LLC – Miscellaneous Engineering Services
  - A. Base Agreement Amendment 2

**Joe Wright, Assistant County Engineer**

1. Taxiway B (W) & Asphalt Tie-Down Apron (N) Rehabilitation, Project 16-21
  - A. Change Order No. 1 and Substantial Completion
2. Runway 4-22 24 Inch Storm Drain Lining, Project 16-16
  - A. Change Order No. 2 and Substantial Completion

**Old Business**

1. Conditional Use No. 2046 filed on behalf of Lockwood Design and Construction, Inc.
2. Change of Zone No. 1802 filed on behalf of J. G. Townsend, Jr. & Co.

**Grant Requests**

1. Mason Dixon Woodworkers for charitable outreach program
2. Rehoboth Beach Historical Society for capital campaign
3. Seaford Volunteer Fire Department for purchase of a Utility Task Vehicle trailer

**Introduction of Proposed Zoning Ordinances**

**Council Members' Comments**

**\*\*Executive Session – Collective Bargaining, Personnel, Land Acquisition, and Pending and Potential Litigation pursuant to 29 Del. C. §10004(b)**

**Possible Action on Executive Session Items**

**Adjourn**

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Sussex County Council meetings can be monitored on the internet at [www.sussexcountyde.gov](http://www.sussexcountyde.gov).

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In accordance with 29 Del. C. §10004(e)(2), this Agenda was posted on December 6, 2016 at 4:35 p.m., and at least seven (7) days in advance of the meeting.

This Agenda was prepared by the County Administrator and is subject to change to include the addition or deletion of items, including Executive Sessions, which arise at the time of the Meeting.

Agenda items listed may be considered out of sequence.

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<sup>1</sup> Per 29 Del. C. § 10004 (e) (5) and Attorney General Opinion No. 13-IB02, this agenda was amended under Executive Session to include Land Acquisition listed therein. The Council intends to discuss public business in Executive Session. The agenda amendment was required to address these matters which need immediate Council attention and which arose after the initial posting of the agenda but before the start of the Council meeting.

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<sup>2</sup> Per 29 Del. C. § 10004 (e) (5) and Attorney General Opinion No. 13-IB02, this agenda was amended under Executive Session to include Potential Litigation listed therein. The Council intends to discuss public business in Executive Session. The agenda amendment was required to address these matters which need immediate Council attention and which arose after the initial posting of the agenda but before the start of the Council meeting.



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## **Memorandum**

TO: Sussex County Council  
The Honorable Michael H. Vincent, President  
The Honorable Samuel R. Wilson, Jr., Vice President  
The Honorable Robert B. Arlett  
The Honorable George B. Cole  
The Honorable Joan R. Deaver

FROM: Gina A. Jennings  
Finance Director

RE: **PRIVATE ACTIVITY BOND REASSIGNMENT**

DATE: December 9, 2016

We have received correspondence from the State Department of Finance requesting that any unused portion of the County's annual Private Activity Bond Volume Cap be reassigned to the State. The State plans to allocate it to the State Housing Authority.

Private Activity Bonds (PABs) are tax-exempt bonds issued by public entities to provide low-cost financing for private projects that serve a public purpose. Federal tax law imposes a number of restrictions and requirements on the issuance of PABs. These bonds are for private entities and have no impact on Sussex County government. Qualified purposes include exempt facilities, such as non-government owned airports, docks, water and sewer facilities, and solid waste facilities; qualified mortgage programs; and small issue manufacturing facilities. IRS requires state and local governments to serve as conduits for these tax-exempt bonds so they will be regulated properly.

Typically, every year at this time, we reassign our unused portion to the State. Last year's Executive Order is attached showing each County's allocation back to the State. At the December 13, 2016 Council meeting, I will recommend that the County Council reassign the County's 2016 unused Private Activity Bond volume cap of \$30,290,000 to the State.

Sussex County's 2017 allocation is estimated to be about \$30,535,000, which represents 10 percent of the State's total allocation.

Please let me know if you have any questions.

pc: Mr. Todd F. Lawson

Attachment



STATE OF DELAWARE



EXECUTIVE DEPARTMENT  
DOVER

**EXECUTIVE ORDER  
NUMBER FIFTY-EIGHT**

**TO: HEADS OF ALL STATE DEPARTMENT AND AGENCIES**

**RE: (1) ALLOCATION AND SUB-ALLOCATION OF STATE PRIVATE ACTIVITY BOND VOLUME CAP FOR CALENDAR YEAR 2016 AND (2) REALLOCATION OF STATE PRIVATE ACTIVITY BOND VOLUME CAP FOR CALENDAR YEAR 2015**

WHEREAS, the Internal Revenue Service issued Revenue Procedure 2015-53, which provides the State of Delaware (the "State") with \$302,875,000 in private activity bond volume cap ("Volume Cap") for 2016, and pursuant to 29 DEL. C. §5091(a), the State's 2016 Volume Cap is to be allocated among the various State and local government issuers; and

WHEREAS, the Governor hereby confirms the initial allocation of the 2016 Volume Cap as set forth in 29 DEL. C. § 5091(a) to various State and local government issuers; and

WHEREAS, pursuant to 29 DEL. C. §5091(b), the State's allocation of 2016 Volume Cap of \$151,435,000 is to be sub-allocated by the Governor between the Delaware State Housing Authority and the Delaware Economic Development Authority; and

WHEREAS, pursuant to 29 DEL. C. §5091(d), the Governor has the right, by Executive Order, to modify the allocations made under 29 DEL. C. §5091(a) provided that no such modification shall cause any obligation issued prior to the date of such modification to lose its qualification for tax-exempt treatment under the Internal Revenue Code of 1986, as amended; and

WHEREAS, the allocation of Volume Cap for 2015 in Executive Order Number Forty-Eight is subject to modification by further Executive Order; and

WHEREAS, also pursuant to Executive Order Number Forty-Eight, \$150,760,000 of 2015 Volume Cap which had been allocated to the State of Delaware was further sub-allocated between the Delaware Economic Development Authority (\$75,380,000) and the Delaware State Housing Authority (\$75,380,000); and

WHEREAS, pursuant to Executive Order Number Forty-Eight, \$150,755,000 of 2015 Volume Cap which had been allocated to local government issuers as described in 29 DEL. C. §5091(a) is hereby reassigned as follows:

- New Castle has reassigned \$52,765,000 of its unallocated Volume Cap for 2015 to the State of Delaware,
- Kent County has reassigned \$30,150,000 of its unallocated Volume Cap for 2015 to the State of Delaware,
- Sussex County has reassigned \$30,150,000 of its unallocated Volume Cap for 2015 to the State of Delaware,
- The City of Wilmington has reassigned \$37,690,000 of its unallocated Volume Cap for 2015 to the State of Delaware; and

WHEREAS, the Secretary of Finance recommends: (i) that the State's \$151,435,000 of 2016 Volume Cap be allocated between the Delaware State Housing Authority (\$75,717,500) and the Delaware Economic Development Authority (\$75,717,500); (ii) that the \$75,380,000 of unallocated 2015 Volume Cap previously sub-allocated to the Delaware Economic Development Authority be reassigned to the Delaware State Housing Authority for carry forward for use in future years; and (iii) that the \$150,755,000 of unallocated 2015 Volume Cap reassigned to the State of Delaware by local issuers be sub-allocated to the Delaware State Housing Authority for carry forward for use in future years; and

WHEREAS, the Chairperson of the Delaware Economic Development Authority and the Chairperson of the Delaware State Housing Authority concur in the recommendation of the Secretary of Finance.

NOW, THEREFORE, I, JACK A. MARKELL, by the authority vested in me as Governor of the State of Delaware, do hereby DECLARE and ORDER that:

1. The \$151,435,000 allocation to the State of Delaware of the 2016 Volume Cap is hereby sub-allocated: \$75,717,500 to the Delaware State Housing Authority and \$75,717,500 to the Delaware Economic Development Authority.
2. The \$151,440,000 of the 2016 Volume Cap is hereby allocated to the various local government issuers as follows:
  - \$53,000,000 of the 2016 Volume Cap is hereby allocated to New Castle County, Delaware;
  - \$37,860,00 of the 2016 Volume Cap is hereby allocated to the City of Wilmington, Delaware;
  - \$30,290,000 of the 2016 Volume Cap is hereby allocated to Kent County, Delaware; and
  - \$30,290,000 of the 2016 Volume Cap is hereby allocated to Sussex County, Delaware.
3. The \$150,755,000 of unallocated 2015 Volume Cap that has been reassigned by New Castle County, Kent County, Sussex County and the City of Wilmington to the State



of Delaware is hereby re-allocated to the Delaware State Housing Authority for carry forward use. In addition, the \$75,380,000 of 2015 Volume Cap previously sub-allocated to the Delaware Economic Development Authority under Executive Order Number Forty-Eight is hereby re-allocated to the Delaware State Housing Authority for carry forward use. Furthermore, \$60,380,000 of unused 2015 Volume Cap previously sub-allocated to the Delaware State Housing Authority under Executive Order Number Forty-Eight is to be carried forward for a total carry forward amount of \$286,515,000.

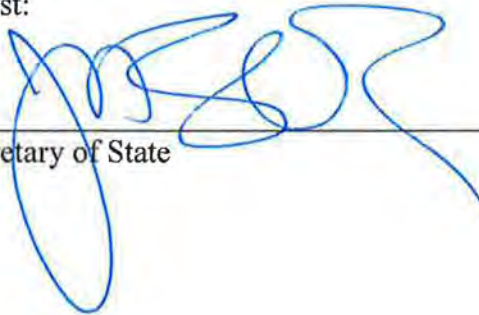
4. The aforesaid sub-allocations have been made with due regard to actions taken by other persons in reliance upon previous sub-allocations to bond issuers.
5. This Order supersedes Executive Order Number 56, dated January 26, 2016. Executive Order Number 56 is hereby rescinded.

Approved this 15<sup>TH</sup> day of February, 2016



\_\_\_\_\_  
Governor

Attest:



\_\_\_\_\_  
Secretary of State



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## **Memorandum**

TO: Sussex County Council  
The Honorable Michael H. Vincent, President  
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The Honorable George B. Cole  
The Honorable Joan R. Deaver

FROM: Gina A. Jennings  
Finance Director

RE: **SUSSEX COUNTY PENSION UPDATE**

DATE: December 9, 2016

On Tuesday, I will be discussing the County's pension performance and possible adoption of a Pension and OPEB Funding Policy. Attached for your review are the draft minutes of the November 17, 2016 Pension Committee meeting, the draft of the Pension and OPEB Funding Policies, quarterly pension investment update, and Tuesday's presentation.

Please contact me if you have any questions or concerns.

Attachments

pc: Mr. Todd F. Lawson



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## **PENSION FUND COMMITTEE**

### *Minutes of Meeting*

**November 17, 2016**

The Sussex County Pension Fund Committee met on November 17, 2016, at 10:00 a.m. in the County Council Chambers, Georgetown, Delaware. Those in attendance included members: Gina Jennings, Kathy Roth, David Baker, and Kathleen Ryan. Also in attendance were Michael Shone of Peirce Park Group, the County's Pension Investment Consultant; and Janet Cranna, Margaret Tempkin, and Brett Warren, of Cheiron, the County's Actuary. Committee members Hugh Leahy, Todd Lawson, and Karen Brewington were unable to attend.

On November 9, 2016, the Agenda for today's meeting was posted in the County's locked bulletin board located in the lobby of the County Administrative Offices, as well as posted on the County's website. Committee members were presented with a booklet containing information for today's meeting.

Ms. Jennings called the meeting to order.

1. **Approval of Minutes**

The minutes of the August 18, 2016 and September 16, 2016 meetings were approved by consent.

2. **Annual Actuarial Report**

At the request of the County, Cheiron, the County's actuary, performed an actuarial valuation of the Sussex County Employee Pension Plan as of July 1, 2016. In their valuation, they presented an Executive Summary, which contained their key results; the main portion of their report detailed the Plan's Assets, Liabilities, and Contributions. Calculations under GASB 67 and 68 were provided under a separate report. Cheiron noted that the purpose of the actuarial valuation was to identify the financial condition of the Plan, expected trends in the financial progress of the Plan, and the County's contributions for Fiscal Year ending 2017.

Committee members were provided with three reports, "Sussex County Employee Pension Plan – Actuarial Valuation Report as of July 1, 2016", "Sussex County Pension Plan – GASB 67/68 Report as of June 30, 2016 Measurement Date", and "Sussex County Other Postemployment Benefits Actuarial Valuation Report as of July 1, 2016; copies of the Pension Plan PowerPoint were also made available.

### **PENSION PLAN:**



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- (1) Historical Review – includes participation/participant trends, assets and liabilities, and contributions

Participant Trends – The ratio of participant trends has been decreasing since 2011 – from 2.0 percent in 2011 to 1.5 percent in 2016, which is a sign of plan maturity. The active population has remained relatively stable from last year; the average salary has increased 2.6 percent (\$45,433); the in-pay counts have increased 5.6 percent (227); the average benefits rose 3.3 percent (\$15,919); and the number of terminated vested count saw an increase of 3.8 percent (83).

Assets and Liabilities – the Plan’s funded ratio has fluctuated, but has generally declined since 2011. In 2015, the market value and the actuarial value of assets are equal due to the resetting of the actuarial value primarily due to GASB, with smoothing begun again in 2016. The actuarial funded ratio for the Pension Plan decreased from 84.2 percent to 83.4 percent funded, with a market funded ratio decreasing from 84.2 percent to 78.4 percent;

Contributions - For the first time, the Actuarial Determined Contribution (ADC) for Fiscal 2017 includes an administrative expense assumption that was adopted by the County. It was noted that from 2012 to 2016, the County has consistently paid more than the ADC. The County’s contribution, as a percentage of payroll, increased from 14.50 percent (\$3,057,193) to 15.65 percent (\$3,391,726).

- (2) Valuation Results

- The actuarially determined County contribution increased from \$3.06 million payable as of July 1, 2015 to \$3.39 million payable as of July 1, 2016; this was, primarily, due to an increase in the amortization payment, as well as anticipated administrative expenses.
- The unfunded actuarial liability (the difference between the actuarial value of assets and the actuarial liability) increased from \$14.0 million on July 1, 2015 to \$15.7 million on July 1, 2016;
- There was an actuarial experience liability loss of \$0.1 million;
- The Plan’s funding ratio, the ratio of actuarial asset value over liabilities, decreased from 84.2 percent as of July 1, 2015 to 83.4 percent as of July 1, 2016;
- The main factor in the decline of the Plan’s funded status was an actuarial experience loss of \$1.2 million. In addition, there was an increase of \$1.0 million in the actuarial liability related to programming and software differences from the prior actuary.

- (3) Projected Outlook

Cheiron’s analysis presented projected financial trends and demonstrated the expected progress of the County’s funded status over the next 20 years in terms of the expected employer contribution rates, the total dollar amounts of contributions, and the funding ratio. For each projection, three future investment return scenarios were assumed: (1) baseline returns of 7.50

percent, (2) optimistic returns of 9.0 percent, and (3) pessimistic returns of 6.0 percent. The projections assume there will be no future gains or losses on the liability and that the valuation of assumptions are exactly met, including the long-term rate of return assumed for each scenario, with covered payroll increasing by the inflation assumption of 2.5 percent per year in all three scenarios presented:

Baseline Returns of 7.5 Percent – If all actuarial assumptions are exactly met, including the rate of return assumption, the actuarially determined employer contribution rate will slowly decline from 15.7 percent to 12.9 percent of pay and the total dollar contribution increases from \$3.4 million to \$4.4 million by Fiscal Year Ending (FYE) 2035 when the Unfunded Actuarial Liability (UAL) is fully paid off.

Optimistic Returns of 9.00 Percent – If the Plan earns 1.50 percent greater than the assumed rate in each year of projection, the actuarially determined contribution rate will rapidly decrease and eventually reach 0.0 percent in FYE 2032. In FYE 2032, and all future years, the investment gains would cover all of the employer normal cost (including administrative expenses).

Pessimistic Returns of 6.00 Percent – If the Plan earns 1.5 percent less than the assumed rate in each year of the projections, the actuarially determined contribution rate will rapidly increase in the final years of the 2-year closed period to about 38.1 percent, and the total dollar contribution will increase to \$12.9 million by FYE 2035. In FYE 2036, the initial 20-year closed layer UAL is fully paid off,

GASB 67 – The County first adopted GASB 67 in the June 30, 2014 financial statements. Projections indicate that plan assets are expected to cover all future benefit payments for current plan members. Results presented reflect the change in net pension liability, sensitivity of net pension liability to changes in discount rate (6.50 percent, 7.50 percent, and 8.50 percent), and the schedule of employer contributions (comparing the actuarially determined contribution versus what the County is actually contributing to the plan). Under GASB 68, the pension expense is equal to the change in the plan's net pension liability (NPL), with adjustments for deferrals. Treatment of deferrals include asset gains or losses recognized over 5 years, liability gains or losses and assumption changes recognized over the average future working lifetime (6 years for the Plan), no deferral on plan changes, and deferred gains (deferred inflows) and losses (deferred outflows).

**OPEB PLAN** – Cheiron, at the request of the County, also performed an actuarial evaluation of the postemployment benefits provided by the Sussex County Postemployment Benefit Plan as of July 1, 2016 for the fiscal year July 1, 2016 through June 30, 2017. Their report contains their findings and disclosures required by the Governmental Accounting Standards Board (GASB) standards (Note: copies of the OPEB PowerPoint were made available via email the following day). The format was similar to the Pension Plan – Historical Review, Valuation Results, and Projected Outlook, as well as GASB 74/75 information/estimates for 2017.



- (1) Historical Review – included participants trends, assets and liabilities, as well as contributions

Participant Trends – slight increase from 465 to 482 employees (3.66 increase); retirees increased from 135 to 148 (9.63 percent increase), and those disabled remained the same (14).

Assets and Liabilities – The increase in liability from January 1, 2015 to July 1, 2016 is primarily due to the change in funding method from Projected Unit Credit funding to Entry Age Normal funding. Currently, the OPEB Plan is 65 percent funded.

Contributions – The County has been very fiscally responsible and has made their ARC plus, which reflects their 65 percent funding; many other plans are only 15 percent funded.

- (2) Valuation Results

Actuarial Liability (AL)

- Funding method changed from Projected Unit Credit (PUC) to Entry Age Normal (EAN)
- Actuarial Liability (AL) increased from \$41.2 million to \$48.8 million
- AL was expected to increase to \$44.6 million under PUC method
  - Funding method from PUC to EAN increased the AL an additional \$5.8 million to \$50.4 million
- Decrease in AL of \$2.4 million due to:
  - Updated claim curves – favorable claims experience
  - Changes in trends – extended trends over longer period, plus split between pre-Medicare and Medicare
  - Demographics – population changes
  - Assumption changes – small assumption change on amount provided to surviving spouses
  - Change in valuation date from 12/31 to 6/30
- Increase in AL due to programming and software differences from the prior actuary of \$0.8 million
- Unfunded actuarial liability (UAL) and funded status
  - UAL increased from \$10.9 million to \$17.0 million
  - UAL expected to increase to \$17.5 million under EAN method
  - Actuarial experience asset loss of \$1.1 million
    - 1.8 percent asset return compared to a 7.5 percent expected return
  - Actuarial experience liability gain of \$1.6 million
    - Healthcare claim curves updated and trends extended
    - Programming and software changes between actuaries
  - Funded ratio decreased from 73 percent to 65 percent (primarily due to change to Entry Age Normal)
- Contributions

- Annual Required Contribution (ARC) increased \$1.86 million to \$1.87 million
  - FYE 2017 ARC includes the change to entry age normal in preparation of GASB 74/75

(3) Projected Outlook

Baseline – projected assumptions: 7.5 percent discount rate, ARC contributions, 30-year open amortization, and will eventually fail crossover test under GASB 74/75 forcing lower discount rate in the future

Budgeted Contributions – two project assumptions were presented:

7.5 discount rate: budgeted contributions of 9.50 percent of pay, 30-year open amortization, will not fail crossover test, and assets projected to grow to cover 98 percent of expected liabilities by 2036

7.25 discount rate (anticipated change for 2017): budgeted contributions of 9.50 percent of pay, 30-year open amortization, will not fail crossover test, and assets projected to grow to cover 90 percent of expected liabilities by 2036

GASB 74/75 (does not come into effect until 2017) – GASB has adopted new statements for OPEB similar to GASB 67/68 pension statements; employer reporting for the County will first occur as of the June 20, 2018 reporting date; GASB 74/75 requires using market value of assets, which is already done; will have to show the results of sensitivity (1 percent discount rate change and a one percent change in healthcare trends); and treatment of deferrals; Cheiron also included estimated results (OPEB liability \$17 million, a net change of \$5,091). Under GASB 75, the OPEB expense is equal to the change in the Plan’s Net OPEB Liability (NOL), with adjustment for deferrals. Treatment of deferrals include asset gains or losses recognized over 5 years, liability gains or losses and assumption changes recognized over average future working lifetime, no deferrals on plan changes, and deferred gains called “deferred inflows’ and deferred losses called ‘deferred outflows’.

The Committee thanked Ms. Cranna, Ms. Tempkin, and Mr. Warren for their presentation.

3. Review Funding Policies

The Committee was provided with copies of proposed funding policies for both the Pension and OPEB Plans. The Government Finance Officers Association (GFOA) recommends every local government that offers defined benefit pensions formally adopt a funding that provides reasonable assurance that the cost of those benefits will be funded in an equitable and sustainable manner. Ms. Jennings noted that the objectives of both policies are to:

1. provide sufficient assets to permit the payment of all benefits under the Trust;
2. maintain equity among generations of taxpayers;
3. improve the Trust’s funded ratio; and
4. minimize the volatility of the employer’s annual contribution

As suggested at August's meeting, Cheiron provided language for both plans regarding the ADC (Actuarially Determined Contribution) and how it will be calculated. Upon the committee's recommendation, the funding policies would be taken to County Council for their approval and adoption. Brief discussion was held regarding the changes.

A Motion was made by Ms. Ryan, seconded by Mr. Baker, that the Pension Committee recommend adoption by the Sussex County Council of the Pension funding policy as presented.

Motion Adopted: 4 Yeas.

Vote by Roll Call: Ms. Roth, Yea; Mr. Baker, Yea; Ms. Ryan, Yea;  
Ms. Jennings, Yea

For the OPEB funding policy, Ms. Jennings discussed a proposed change to the funding guidelines on page 2 regarding the minimum contribution rate.

A Motion was made by Mr. Baker, seconded by Ms. Ryan, that the Pension Committee recommend adoption by the Sussex County Council of the OPEB funding policy as presented, with the clarification, under D. Funding Guidelines, 1. Minimum Contribution Rate: "The County will contribute at least 9.50 percent of pay and it will be at least the actuarially determined contribution (ADC) as calculated by the Trust's actuary".

Motion Adopted: 4 Yeas.

Vote by Roll Call: Ms. Roth, Yea; Mr. Baker, Yea; Ms. Ryan, Yea;  
Ms. Jennings, Yea

The Committee, again, expressed appreciation to Cheiron.

4. **Performance Reports of the Pension and OPEB Funds**

Mr. Shone distributed copies of a booklet entitled, "Sussex County Investment Performance Report, September 30, 2016". The Investment Performance Report includes information regarding the market environment for the third quarter of 2016, as well as quarterly and annual performances of the Pension and OPEB Plans. Although the report should be referenced for a more detailed analysis, discussion highlights include:

Mr. Shone referred members to Market Environment – 3<sup>rd</sup> Quarter of 2016 (Tab 1).

Mr. Shone expressed his agreement with the County lowering its assumed rate of return from 7.50 percent to 7.25 percent and to expect lower than historic returns over the next ten years.

The third quarter saw the real Gross Domestic Product (GDP) expand 2.9 percent, which was the strongest quarterly growth in more than two years. The Federal Reserve is expected to raise interest rates in December given the steady labor market and increasing wage growth. The equity market realized strong gains in the third

quarter: U.S. equities: 4.4 percent for the quarter and 8.2 percent year-to-date, international equities: 6.3 percent for the quarter and 3.1 percent year-to-date, emerging market equities: 9.0 percent for the quarter and 16.0 percent for the year-to-date. Fixed income performed well: U. S. Bonds: 0.5 percent for the quarter (5.8 percent year-to-date); high yield bonds: 5.6 percent for the quarter (15.1 percent year-to-date), international bonds: 0.5 percent for the quarter (14.5 percent year-to-date), and Emerging Market Bonds: 2.3 percent for the quarter (17.6 percent year-to-date). Inflation sensitive assets, such as U.S. REITS, were up significantly (12.3 percent) for the year.

Mr. Shone directed members to the Pension Fund Performance Report (Tab II).

As of September 30, 2016, the ending market value of the Pension Plan was \$76.4 million and realized a third quarter investment gain of \$2.5 million, as well as a 1-year gain of \$5.8 million. The Pension Plan outperformed its policy index due to small and mid-cap index, underperformed the index by 240 basis points over the past year (primarily due to the Delaware State pool, although DuPont also underperformed), and the expense ratio continued to decrease. Looking ahead: portfolio changes in October 2016 (liquidated \$8.8 million from the State of Delaware Investment Pool, target was lowered from 60 percent to 50 percent), added Vanguard S&P Index & Vanguard Total International Stock Index, and increased allocation to Vanguard Mid Cap Value, Extended Market Index & Wilmington Trust Fixed income), address the County's Pension Plan funding policy, and transfer funds from Vanguard to Wilmington Trust to consolidate custodians.

The ending market value of \$76,473,231 included: DuPont Capital Investment: \$14,990,765, Operating Account: \$138,449, State of Delaware Investment Pool: \$46,988,152, Vanguard Extended Market Index: \$3,090,999, Vanguard Mid Cap Value: \$2,722,778, Wilmington Trust Bonds: \$8,542,089, and Wilmington Trust Short Term: \$0. Over the last 3 years, the pension fund saw an investment gain of \$13,645,374 million, or a 6.2 percent return.

As of September 30, 2016, Sussex County's Pension Asset Allocation included: State of Delaware Investment Pool: 61.4 percent; Cash: 0.2 percent; Domestic Fixed Income: 11.2 percent; and Domestic Equity: 27.2 percent.

Mr. Shone reiterated that, historically, Peirce Park has reported gross rates of returns (before investment management fees); currently, they are providing both gross and net, with the intent to report only net returns.

Over the last 5 years, the Pension Fund realized a 8.2 percent return and ranked in the top 45<sup>th</sup> percentile nationwide (out of 250 public funds); 6.2 percent return for 3 years (top 27<sup>th</sup> percent); and 1 year: 7.8 percent (88<sup>th</sup> percentile). For the quarter, the fund realized a return of 3.3 percent (57<sup>th</sup> percent).

The investment manager returns for the quarter: DuPont Capital Investment: 4.0 percent return versus benchmark of 3.9; Vanguard Extended Market Index (added October 2014): 7.3 percent (vs. 7.2 percent); Vanguard Mid Cap Value (added December 2014): 5.7 percent (vs. 5.7 percent); Wilmington Trust Bonds: 0.1 percent

(vs. 0.2 percent); and State of Delaware Investment Pool: 3.3 percent versus a 3.4 percent benchmark.

Mr. Shone referred members to the OPEB Fund Performance Report (Tab III).

As of September 30, 2016, the ending market value of the OPEB Plan was \$32.8 million and realized a third quarter gain of \$877,000; and a 1-year gain of \$2.8 million. The OPEB Plan lagged behind its policy index in the third quarter primarily due to MFS Low Volatility Global. Manager changes were made during the quarter: terminated Thornburg Global Opportunities and proceeds were split between Vanguard Institutional Index and Total International Stock Index. Looking ahead: address the County's OPEB funding policy and possible further diversification on the equity side.

It was the consensus of the committee for Mr. Shone to present recommendations for additional diversification (equity) at the February 2017 meeting.

Ms. Jennings thanked Mr. Shone for his presentation.

5. **2017 Meeting Dates**

Discussion was held regarding the meetings for 2017. Following are the meetings for 2017:

February 16, 2017  
May 18, 2017  
August 17, 2017  
November 16, 2017

All meetings begin at 10:00 a.m. and are held in the Sussex County Council Chambers, Administrative Office Building, Georgetown, Delaware.

6. **Additional Information**

No Additional Business.

7. **Adjourn**

At 11:23 a.m., a Motion was made by Ms. Roth, seconded by Ms. Ryan, to adjourn.

Motion Adopted: 4 Yeas.

Vote by Roll Call: Ms. Roth, Yea; Mr. Baker, Yea; Ms. Ryan, Yea;  
Ms. Jennings, Yea

Respectfully submitted,

Nancy J. Cordrey  
Administrative Secretary

# Pension Funding Policy

---

## A. Introduction

The purpose of this Statement is to record the funding objectives set by the Sussex County Council (the “Council”) for the Sussex County Employee Pension Plan (the “Plan”). The Council establishes this Policy to ensure future benefit payments for members of the Plan. In addition, this document records certain guidelines established by the Council to assist in administering the Plan in a consistent and efficient manner. In the event that this Policy conflicts with any language in county or state law, the law shall prevail. This document may be modified as the Council deems necessary.

## B. Funding Objectives

The Council's primary funding objectives, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the Plan.
2. Maintain equity among generations of taxpayers.
3. Improve the Plan's Funded Ratio.
4. Minimize the volatility of the employer's annual contribution.

## C. Assumption Guidelines

The actuarial assumptions are adopted by the Council in an effort to align the funding of the Plan with actual demographic and economic experience, thus providing stability to the contribution rate over time.

To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) future contributions.

The assumptions adopted by the Council represent the actuary's best estimate of anticipated experience under the Plan and are intended to be long term in nature. Therefore, in developing the assumptions, the actuary considers not only past experience, but also trends, external forces and future expectations. Despite the care with which actuarial assumptions are developed, actual experience over the short term is not expected to match these assumptions exactly.

It is the Council's policy that these assumptions shall be reviewed by the Plan's consulting actuary not less often than every five years. The actuary will present recommendations (and accompanying reports, discussion, etc.) to the Council, which will have the option to accept or reject such.

At the time of the Assumption Review, this Policy shall also be reviewed for any necessary modifications. Any changes are also subject to legal review.

D. Funding Guidelines

1. Minimum Contribution Rate:

The County will contribute the actuarially determined contribution (ADC) as calculated by the Plan's actuary. For this purpose, the ADC is calculated as the normal cost determined under the Entry Age Normal Actuarial Cost Method net of anticipated member contributions, plus the amortization of the unfunded actuarial liability over a closed 20-year period beginning July 1, 2015 as a level dollar amount, plus anticipated administrative expenses. After the Council has adopted a contribution amount based on the actuarial valuation, the funds will be requested to be contributed by the County. The County will contribute no less than the actuarially determined contribution as determined by the actuary.

This Policy was adopted on \_\_\_\_\_

\_\_\_\_\_  
Council President

\_\_\_\_\_  
Finance Director

# OPEB Funding Policy

---

## A. Introduction

The purpose of this Statement is to record the funding objectives set by the Sussex County Council (the “Council”) for the Sussex County OPEB Trust (the “Trust”). The Council establishes this Policy to ensure future benefit payments for members of the Trust. In addition, this document records certain guidelines established by the Council to assist in administering the Trust in a consistent and efficient manner. In the event that this Policy conflicts with any language in county or state law, the law shall prevail. This document may be modified as the Council deems necessary.

## B. Funding Objectives

The Council's primary funding objectives, in order of importance, are to:

1. Provide sufficient assets to permit the payment of all benefits under the Trust.
2. Maintain equity among generations of taxpayers.
3. Improve the Trust's Funded Ratio.
4. Minimize the volatility of the employer's annual contribution.

## C. Assumption Guidelines

The actuarial assumptions are adopted by the Council in an effort to align the funding of the Trust with actual demographic and economic experience, thus providing stability to the contribution rate over time.

To the extent that actual experience deviates from the assumptions, experience gains and losses will occur. These gains (or losses) then serve to reduce (or increase) future contributions.

The assumptions adopted by the Council represent the actuary's best estimate of anticipated experience under the Trust and are intended to be long term in nature. Therefore, in developing the assumptions, the actuary considers not only past experience, but also trends, external forces and future expectations. Despite the care with which actuarial assumptions are developed, actual experience over the short term is not expected to match these assumptions exactly.

It is the Council's policy that these assumptions shall be reviewed by the Trust's consulting actuary not less often than every five years. The actuary will present recommendations (and accompanying reports, discussion, etc.) to the Council, which will have the option to accept or reject such.

At the time of the Assumption Review, this Policy shall also be reviewed for any necessary modifications. Any changes are also subject to legal review.



D. Funding Guidelines

1. Minimum Contribution Rate:

The County will contribute the greater of 9.5% of pay or the actuarially determined contribution (ADC) as calculated by the Trust's actuary. For this purpose, the ADC is calculated as the normal cost determined under the Entry Age Normal Actuarial Cost Method, plus the amortization of the unfunded actuarial liability over a 30-year open level percent of pay, plus anticipated administrative expenses. After the Council has adopted a contribution amount based on the actuarial valuation, the funds will be requested to be contributed by the County. The County will contribute no less than the actuarially determined contribution as determined by the actuary.

This Policy was adopted on \_\_\_\_\_

\_\_\_\_\_  
Council President

\_\_\_\_\_  
Finance Director



# SUSSEX COUNTY

Investment Performance Report  
September 30, 2016



PEIRCE PARK GROUP

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I. Market Environment

II. Pension

III. OPEB



PEIRCE PARK GROUP  
PERFORMANCE EVALUATION AND REPORTING SERVICES INFORMATION DISCLAIMER

This performance report is for evaluation purposes only. This information is for the recipient only and is not for redistribution.

We exercised reasonable professional care in the preparation of this performance report. Information on market indices, security characteristics, and universe comparisons is received from external sources. Therefore, we make no guarantees as to the completeness or accuracy of this report.

Usually we use a client's custodian for market values and transaction dates. If the custodian cannot provide accurate information, manager data is usually used. Custodial information may differ from investment manager records. When the manager(s) and the custodian are one and the same, or where the manager provides the valuation to the custodian, we have no ability to determine the accuracy of the valuation put forth. For clients that calculate their own returns and provide them to us, we report only what is provided to us. Therefore, we have no ability to determine the accuracy of the calculation(s) and assume no liability for their use.

Returns are generally calculated by geometrically linking the holding period returns (generally monthly). When available, total account returns are calculated and usually presented net of fees. For net of fee return calculations, returns are reduced by the investment management fees, if not already reported net of fees. Returns are not reduced by other expenses such as custody, actuarial, accounting, and investment consulting fees.

If a client requests, we will provide gross of fee total fund returns. To calculate a gross of fee total account return, we increase the return for each investment that is reported net of fees by an amount that reflects, as accurately as possible, expenses of the manager or fund. For example, for mutual funds, net of fee returns are increased by the amount of their reported expense ratio. The expense ratio includes, but is not limited to, management fees, advisory/sub-advisory fees, administrative fees, transfer agent fees, and fund accounting fees. In determining expenses or expense ratios, we attempt to obtain accurate information that is readily available from Morningstar. Our results may differ from other reported sources. As such, we make no guarantee as to the accuracy of fee information.

Investments have various types and levels of risk. There is no guarantee of gain nor any guarantee of loss protection. Information provided in this report should not be considered a recommendation by us of any mutual fund, manager, or strategy.

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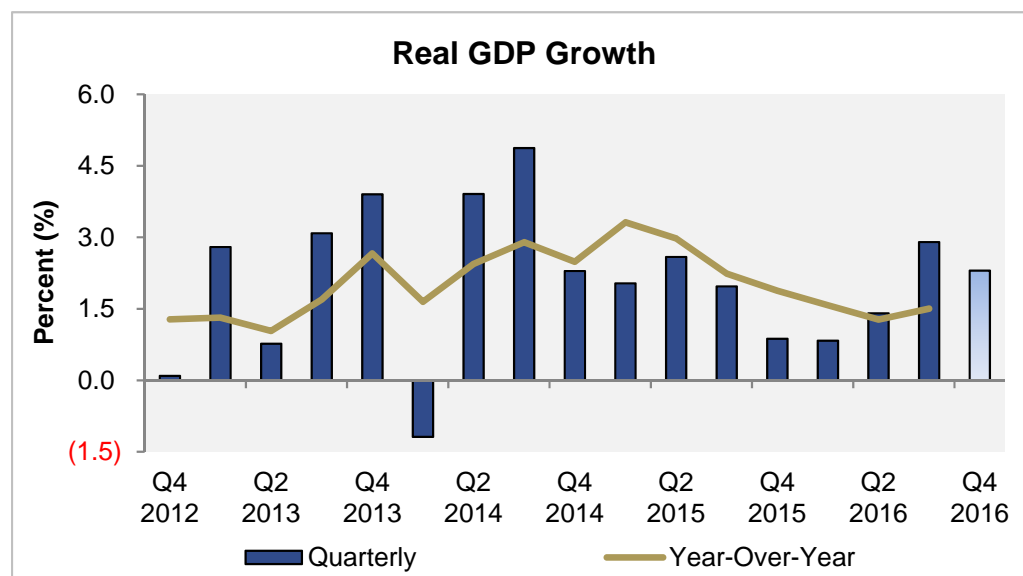
# MARKET ENVIRONMENT

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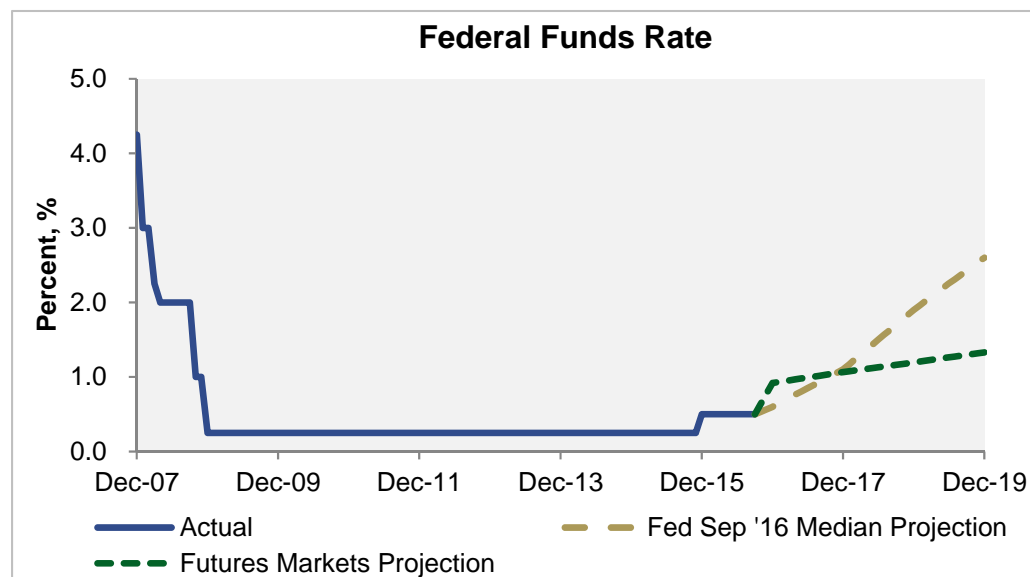


# DOMESTIC ECONOMY

- After experiencing a slowdown over the past few quarters, real GDP expanded 2.9% in Q3, marking the strongest quarterly growth in more than two years.
- The labor market appeared to cool somewhat as 156,000 new jobs were created in September, down from 252,000 and 167,000 in July and August, respectively. Still, there were positive signs; **wage growth, for instance, rose at its highest level since January 2010.**
- Given a steady labor market and quickening wage growth, the market now expects the Federal Reserve (Fed) to **raise interest rates in December.** After that, however, the market forecasts just two more rate hikes by the end of 2018.



Source: Thomson Reuters Datastream and The Wall Street Journal. Light bars reflect analyst estimates.

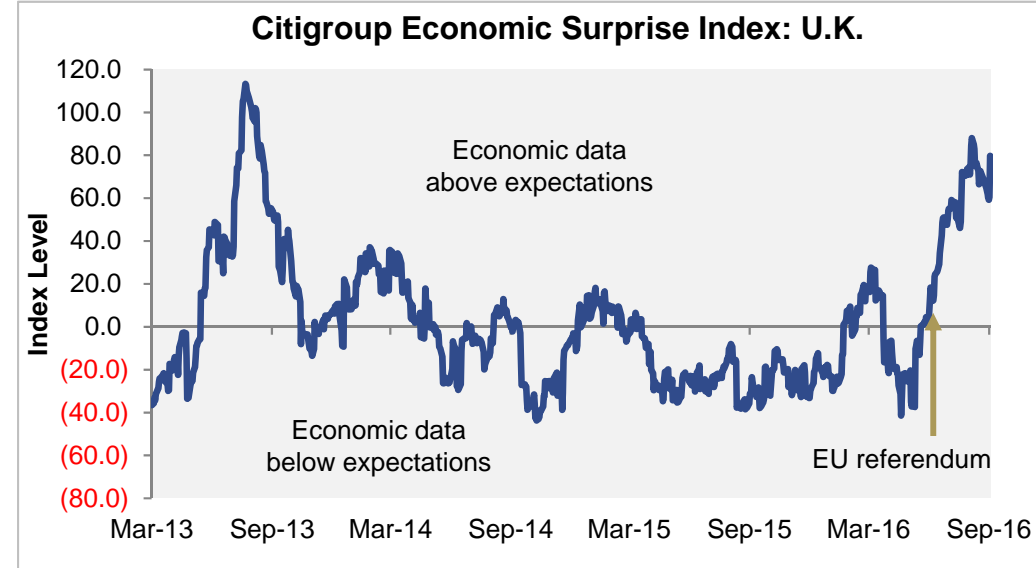


Source: Board of Governors of the Federal Reserve System and Thomson Reuters Datastream.

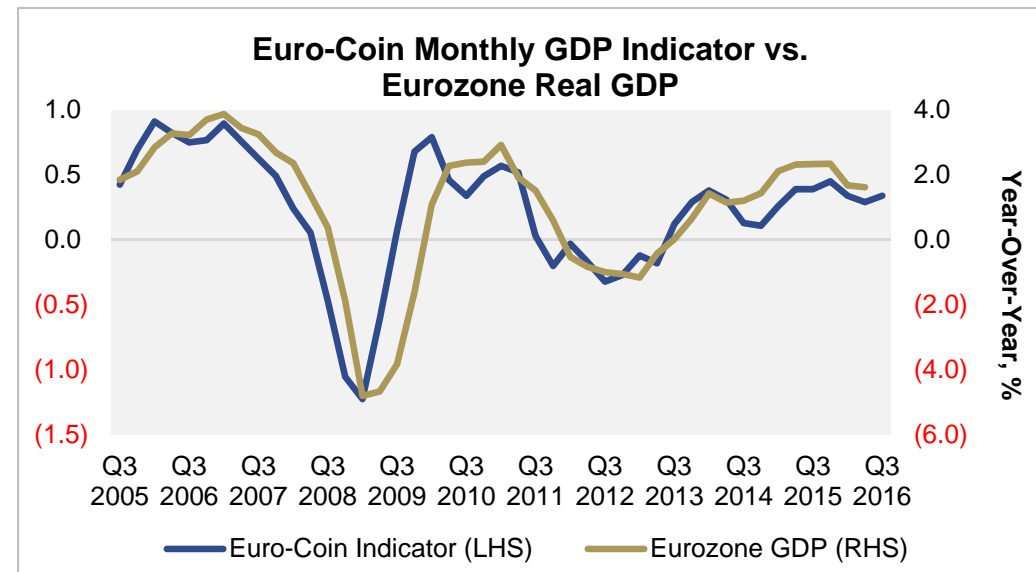


# GLOBAL ECONOMY

- While many economists had warned about the economic fallout from the U.K. vote to leave the European Union (i.e., “Brexit”), **economic data within the U.K. have exceeded expectations** (as measured by the Citigroup Economic Surprise Index) handily since the vote.
- The **U.K. pound** is bearing the brunt of the uncertainty. The currency **fell another 3% vs. the U.S. dollar** in Q3 (and weakened further into Q4), leaving it more than 12% lower against the greenback since the referendum.
- **Continental Europe**, meanwhile, also appears to be feeling no ill effects of the Brexit vote at this time. The Euro-Coin Monthly GDP Indicator for the region suggests that **economic growth remained steady in the third quarter**.



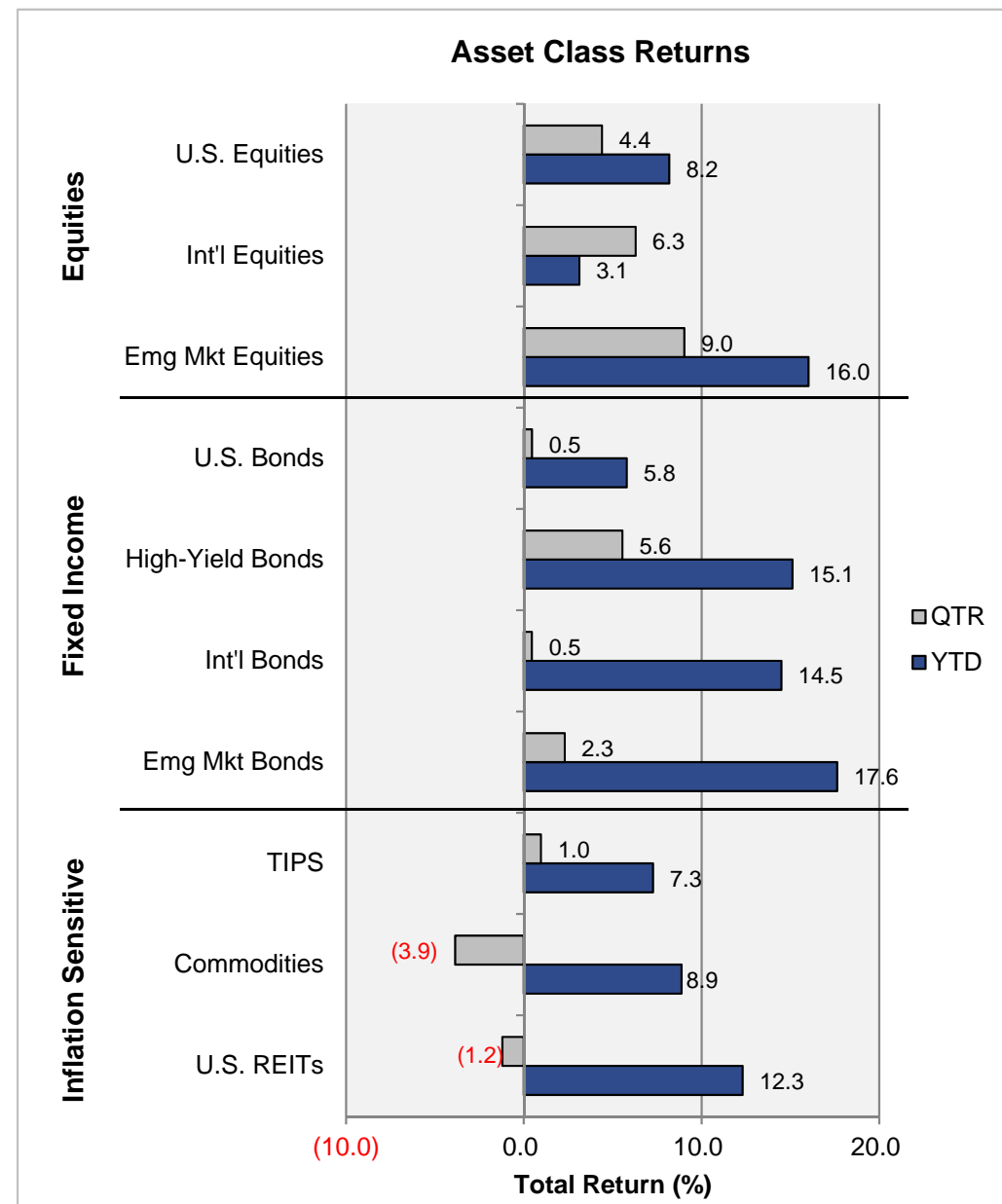
Source: Thomson Reuters Datastream.



Source: Thomson Reuters Datastream.

# GLOBAL ASSET CLASS PERFORMANCE

- **Equities** delivered **strong gains** in Q3. **U.S. stocks trailed non-U.S. stocks** amid the potential for further monetary tightening by the Fed later this year. **Emerging market stocks continue to lead the way in 2016**, with strong returns from China and Brazil.
- **Fixed income** returns were also **positive, with riskier bonds outperforming**. While U.S. **interest rates** oscillated around economic data releases and Fed meetings, they ended the quarter **little changed** from the end of Q2.
- **Inflation-sensitive** assets **cooled off** after a strong first half in 2016. Commodities suffered due mainly to **weakness in energy and agriculture prices**, while REITs finished in the red, lagging the broader equity market.



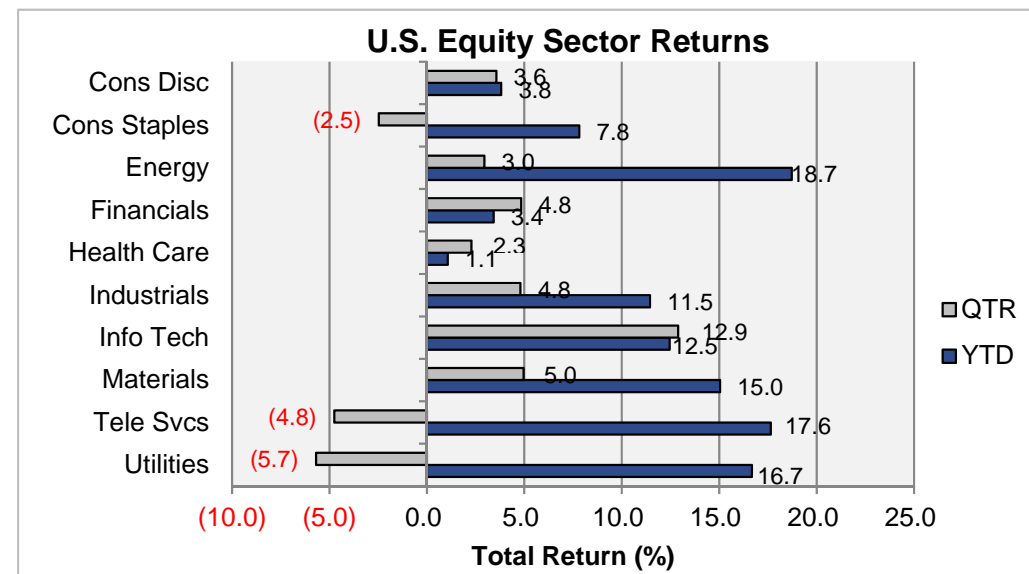
Source: Markov Processes International.



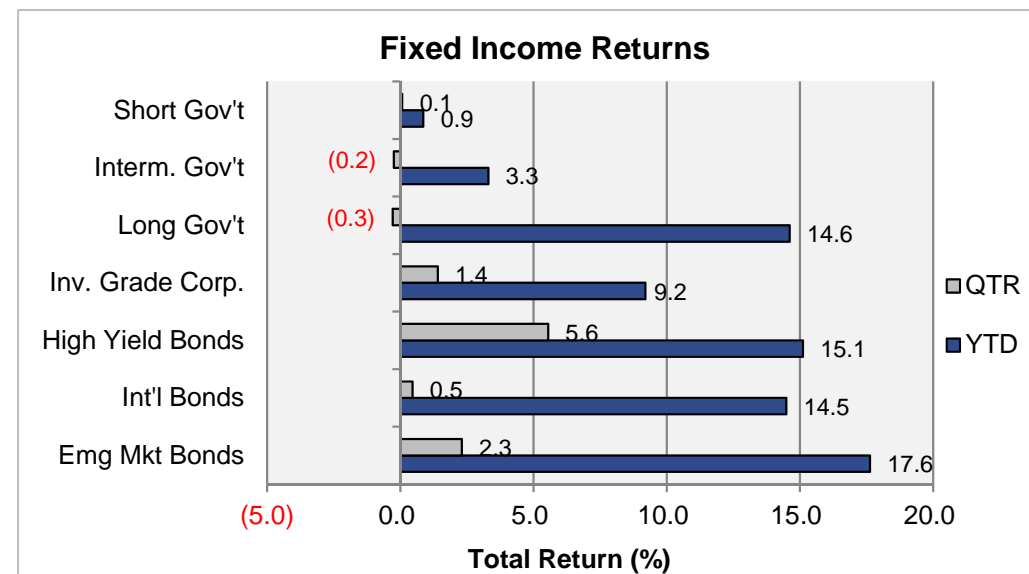


# U.S. MARKETS

- Within the domestic equity market, investors' recent preference for **higher-yielding and more defensive assets reversed** in the third quarter, with cyclicals leading the market.
- Growth stocks outperformed value stocks for the quarter. Still, **value remains well ahead (10.4% vs. 6.1%) in 2016.**
- From a capitalization perspective, **small caps (9.0%) handily outperformed mid- and large-cap stocks (4.5% and 3.8%, respectively)** amid a period of low volatility.
- Bond sector performance showed an investor preference for risk in Q3. **High yield and emerging market debt outperformed**, recouping their respective losses in 2015.



Source: Russell.



Source: Morningstar



# U.S. SIZE, STYLE, AND SECTOR PERFORMANCE

DOMESTIC EQUITY	QTR	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	3.9	7.8	15.4	11.2	16.4	7.2
Russell 3000 Index	4.4	8.2	15.0	10.4	16.4	7.4
Russell 3000 Growth Index	4.9	6.1	13.6	11.4	16.6	8.8
Russell 3000 Value Index	3.9	10.4	16.4	9.5	16.1	5.8
Russell TOP 200 Index	3.8	7.0	15.2	11.3	16.3	7.0
Russell TOP 200 Growth Index	4.6	5.7	14.8	13.1	16.9	9.1
Russell TOP 200 Value Index	3.0	8.4	15.7	9.4	15.6	5.0
Russell 1000 Index	4.0	7.9	14.9	10.8	16.4	7.4
Russell 1000 Growth Index	4.6	6.0	13.8	11.8	16.6	8.9
Russell 1000 Value Index	3.5	10.0	16.2	9.7	16.2	5.9
Russell Mid-Cap Index	4.5	10.3	14.2	9.7	16.7	8.3
Russell Mid-Cap Growth Index	4.6	6.8	11.2	8.9	15.8	8.5
Russell Mid-Cap Value Index	4.4	13.7	17.3	10.5	17.4	7.9
Russell 2000 Index	9.0	11.5	15.5	6.7	15.8	7.1
Russell 2000 Growth Index	9.2	7.5	12.1	6.6	16.1	8.3
Russell 2000 Value Index	8.9	15.5	18.8	6.8	15.5	5.8
<b>DOMESTIC EQUITY BY SECTOR (MSCI)</b>						
Consumer Discretionary	3.6	3.8	8.4	10.1	19.6	10.1
Consumer Staples	(2.5)	7.8	15.6	12.8	15.4	10.8
Energy	3.0	18.7	17.5	(3.9)	4.9	4.2
Financials	4.8	3.4	9.0	8.8	17.2	0.0
Health Care	2.3	1.1	9.9	14.3	20.5	10.8
Industrials	4.8	11.5	19.1	9.8	17.9	8.0
Information Technology	12.9	12.5	22.1	16.2	17.9	10.5
Materials	5.0	15.0	25.0	6.6	13.3	7.7
Telecommunication Services	(4.8)	17.6	26.0	10.1	12.8	6.5
Utilities	(5.7)	16.7	19.0	13.3	12.5	8.2

Source: Russell, S&P, MSCI, Merrill Lynch, Barclays Capital, FTSE.

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# REGIONAL PERFORMANCE ACROSS MARKETS

<b>INTERNATIONAL/GLOBAL EQUITY</b>	<b>QTR</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
MSCI EAFE (Net)	6.4	1.7	6.5	0.5	7.4	1.8
MSCI EAFE Growth (Net)	5.0	2.6	9.5	2.4	8.7	3.1
MSCI EAFE Value (Net)	8.0	0.8	3.5	(1.5)	6.0	0.4
MSCI EAFE Small Cap (Net)	8.6	5.2	12.3	5.1	11.1	4.4
MSCI AC World Index (Net)	5.3	6.6	12.0	5.2	10.6	4.3
MSCI AC World Index Growth (Net)	5.3	5.7	12.1	6.7	11.8	5.6
MSCI AC World Index Value (Net)	5.3	7.5	11.8	3.6	9.4	3.0
MSCI Europe ex UK (Net)	6.0	(0.4)	2.9	0.0	8.2	1.5
MSCI United Kingdom (Net)	4.0	0.8	1.5	(1.8)	6.0	1.4
MSCI Pacific ex Japan (Net)	8.2	10.9	20.1	0.4	7.1	5.9
MSCI Japan (Net)	8.6	2.5	12.1	3.3	7.4	1.0
MSCI Emerging Markets (Net)	9.0	16.0	16.8	(0.6)	3.0	3.9
<b>FIXED INCOME</b>						
Merrill Lynch 3-month T-Bill	0.1	0.2	0.3	0.1	0.1	0.9
Barclays Intermediate Government/Credit	0.2	4.2	3.5	2.8	2.4	4.2
Barclays Aggregate Bond	0.5	5.8	5.2	4.0	3.1	4.8
Barclays Short Government	0.1	0.9	0.7	0.4	0.4	1.7
Barclays Intermediate Government	(0.2)	3.3	2.4	2.2	1.6	3.7
Barclays Long Government	(0.3)	14.6	13.0	11.1	5.5	8.0
Barclays Investment Grade Corporates	1.4	9.2	8.6	5.6	5.1	5.9
Barclays High Yield Corporate Bond	5.6	15.1	12.7	5.3	8.3	7.7
JPMorgan Global ex US Bond	0.5	14.5	13.0	1.5	0.3	4.2
JPMorgan Emerging Market Bond	2.3	17.6	17.5	(2.9)	(0.3)	4.9
<b>INFLATION SENSITIVE</b>						
Consumer Price Index	0.2	2.1	1.5	1.0	1.3	1.8
BC TIPS	1.0	7.3	6.6	2.4	1.9	4.5
Commodities	(3.9)	8.9	(2.6)	(12.3)	(9.4)	(5.3)
Gold	(0.7)	23.4	17.3	(0.7)	(4.6)	7.3
REITs	(1.2)	12.3	20.9	13.9	16.0	6.4
FTSE EPRA/NAREIT Global REITs	2.0	11.0	16.4	7.9	12.5	-

Source: Russell, S&P, MSCI, Merrill Lynch, Barclays Capital, FTSE.

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# PENSION

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# OBSERVATIONS FOR SUSSEX COUNTY PENSION

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- Market Value (September 30, 2016): \$76.4 million
- Q3 Gain: +\$2.5 Million,            1 Year Gain: +\$5.8 million
- Outperformed policy index in Q3
  - Small and Mid-Cap Index contributed
- Underperformed policy index by 240 basis points over past year
  - DE State Pool primarily causing the underperformance, though DuPont has also dragged down returns
- Expense Ratio continues to decrease



# LOOKING AHEAD FOR SUSSEX COUNTY PENSION

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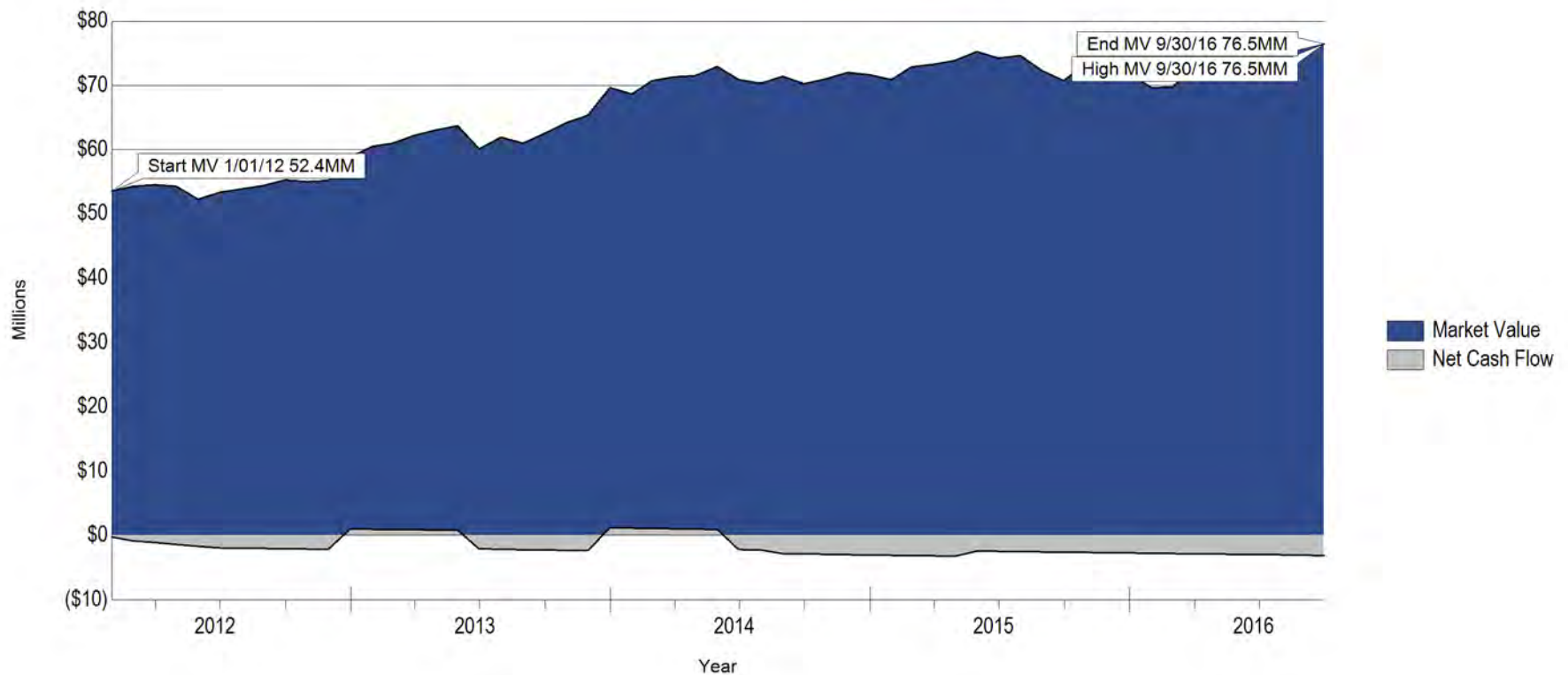
- Portfolio changes in October 2016:
  - Liquidated \$8.8 million from the State of Delaware Investment Pool, target lowered from 60% to 50%
  - Added Vanguard S&P 500 Index & Vanguard Total International Stock Index
  - Increased allocation to Vanguard Mid Cap Value, Extended Market Index & Wilmington Trust Fixed Income
- Funding Policy
- Transfer funds from Vanguard to Wilmington Trust to consolidate custodians



Summary of Cash Flows

	Third Quarter	Year-To-Date	One Year	Three Years
<b>Beginning Market Value</b>	<b>\$73,994,465</b>	<b>\$72,014,173</b>	<b>\$70,739,340</b>	<b>\$62,514,075</b>
Net Cash Flow	-\$50,521	-\$108,842	-\$136,105	\$313,783
Net Investment Change	\$2,529,287	\$4,567,901	\$5,869,996	\$13,645,374
<b>Ending Market Value</b>	<b>\$76,473,231</b>	<b>\$76,473,231</b>	<b>\$76,473,231</b>	<b>\$76,473,231</b>

Market Value History  
4 Years 9 Months Ending September 30, 2016



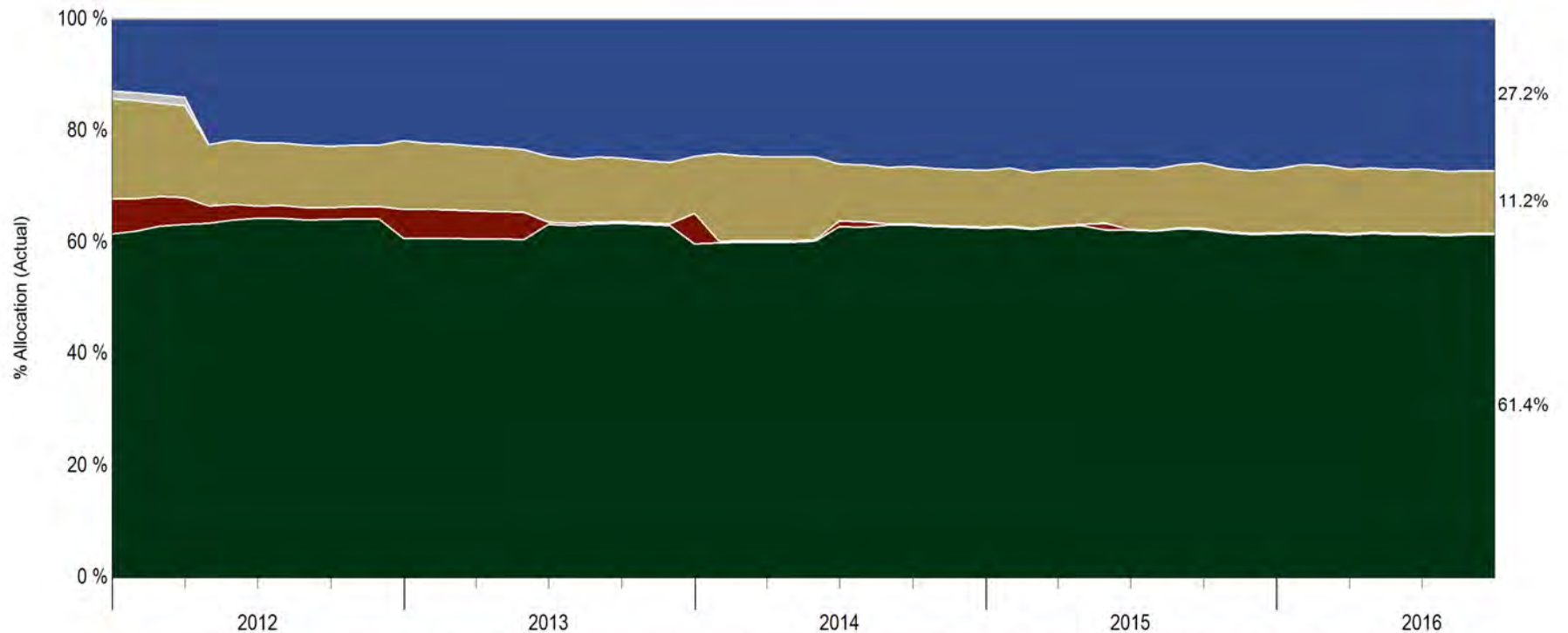


As of September 30, 2016

## Cash Flow Summary

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Dupont Capital Investment	\$14,402,323	-\$3,200	\$591,642	\$14,990,765
Operating Account	\$149,231	-\$10,803	\$21	\$138,449
State of Delaware Investment Pool	\$45,448,666	-\$32,278	\$1,571,764	\$46,988,152
Vanguard Extended Market Index	\$2,881,724	\$0	\$209,275	\$3,090,999
Vanguard Mid Cap Value	\$2,576,969	\$0	\$145,808	\$2,722,778
Wilmington Trust Bonds	\$8,535,552	-\$4,241	\$10,777	\$8,542,089
Wilmington Trust Short Term	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$73,994,465</b>	<b>-\$50,521</b>	<b>\$2,529,287</b>	<b>\$76,473,231</b>

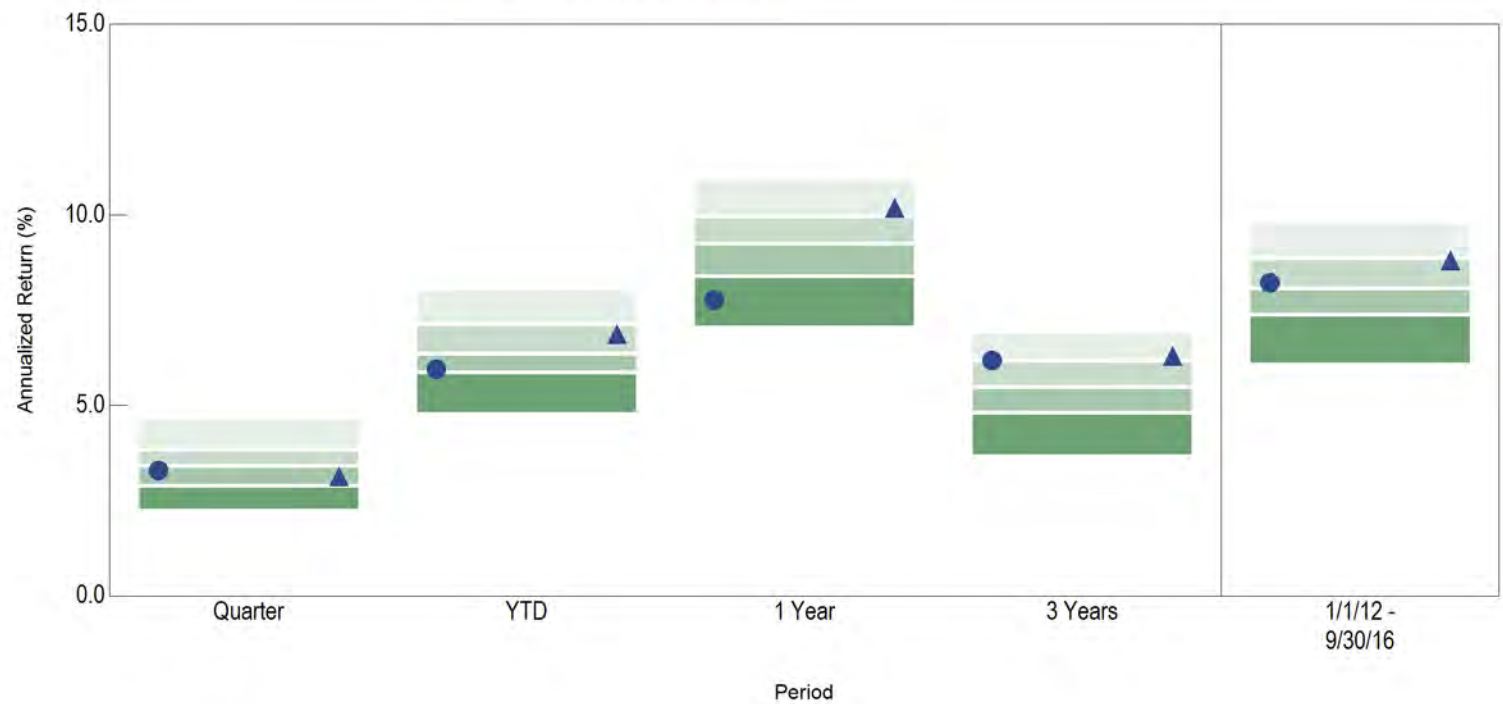
Asset Allocation History



	2012	2012	2012	2012	2013	2013	2013	2013	2013	2014	2014	2014	2014	2015	2015	2015	2015	2016	2016
Domestic Equity	13.9	22.2	22.8	21.8	22.8	24.6	24.9	24.6	24.6	26.0	26.4	27.1	27.0	26.7	25.8	26.9	26.9	26.8	27.2
Global Equity	1.5	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Domestic Fixed Income	16.5	11.3	11.0	12.3	11.6	11.8	11.4	10.2	15.1	10.2	10.3	10.2	10.1	11.0	11.7	11.4	11.6	11.5	11.2
Cash	4.9	2.3	2.2	5.3	5.0	0.4	0.3	5.4	0.3	1.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
State of Delaware Investment Pool	63.2	64.3	64.1	60.7	60.6	63.2	63.4	59.7	60.0	62.8	63.1	62.5	62.8	62.2	62.3	61.5	61.3	61.4	61.4

■ Domestic Equity     
 ■ Global Equity     
 ■ Domestic Fixed Income     
 ■ Cash     
 ■ State of Delaware Investment Pool

InvestorForce Public DB Net Accounts

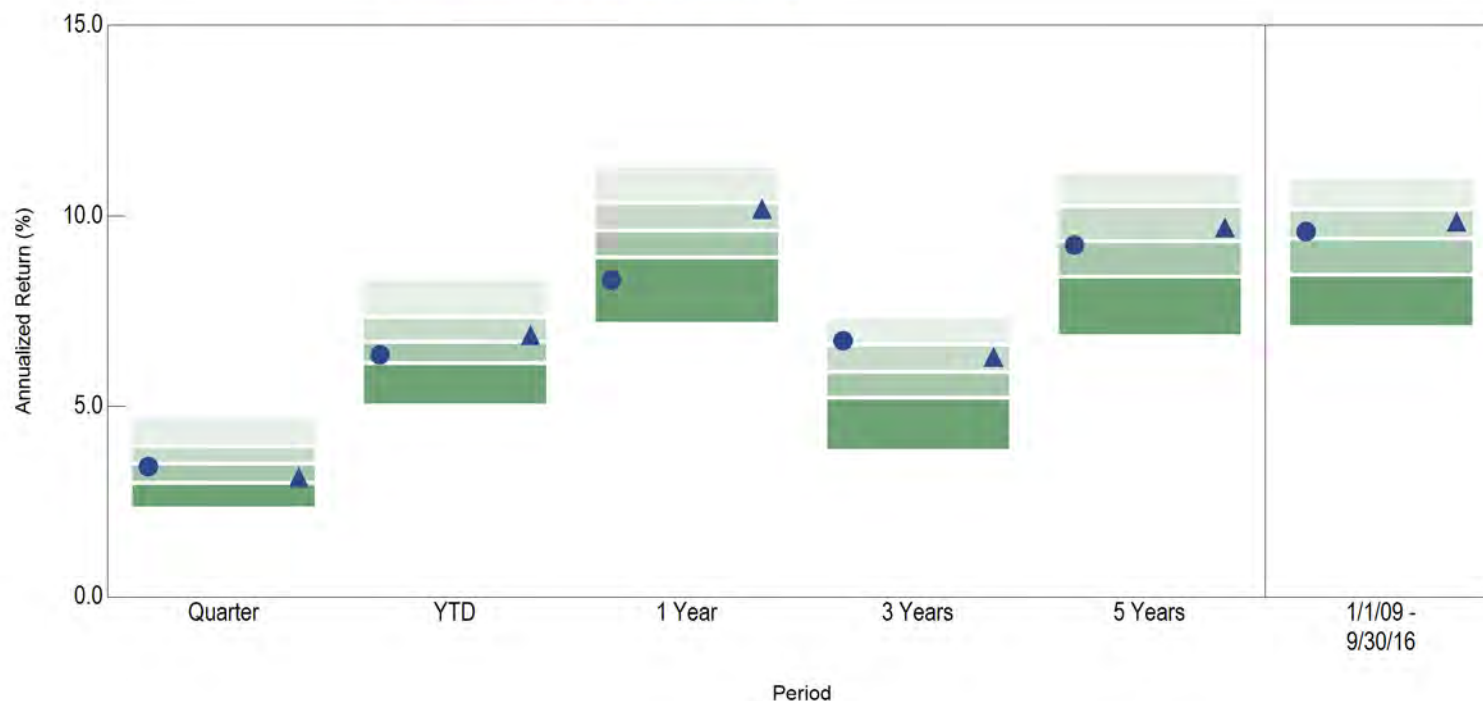


	Return (Rank)				
	Quarter	YTD	1 Year	3 Years	1/1/12 - 9/30/16
5th Percentile	4.7	8.1	11.0	6.9	9.8
25th Percentile	3.9	7.1	10.0	6.2	8.9
Median	3.4	6.4	9.3	5.5	8.1
75th Percentile	2.9	5.9	8.4	4.8	7.4
95th Percentile	2.3	4.8	7.0	3.7	6.1
# of Portfolios	229	227	225	201	188
● Total Fund Composite	3.3 (57)	6.0 (72)	7.8 (88)	6.2 (27)	8.2 (45)
▲ Pension Policy Index	3.1 (65)	6.9 (33)	10.2 (20)	6.3 (23)	8.8 (29)

Please see *Benchmark History Table* for historical changes to the Investment Policy Statement.

All returns over one year are annualized.

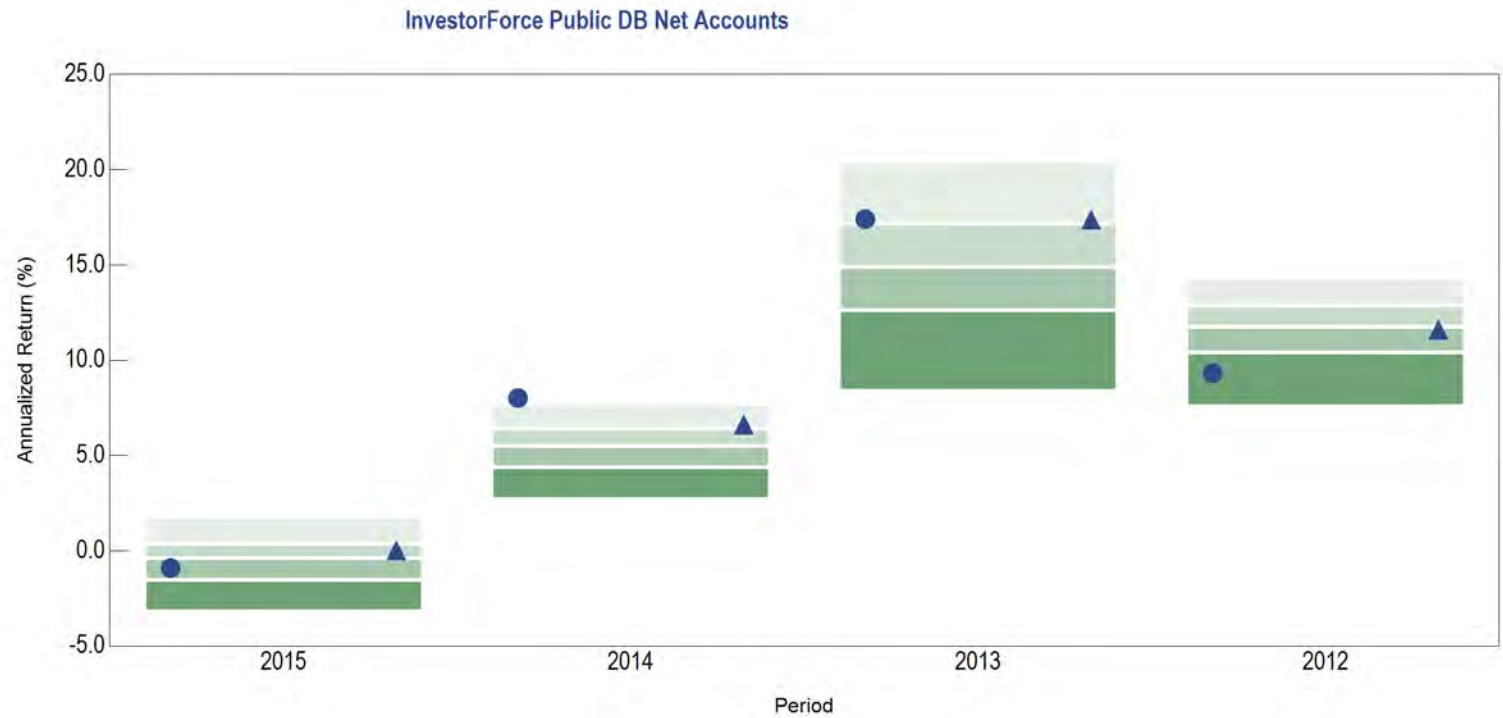
InvestorForce Public DB Gross Accounts



	Quarter		YTD		1 Year		3 Years		5 Years		1/1/09 - 9/30/16	
<b>5th Percentile</b>	4.7		8.4		11.3		7.3		11.2		11.0	
<b>25th Percentile</b>	4.0		7.3		10.4		6.6		10.3		10.2	
<b>Median</b>	3.5		6.7		9.6		5.9		9.3		9.4	
<b>75th Percentile</b>	3.0		6.1		8.9		5.2		8.4		8.5	
<b>95th Percentile</b>	2.3		5.0		7.2		3.8		6.9		7.1	
<b># of Portfolios</b>	269		256		255		226		206		179	
<b>● Total Fund Composite</b>	3.4	(55)	6.4	(65)	8.3	(86)	6.7	(21)	9.2	(53)	9.6	(47)
<b>▲ Pension Policy Index</b>	3.1	(71)	6.9	(44)	10.2	(31)	6.3	(38)	9.7	(42)	9.9	(37)

Please see *Benchmark History Table* for historical changes to the Investment Policy Statement.

*All returns over one year are annualized.*



	Return (Rank)			
	2015	2014	2013	2012
5th Percentile	1.7	7.7	20.4	14.3
25th Percentile	0.4	6.4	17.2	12.9
Median	-0.4	5.5	14.9	11.8
75th Percentile	-1.5	4.4	12.7	10.4
95th Percentile	-3.2	2.7	8.4	7.6
# of Portfolios	262	210	191	159
● Total Fund Composite	-0.9 (66)	8.0 (4)	17.4 (23)	9.3 (86)
▲ Pension Policy Index	0.0 (34)	6.6 (21)	17.4 (23)	11.6 (54)

Please see *Benchmark History Table* for historical changes to the Investment Policy Statement.

All returns over one year are annualized.

InvestorForce Public DB Gross Accounts



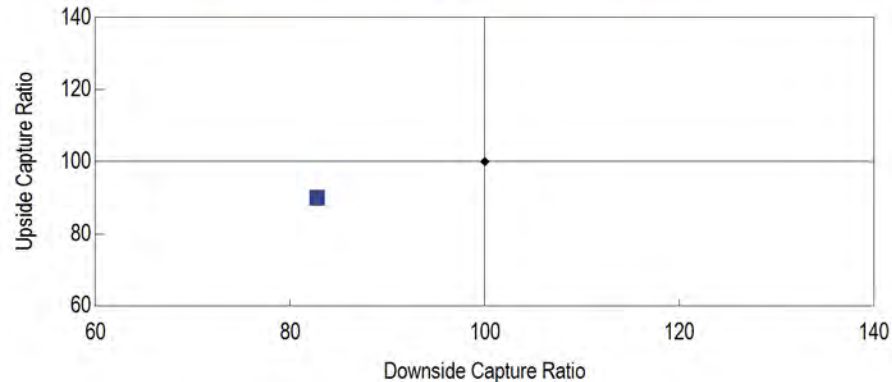
	2015		2014		2013		2012		2011	
<b>5th Percentile</b>	2.2		8.0		20.8		14.6		3.6	
<b>25th Percentile</b>	0.9		6.8		18.0		13.4		1.9	
<b>Median</b>	0.1		5.8		15.5		12.4		0.9	
<b>75th Percentile</b>	-0.9		4.6		13.3		10.7		-0.3	
<b>95th Percentile</b>	-2.6		3.2		8.5		7.8		-2.5	
<b># of Portfolios</b>	316		248		231		236		206	
<b>● Total Fund Composite</b>	-0.4	(64)	8.5	(3)	18.1	(24)	10.0	(82)	3.2	(7)
<b>▲ Pension Policy Index</b>	0.0	(52)	6.6	(30)	17.4	(32)	11.6	(68)	1.6	(32)

Please see *Benchmark History Table* for historical changes to the Investment Policy Statement.

All returns over one year are annualized.

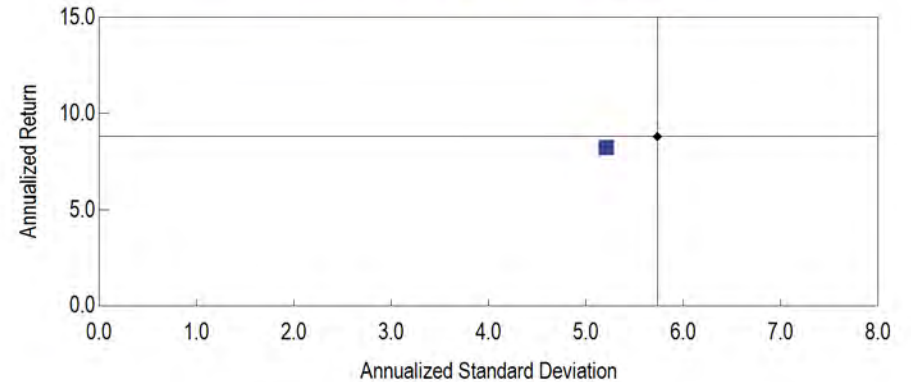


Upside Capture Ratio vs. Downside Capture Ratio  
4 Years 9 Months Ending September 30, 2016



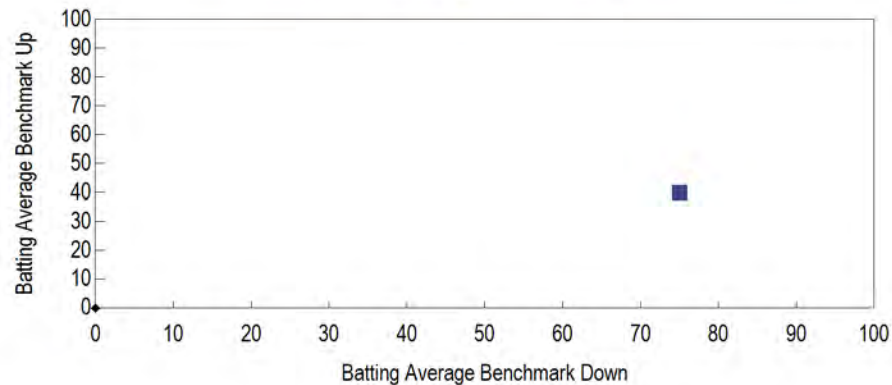
- Total Fund Composite
- ◆ Pension Policy Index

Annualized Return vs. Annualized Standard Deviation  
4 Years 9 Months Ending September 30, 2016



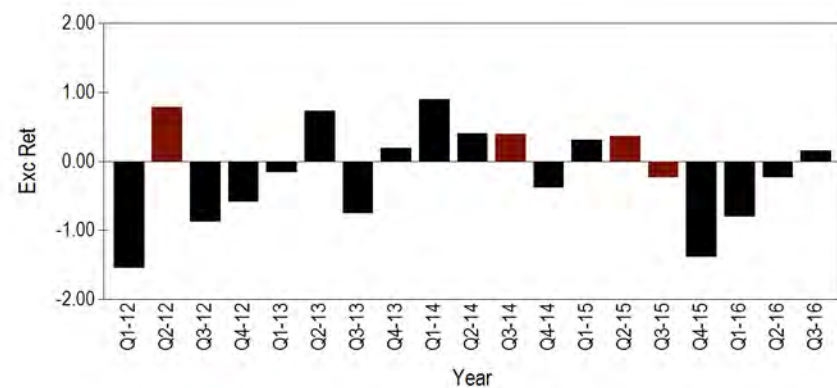
- Total Fund Composite
- ◆ Pension Policy Index

Batting Average Benchmark Up vs. Batting Average Benchmark Down  
4 Years 9 Months Ending September 30, 2016



- Total Fund Composite
- ◆ Pension Policy Index

Quarterly Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market

As of September 30, 2016

## Investment Manager Returns - Net

	% of Portfolio	2016 Q3	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank
<b>Total Fund Composite</b>	<b>100.0%</b>	<b>3.3%</b>	<b>57</b>	<b>6.0%</b>	<b>72</b>	<b>7.8%</b>	<b>88</b>	<b>6.2%</b>	<b>27</b>	<b>--</b>	<b>--</b>
<i>Pension Policy Index</i>		3.1%	65	6.9%	33	10.2%	20	6.3%	23	--	--
Dupont Capital Investment	19.6%	4.0%	57	6.1%	51	13.7%	33	10.9%	21	16.2%	27
<i>S&amp;P 500</i>		3.9%	62	7.8%	25	15.4%	14	11.2%	14	16.4%	20
Vanguard Extended Market Index	4.0%	7.3%	38	10.0%	47	13.4%	49	7.5%	55	16.3%	49
<i>S&amp;P Completion Index TR</i>		7.2%	39	9.9%	48	13.3%	50	7.4%	56	16.2%	51
Vanguard Mid Cap Value	3.6%	5.7%	47	10.4%	57	14.7%	59	11.0%	20	17.6%	28
<i>Spliced Mid Cap Value Index</i>		5.7%	46	10.4%	57	14.8%	57	11.0%	19	17.6%	28
Wilmington Trust Bonds	11.2%	0.1%	--	3.8%	--	3.1%	--	2.3%	--	1.8%	--
<i>Wilmington Trust Fixed Income Policy Income</i>		0.2%	--	4.2%	--	3.4%	--	2.5%	--	--	--
Operating Account	0.2%	0.0%	--	0.0%	--	0.1%	--	0.1%	--	0.1%	--
<i>91 Day T-Bills</i>		0.1%	--	0.2%	--	0.2%	--	0.1%	--	0.1%	--
State of Delaware Investment Pool	61.4%	3.3%	57	5.8%	77	6.2%	99	5.4%	55	--	--
<i>Balanced Pooled Fund Policy Index</i>		3.4%	49	7.1%	27	10.2%	21	5.8%	39	--	--

- Pension Policy Index = 60% Balanced Pooled Fund Policy Index / 24% Russell 3000 / 14% Barclays Int Govt/Credit / 2% BofA Merrill Lynch 91-Day T-Bill

- Spliced Mid Cap Value Index = CRSP US Mid Cap Value TR USD

- Wilmington Trust Fixed Income Policy Income = Barclays Int Govt/Credit

- Balanced Pooled Fund Policy Index = Russell 3000 38% / MSCI ACWI ex USA 20% / Barclays U.S. Universal 38.5% / Barclays US TIPS 1.5% / BofA Merrill Lynch 91-Day T-Bill 2%



## Portfolio Summary

As of September 30, 2016

## Investment Manager Fee Schedule

Account	Fee Schedule	Market Value As of 9/30/2016	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Dupont Capital Investment	0.35% of First \$25.0 Mil, 0.30% of Next \$25.0 Mil, 0.25% Thereafter	\$14,990,765	19.6%	\$52,468	0.35%
Vanguard Extended Market Index	0.09% of Assets	\$3,090,999	4.0%	\$2,782	0.09%
Vanguard Mid Cap Value	0.08% of Assets	\$2,722,778	3.6%	\$2,178	0.08%
Wilmington Trust Bonds	0.20% of Assets	\$8,542,089	11.2%	\$17,084	0.20%
Operating Account	No Fee	\$138,449	0.2%	--	--
State of Delaware Investment Pool	0.62% of Assets	\$46,988,152	61.4%	\$291,327	0.62%
<b>Investment Management Fee</b>		<b>\$76,473,231</b>	<b>100.0%</b>	<b>\$365,839</b>	<b>0.48%</b>

Please note: Expense Ratio of 0.68% was provided to Peirce Park Group by the Delaware Public Employees' Retirement System.

## Benchmark History

Total Fund Composite		
10/1/2016	Present	50% Balanced Pooled Fund Policy Index / 34% Russell 3000 / 2% MSCI ACWI ex USA / 12% Barclays Int Govt/Credit / 2% BofA Merrill Lynch 91-Day T-Bill
1/1/2016	9/30/2016	60% Balanced Pooled Fund Policy Index / 24% Russell 3000 / 14% Barclays Int Govt/Credit / 2% BofA Merrill Lynch 91-Day T-Bill
7/1/2014	12/31/2015	60% Balanced Pooled Fund Policy Index / 24% Russell 3000 / 14% Barclays Int Govt. / 2% BofA Merrill Lynch 91-Day T-Bill
1/1/2009	6/30/2014	Russell 3000 46% / Barclays Int Govt/Credit 40% / MSCI EAFE 14%

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# PENSION INVESTMENT MANAGERS

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# Sussex County Pension Dupont Capital Investment

As of September 30, 2016

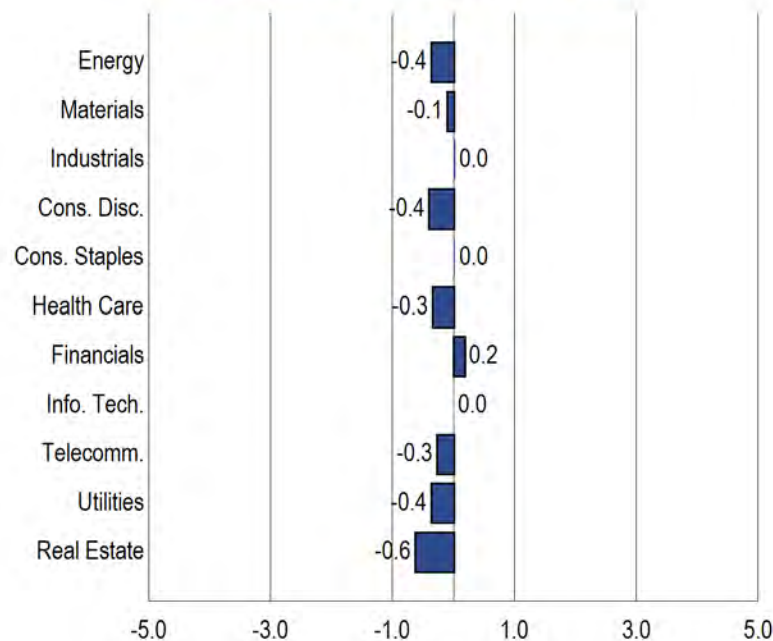
## Manager Summary

- Strategy seeks to systematically identify companies with sustainable earnings power trading at reasonable valuations.
- Quantitative approach looks for companies with the strongest relative value within their industries through a combination of valuation, quality and momentum characteristics.
- Focuses on companies that are under-priced relative to their long-term intrinsic value and supported by sustainable, high quality earnings and realistic cash flows expectations.
- Enhanced index portfolio of 100 to 200 securities, targets a tracking error between 1.5% and 2.25 relative to the S&P 500.

## Characteristics

	Portfolio	S&P 500
Number of Holdings	173	505
Weighted Avg. Market Cap. (\$B)	143.84	134.71
Median Market Cap. (\$B)	38.05	18.90
Price To Earnings	20.99	22.71
Price To Book	4.28	4.51
Price To Sales	3.14	3.06
Return on Equity (%)	19.24	18.79
Yield (%)	2.31	2.11
Beta (holdings; domestic)	1.01	0.98

Sector Over/Under Allocation (%) vs S&P 500

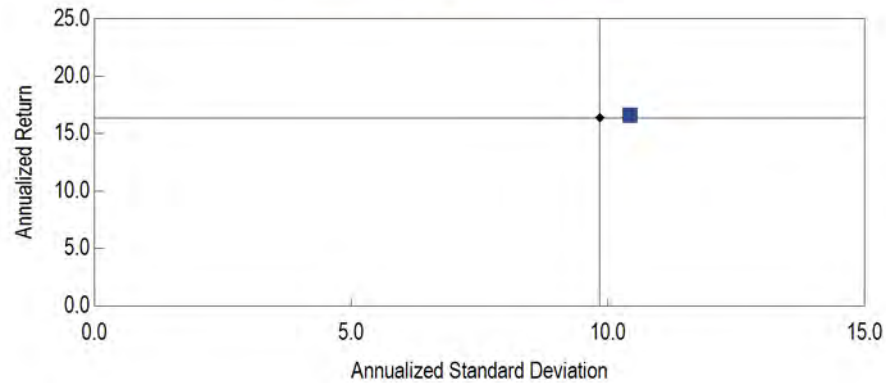


## Top Ten Holdings

APPLE	3.3%
MICROSOFT	2.4%
SPDR S&P 500 ETF TST.	2.1%
JOHNSON & JOHNSON	2.1%
AMAZON.COM	2.0%
EXXON MOBIL	2.0%
JP MORGAN CHASE & CO.	1.9%
PFIZER	1.6%
PEPSICO	1.6%
ALPHABET 'C'	1.5%
<b>Total For Top Ten Holdings</b>	<b>20.4%</b>

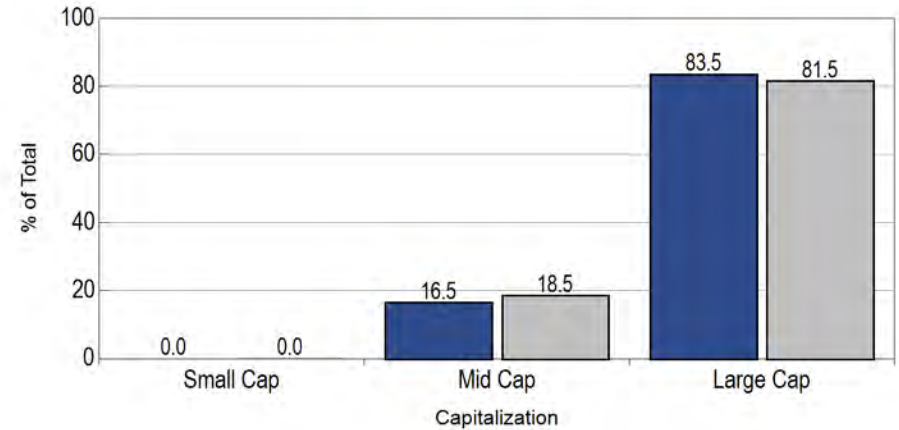
As of September 30, 2016

**Annualized Return vs. Annualized Standard Deviation  
 5 Years Ending September 30, 2016**



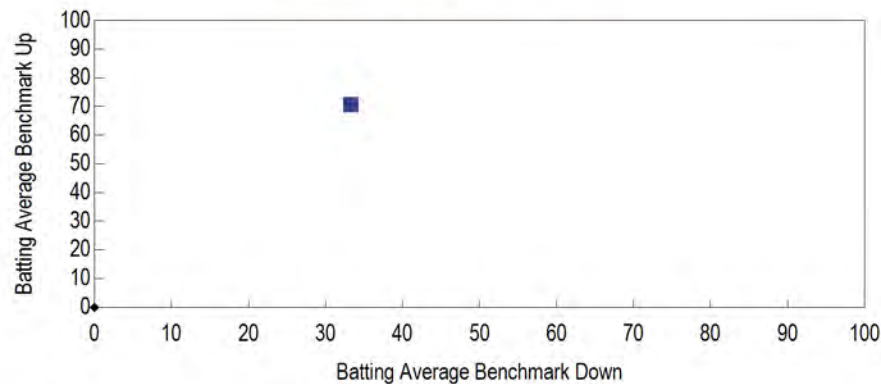
- Dupont Capital Investment
- ◆ S&P 500

**Market Capitalization  
 As of September 30, 2016**



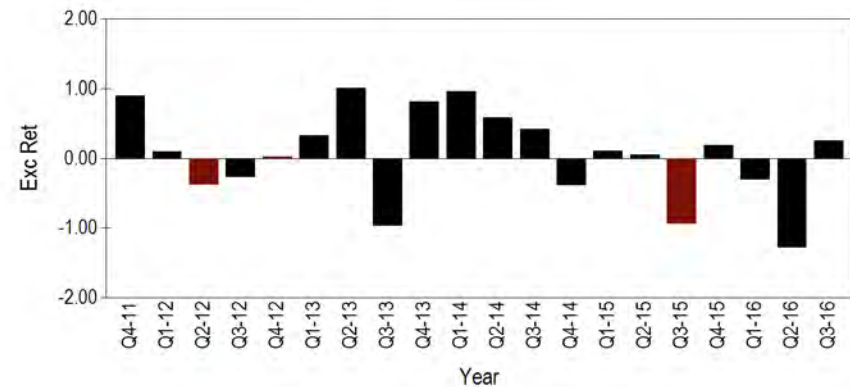
- Dupont Capital Investment

**Batting Average Benchmark Up vs. Batting Average Benchmark Down  
 5 Years Ending September 30, 2016**



- Dupont Capital Investment
- ◆ S&P 500

**Quarterly Excess Performance**



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market

# Sussex County Pension

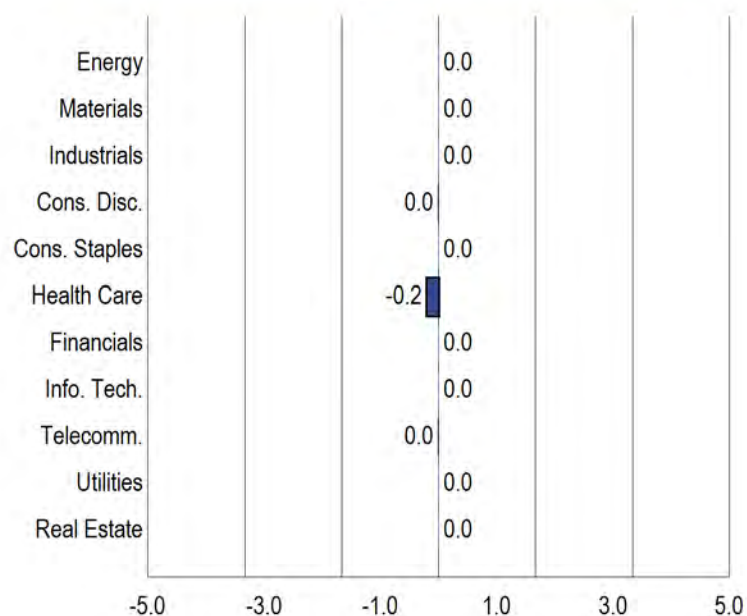
## Vanguard Mid Cap Value

As of September 30, 2016

### Manager Summary

- Passively-managed.
- Seeks to track the performance of the CRSP US Mid Cap Value Index.
- Invests in value stocks of medium-size U.S. companies.
- Fund remains fully invested.

Sector Over/Under Allocation (%) vs CRSP US Mid Cap Value TR USD



### Characteristics

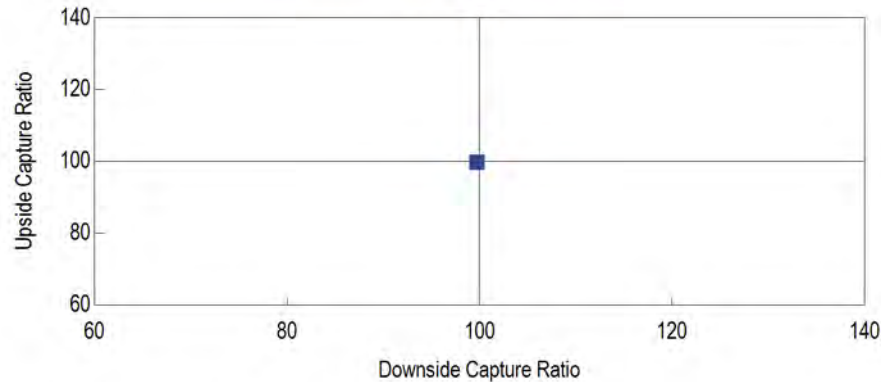
	Portfolio	CRSP US Mid Cap Value TR USD
Number of Holdings	211	202
Weighted Avg. Market Cap. (\$B)	11.79	11.80
Median Market Cap. (\$B)	9.41	9.40
Price To Earnings	22.74	21.42
Price To Book	3.05	2.80
Price To Sales	1.96	1.76
Return on Equity (%)	13.99	12.70
Yield (%)	2.18	2.08
Beta (holdings; domestic)	1.10	1.10

### Top Ten Holdings

NEWELL RUBBERMAID	1.5%
NEWMONT MINING	1.2%
CONAGRA FOODS	1.2%
MOLSON COORS BREWING 'B'	1.1%
WEC ENERGY GROUP	1.1%
NIELSEN	1.1%
WILLIS GROUP HOLDINGS	1.0%
EVERSOURCE ENERGY	1.0%
DR PEPPER SNAPPLE GROUP	1.0%
DTE ENERGY	1.0%
<b>Total For Top Ten Holdings</b>	<b>11.1%</b>

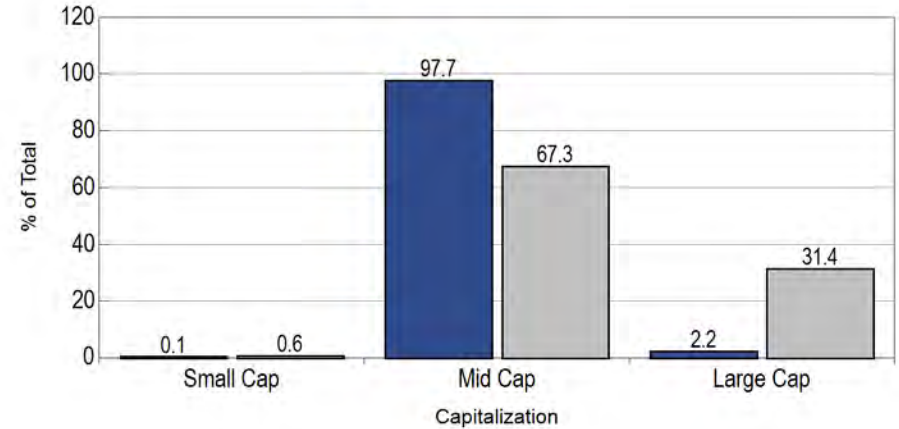
As of September 30, 2016

**Upside Capture Ratio vs. Downside Capture Ratio**  
 5 Years Ending September 30, 2016



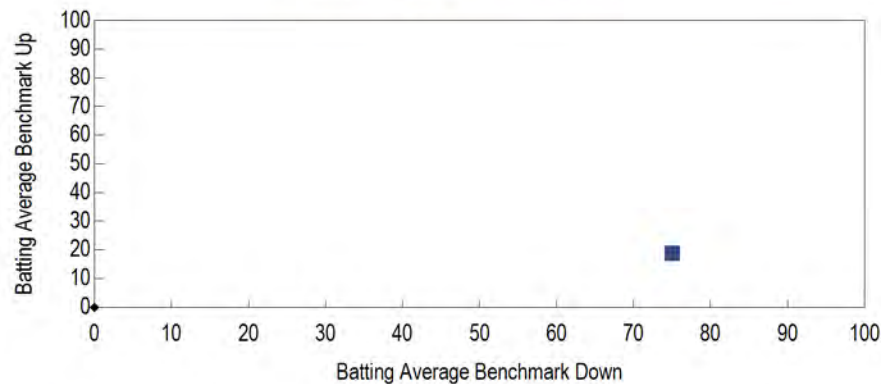
- Vanguard Mid Cap Value
- ◆ Spliced Mid Cap Value Index

**Market Capitalization**  
 As of September 30, 2016



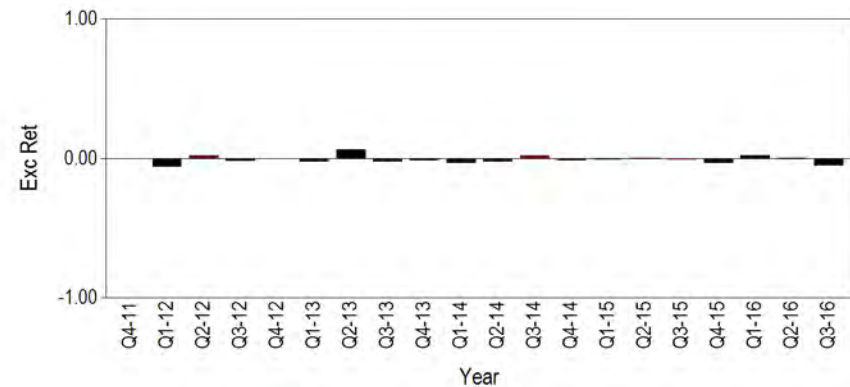
- Vanguard Mid Cap Value

**Batting Average Benchmark Up vs. Batting Average Benchmark Down**  
 5 Years Ending September 30, 2016



- Vanguard Mid Cap Value
- ◆ Spliced Mid Cap Value Index

**Quarterly Excess Performance**



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market

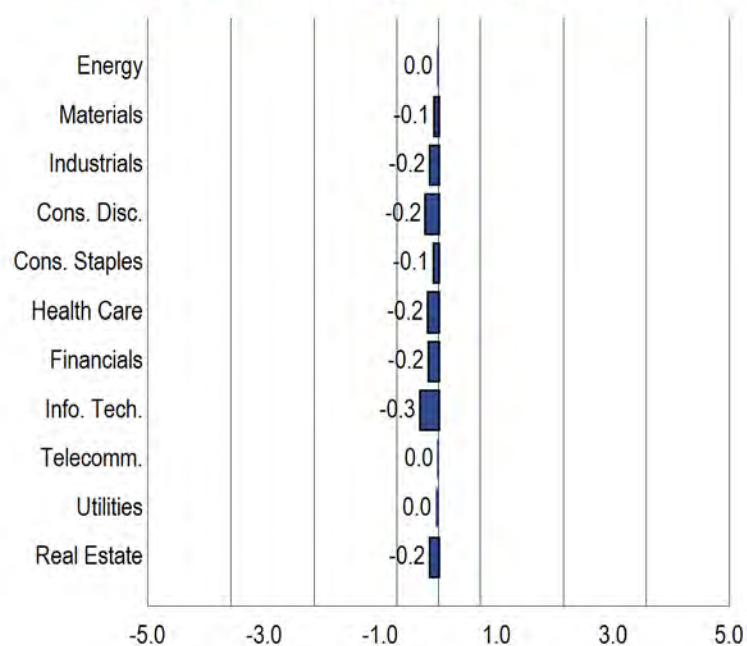
## Vanguard Extended Market Index

As of September 30, 2016

## Manager Summary

- Passively managed strategy.
- Seeks to track the performance of the S&P Completion Index.
- Mid and small cap equity diversified across growth and value styles.
- Fund remains fully invested.

Sector Over/Under Allocation (%) vs S&amp;P Completion Index TR



## Characteristics

	Portfolio	S&P Completion Index TR
Number of Holdings	3,252	3,337
Weighted Avg. Market Cap. (\$B)	5.22	5.23
Median Market Cap. (\$B)	0.56	0.52
Price To Earnings	24.69	24.78
Price To Book	3.67	3.12
Price To Sales	3.71	3.04
Return on Equity (%)	12.74	11.46
Yield (%)	1.47	1.27
Beta (holdings; domestic)	1.19	1.19

## Top Ten Holdings

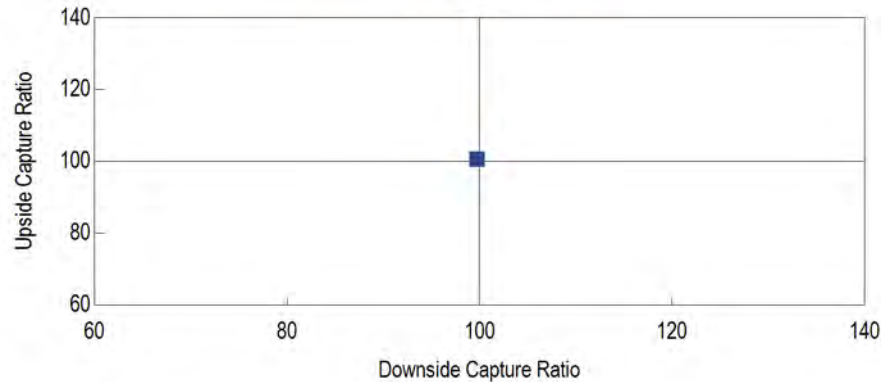
CASH - USD	1.5%
LIBERTY GLOBAL SR.C	0.6%
TESLA MOTORS	0.6%
LINKEDIN CLASS A	0.5%
LAS VEGAS SANDS	0.5%
FLEETCOR TECHNOLOGIES	0.5%
INCYTE	0.4%
BIOMARIN PHARM.	0.4%
PALO ALTO NETWORKS	0.3%
SBA COMMS.	0.3%
<b>Total For Top Ten Holdings</b>	<b>5.6%</b>



Vanguard Extended Market Index

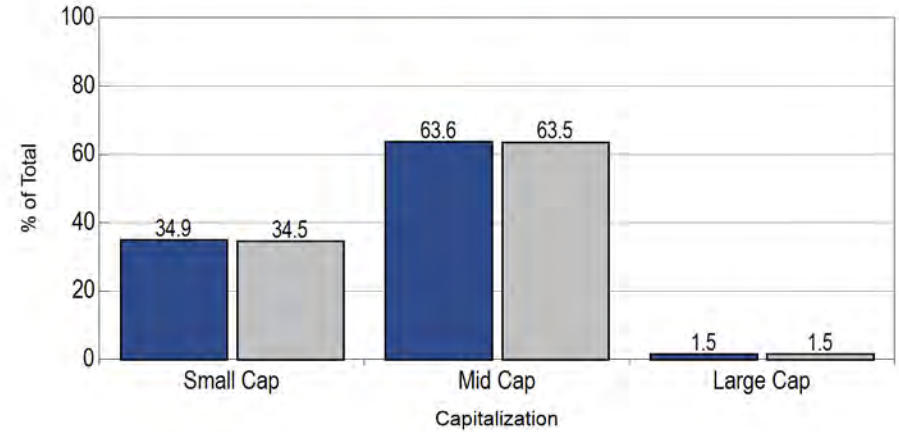
As of September 30, 2016

Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending September 30, 2016



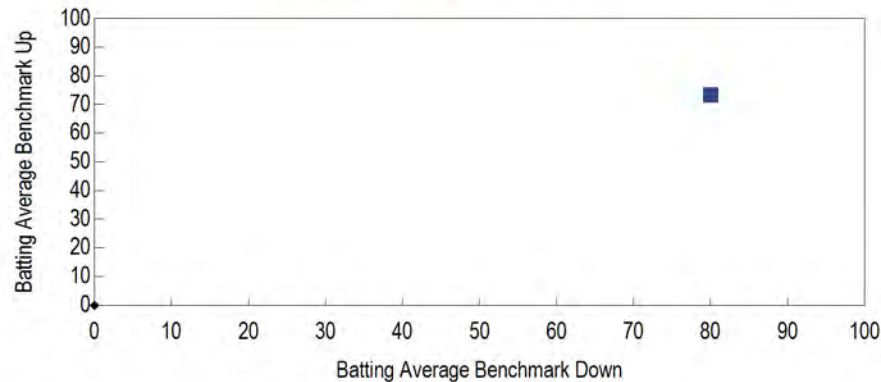
- Vanguard Extended Market Index
- ◆ S&P Completion Index TR

Market Capitalization  
As of September 30, 2016



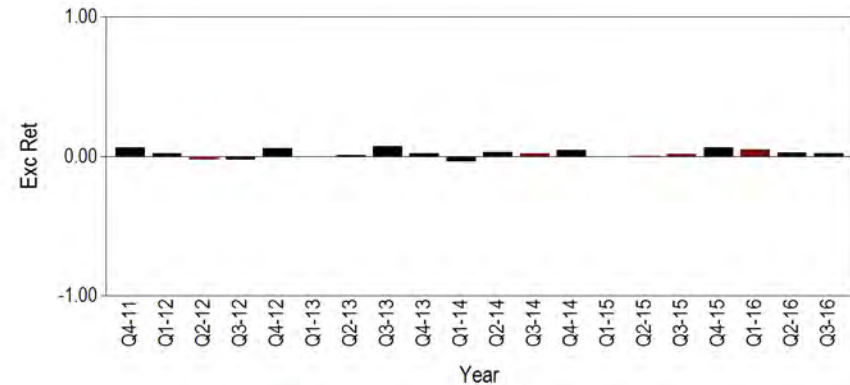
- Vanguard Extended Market Index

Batting Average Benchmark Up vs. Batting Average Benchmark Down  
5 Years Ending September 30, 2016



- Vanguard Extended Market Index
- ◆ S&P Completion Index TR

Quarterly Excess Performance

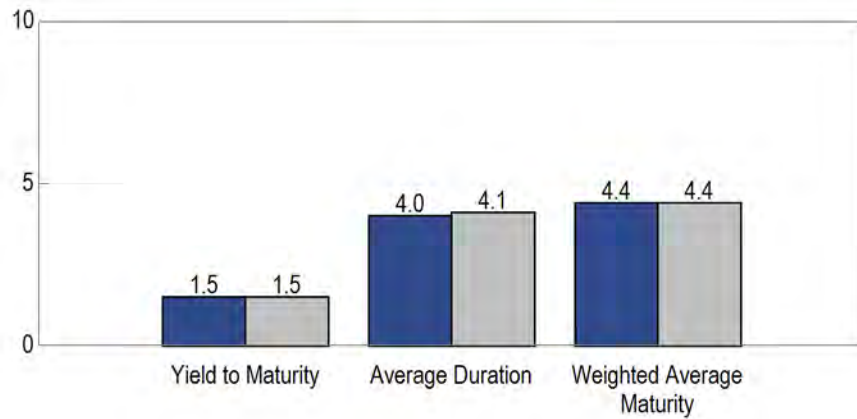


- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market

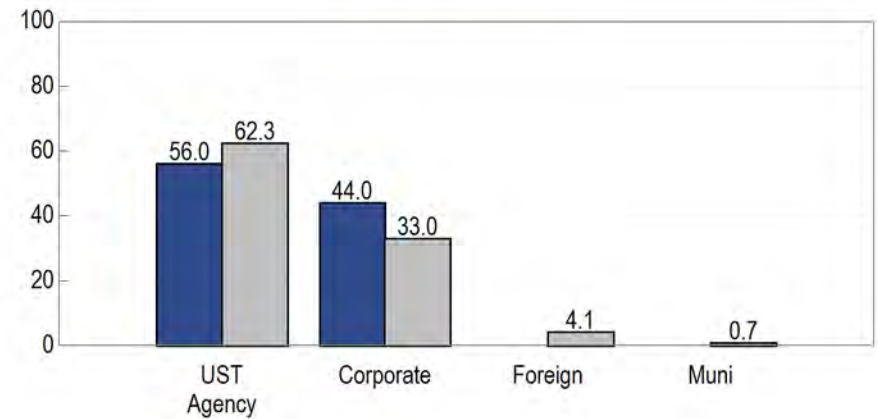
As of September 30, 2016

Summary: Strategy focuses equally on duration management, sector selection and yield curve exposure. Assess overall market environment and position portfolio to benefit from realistic expectations. Will actively trade, including analysis of technical factors, price momentum, interest rate outlook and yield curve movement.

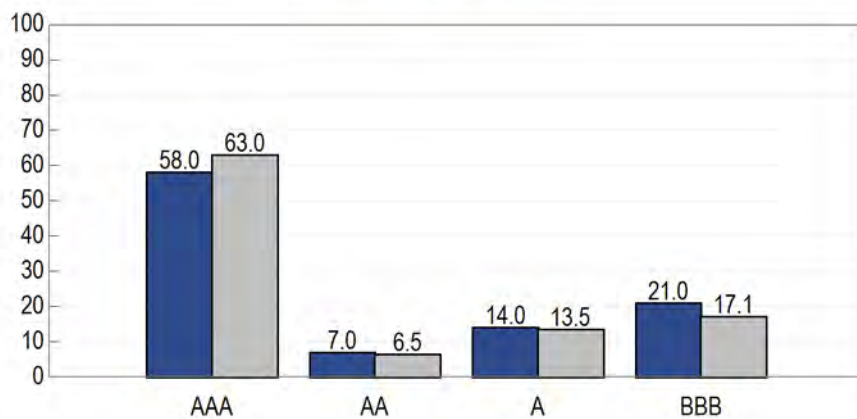
Fixed Income Characteristics



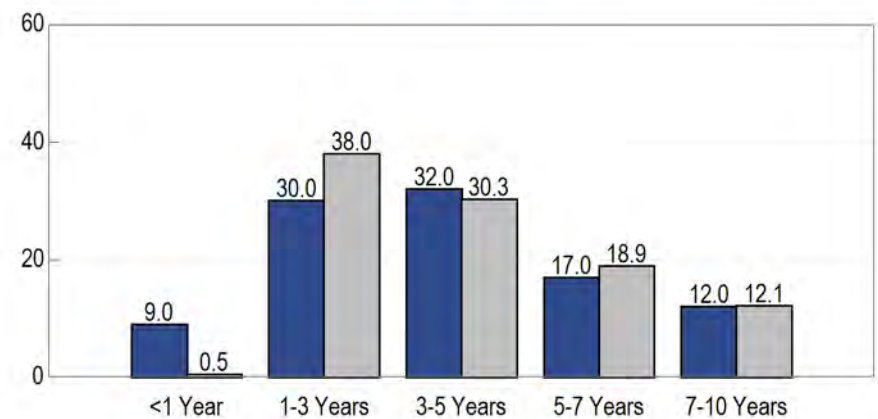
US Sector Allocation



Credit Quality Allocation



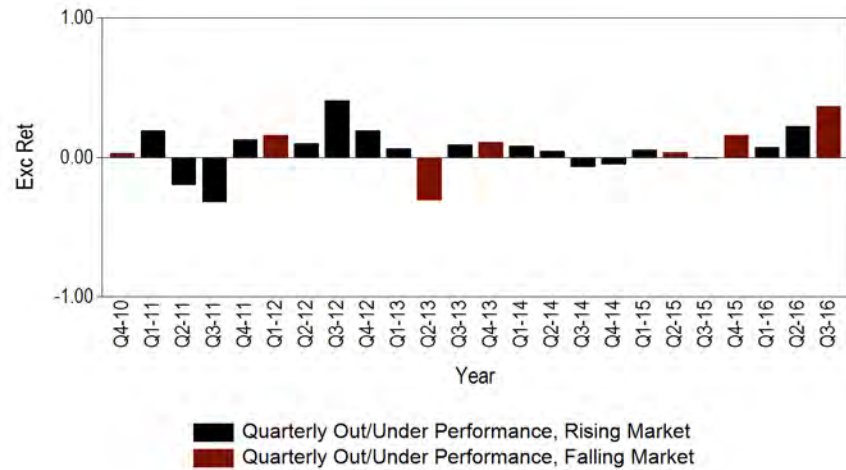
Duration Allocation



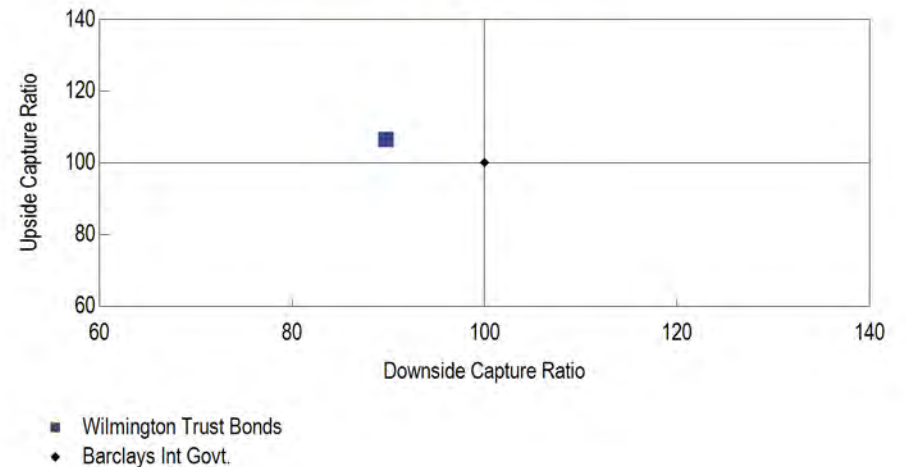
■ Wilmington Trust Bonds    ■ Barclays Int Govt/Credit

As of September 30, 2016

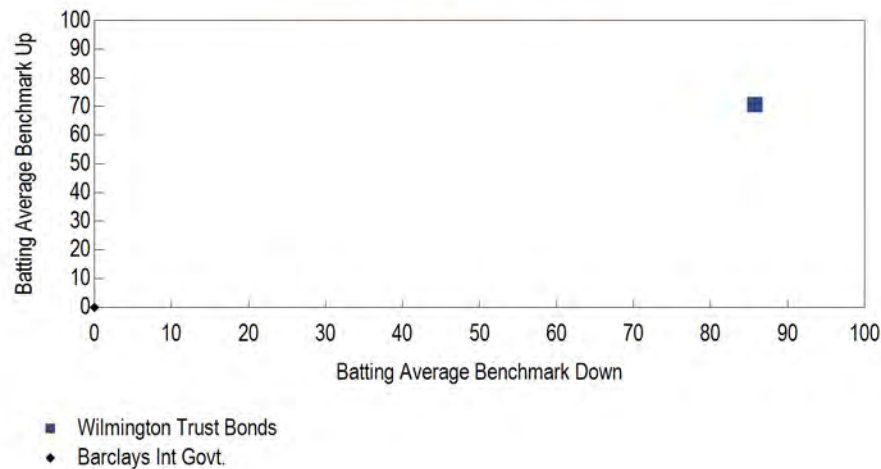
Quarterly Excess Performance



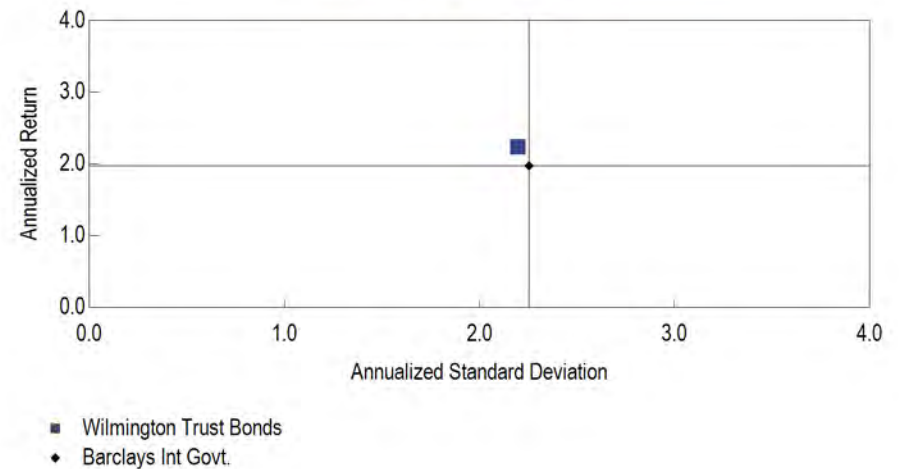
Upside Capture Ratio vs. Downside Capture Ratio  
 6 Years Ending September 30, 2016

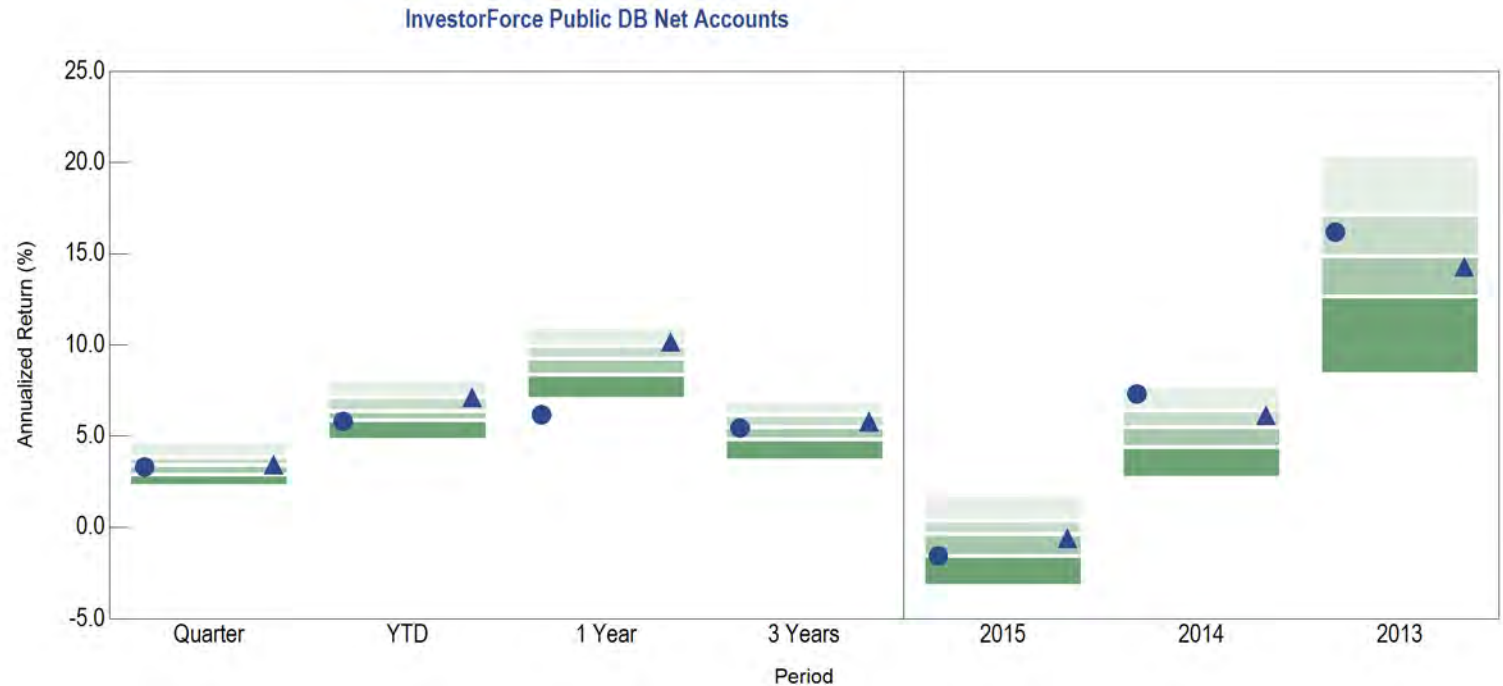


Batting Average Benchmark Up vs. Batting Average Benchmark Down  
 6 Years Ending September 30, 2016



Annualized Return vs. Annualized Standard Deviation  
 6 Years Ending September 30, 2016



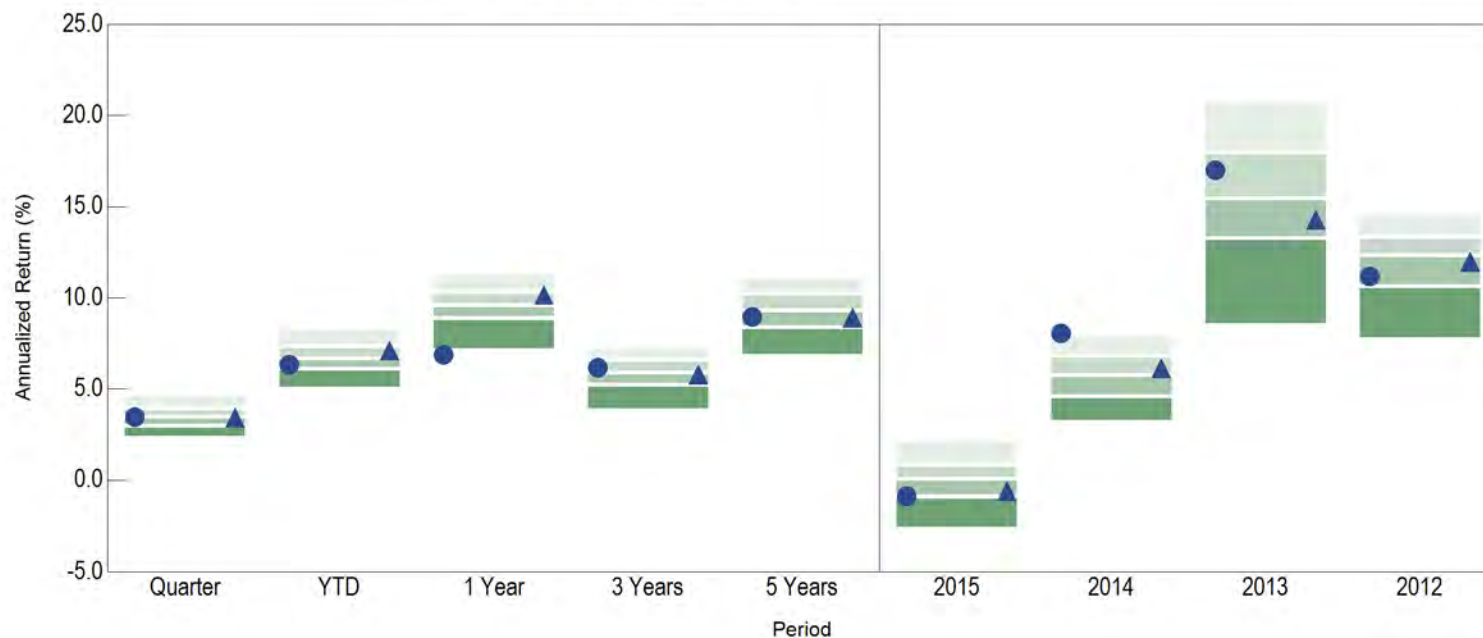


	Return (Rank)						
	Quarter	YTD	1 Year	3 Years	2015	2014	2013
5th Percentile	4.7	8.1	11.0	6.9	1.7	7.7	20.4
25th Percentile	3.9	7.1	10.0	6.2	0.4	6.4	17.2
Median	3.4	6.4	9.3	5.5	-0.4	5.5	14.9
75th Percentile	2.9	5.9	8.4	4.8	-1.5	4.4	12.7
95th Percentile	2.3	4.8	7.0	3.7	-3.2	2.7	8.4
# of Portfolios	229	227	225	201	262	210	191
● State of Delaware Investment Pool	3.3 (57)	5.8 (77)	6.2 (99)	5.4 (55)	-1.5 (76)	7.3 (9)	16.2 (36)
▲ Balanced Pooled Fund Policy Index	3.4 (49)	7.1 (27)	10.2 (21)	5.8 (39)	-0.6 (57)	6.1 (33)	14.3 (57)

**Benchmark History**

State of Delaware Investment Pool  
 1/1/2009 Present Russell 3000 38% / MSCI ACWI ex USA 20% / Barclays U.S. Universal 38.5% / Barclays US TIPS 1.5% / BofA Merrill Lynch 91-Day T-Bill 2%

InvestorForce Public DB Gross Accounts



	Return (Rank)									
	Quarter	YTD	1 Year	3 Years	5 Years	2015	2014	2013	2012	
5th Percentile	4.7	8.4	11.3	7.3	11.2	2.2	8.0	20.8	14.6	
25th Percentile	4.0	7.3	10.4	6.6	10.3	0.9	6.8	18.0	13.4	
Median	3.5	6.7	9.6	5.9	9.3	0.1	5.8	15.5	12.4	
75th Percentile	3.0	6.1	8.9	5.2	8.4	-0.9	4.6	13.3	10.7	
95th Percentile	2.3	5.0	7.2	3.8	6.9	-2.6	3.2	8.5	7.8	
# of Portfolios	269	256	255	226	206	316	248	231	236	
● State of Delaware Investment Pool	3.5 (53)	6.3 (66)	6.9 (97)	6.2 (42)	9.0 (60)	-0.9 (76)	8.1 (5)	17.0 (35)	11.2 (72)	
▲ Balanced Pooled Fund Policy Index	3.4 (55)	7.1 (35)	10.2 (32)	5.8 (56)	8.9 (60)	-0.6 (68)	6.1 (40)	14.3 (65)	12.0 (56)	

Benchmark History

State of Delaware Investment Pool  
 1/1/2009 Present Russell 3000 38% / MSCI ACWI ex USA 20% / Barclays U.S. Universal 38.5% / Barclays US TIPS 1.5% / BofA Merrill Lynch 91-Day T-Bill 2%

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OPEB

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# OBSERVATIONS FOR SUSSEX COUNTY OPEB

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- Market Value (September 30, 2016): \$32.8 million
- Q3 Gain: +\$877,000, 1 Year Gain: +\$2.8 million
- Lagged policy index in Q3
  - MFS Low Volatility Global
- Manager changes during the quarter
  - Terminated Thornburg Global Opportunities
  - Proceeds split between Vanguard Institutional Index and Total International Stock Index





# LOOKING AHEAD FOR SUSSEX COUNTY OPEB

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- Funding Policy
- Further diversification?

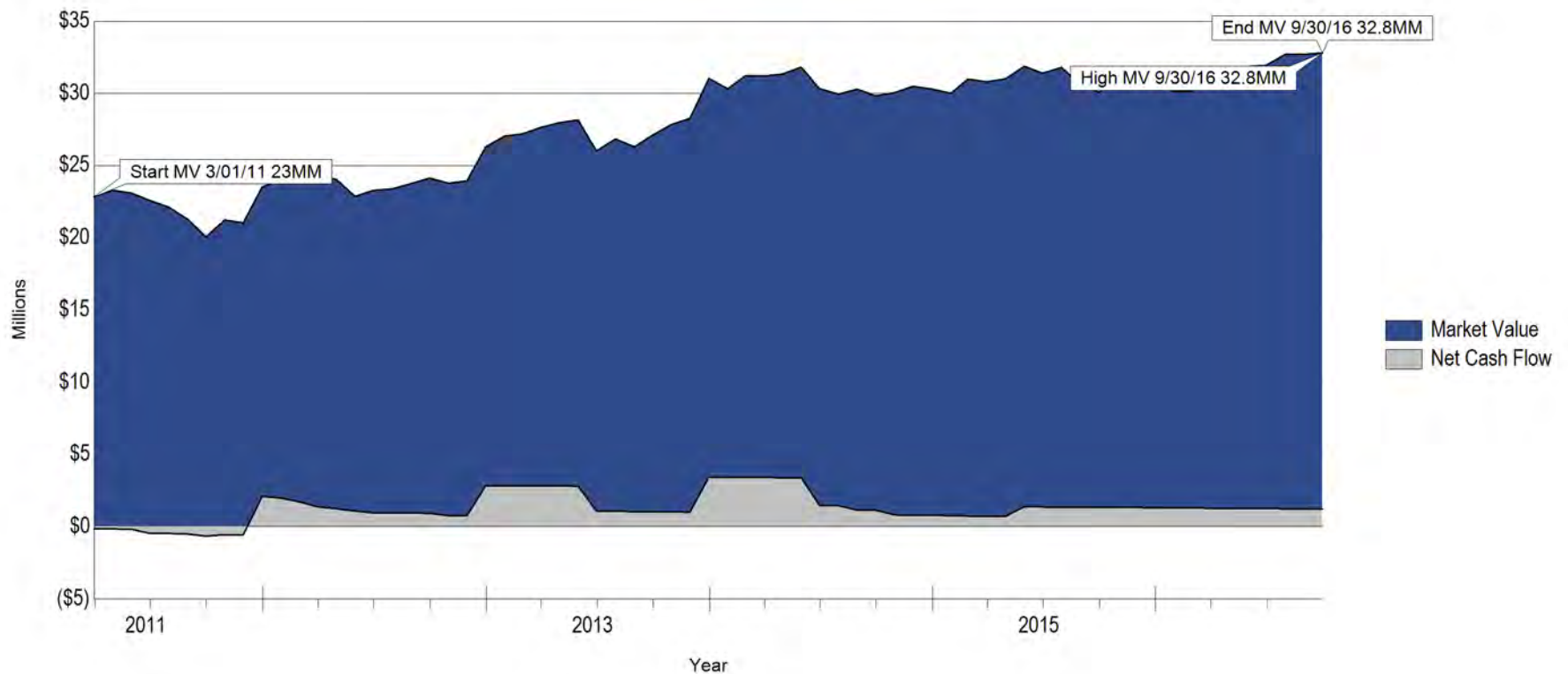


As of September 30, 2016

Summary of Cash Flows

	Third Quarter	Year-To-Date	One Year	Three Years	Five Years	Inception 3/1/11
<b>Beginning Market Value</b>	<b>\$31,937,953</b>	<b>\$30,971,152</b>	<b>\$30,057,238</b>	<b>\$27,102,650</b>	<b>\$20,061,336</b>	<b>\$22,982,102</b>
Net Cash Flow	-\$16,798	-\$31,619	-\$45,785	\$447,218	\$2,311,519	\$1,649,629
Net Investment Change	\$877,238	\$1,858,860	\$2,786,939	\$5,248,524	\$10,425,537	\$8,166,662
<b>Ending Market Value</b>	<b>\$32,798,392</b>	<b>\$32,798,392</b>	<b>\$32,798,392</b>	<b>\$32,798,392</b>	<b>\$32,798,392</b>	<b>\$32,798,392</b>

Market Value History  
5 Years 7 Months Ending September 30, 2016



As of September 30, 2016

## Cash Flow Summary

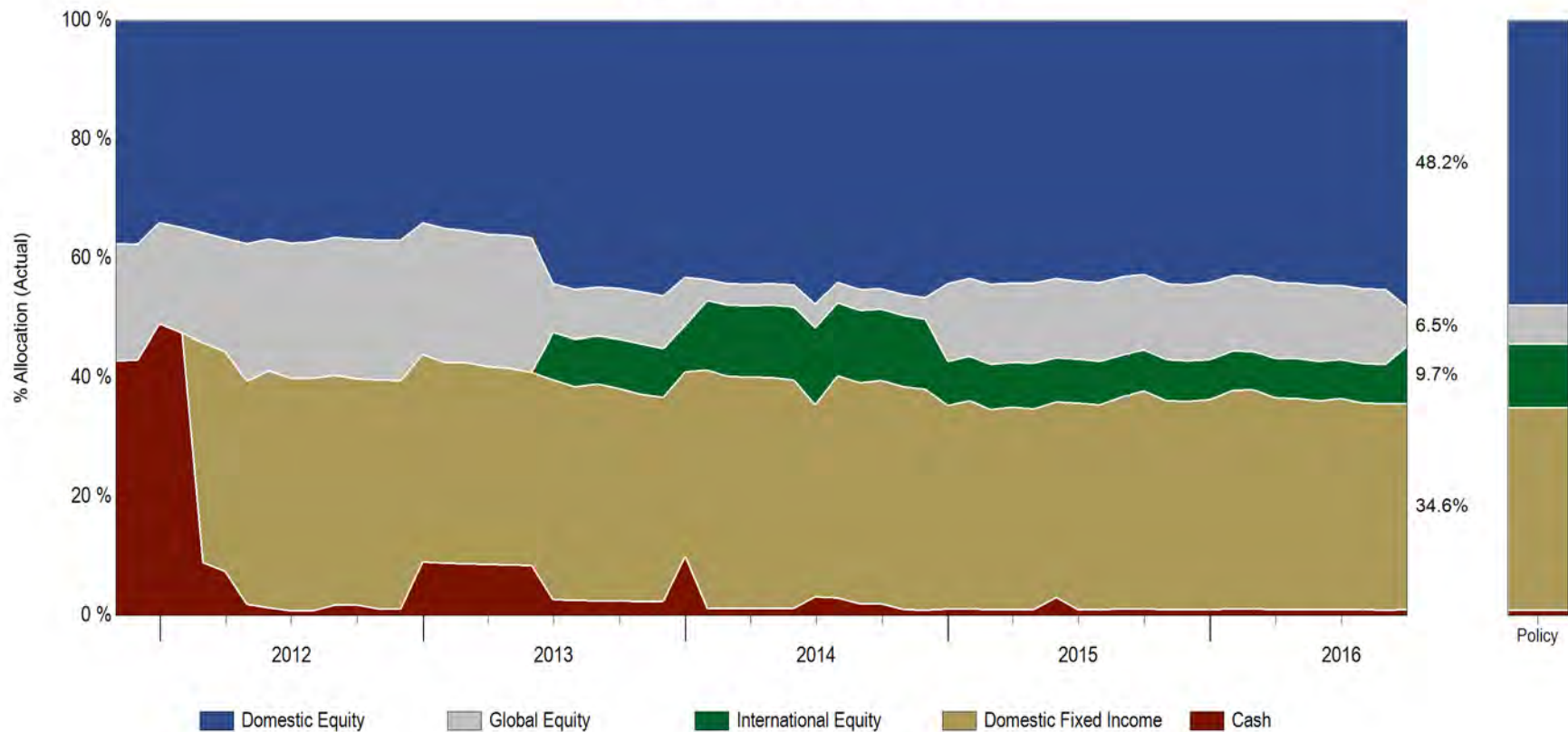
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Vanguard Institutional Index	\$11,273,132	\$985,000	\$429,824	\$12,687,956
Vanguard Mid Cap Value	\$2,005,580	\$0	\$113,478	\$2,119,059
Vanguard Small Cap Value Index	\$942,995	\$0	\$54,348	\$997,342
MFS Low Volatility Global Equity	\$2,115,617	\$0	\$16,549	\$2,132,167
Thornburg Global Opportunities	\$1,858,160	-\$1,990,548	\$132,388	\$0
American Funds Int'l Growth & Income	\$2,079,528	\$0	\$129,753	\$2,209,280
Vanguard Total Int'l Stock Index	--	\$990,000	-\$10,824	\$979,176
Wilmington Trust Fixed Income	\$11,344,939	-\$5,578	\$11,666	\$11,351,027
Wilmington Trust Short Term	\$0	\$0	\$0	\$0
Operating Account	\$222,316	-\$9,276	\$33	\$213,073
Mutual Fund Cash	\$95,685	\$13,604	\$23	\$109,312
<b>Total</b>	<b>\$31,937,953</b>	<b>-\$16,798</b>	<b>\$877,238</b>	<b>\$32,798,392</b>

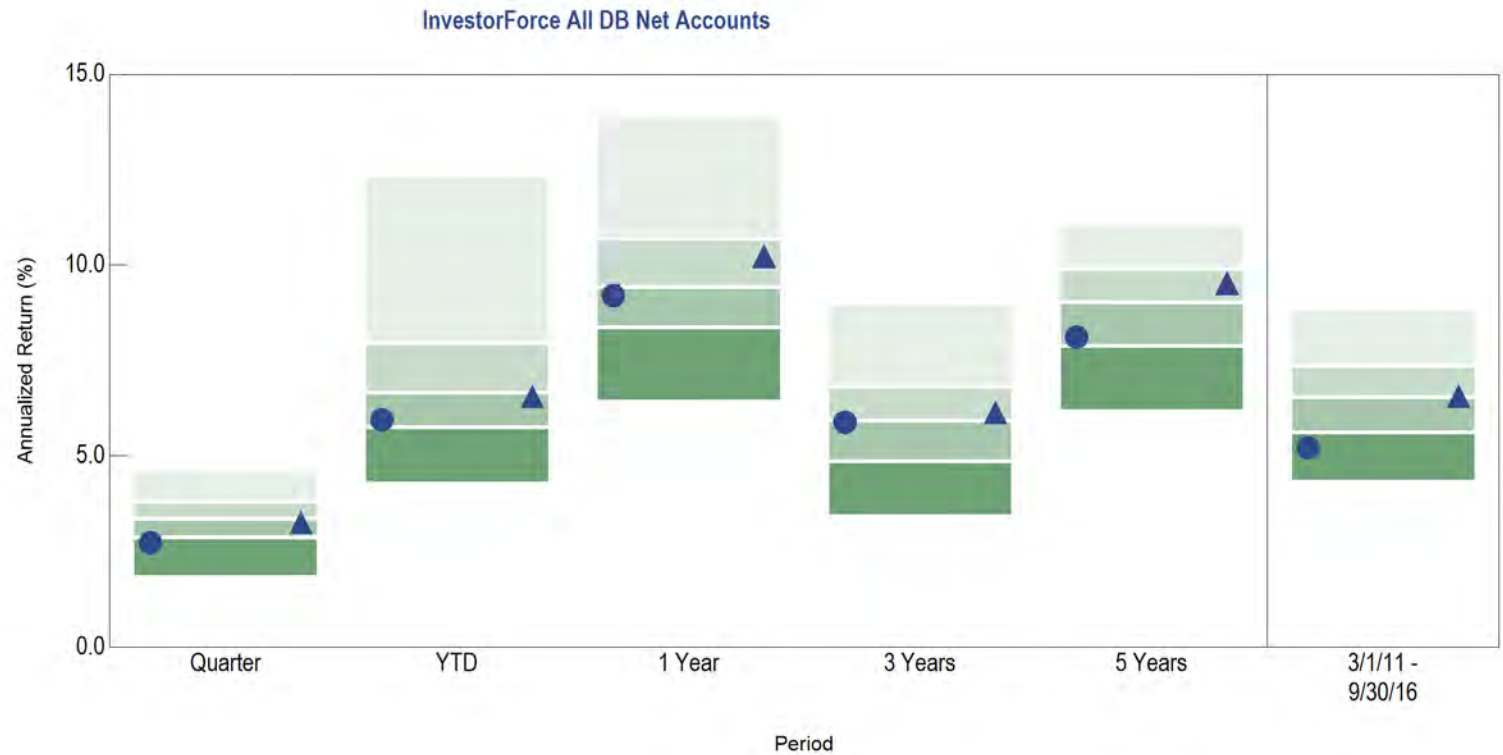
Asset Allocation vs. Target

As of September 30, 2016

	Current	Policy	Policy Range	Within Range
Domestic Equity	48.2%	47.8%	42.8% - 52.8%	Yes
Global Equity	6.5%	6.5%	1.5% - 11.5%	Yes
International Equity	9.7%	10.8%	5.8% - 15.8%	Yes
Domestic Fixed Income	34.6%	34.0%	29.0% - 39.0%	Yes
Cash	1.0%	1.0%	0.0% - 5.0%	Yes
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		

Asset Allocation History  
4 Years 11 Months Ending September 30, 2016



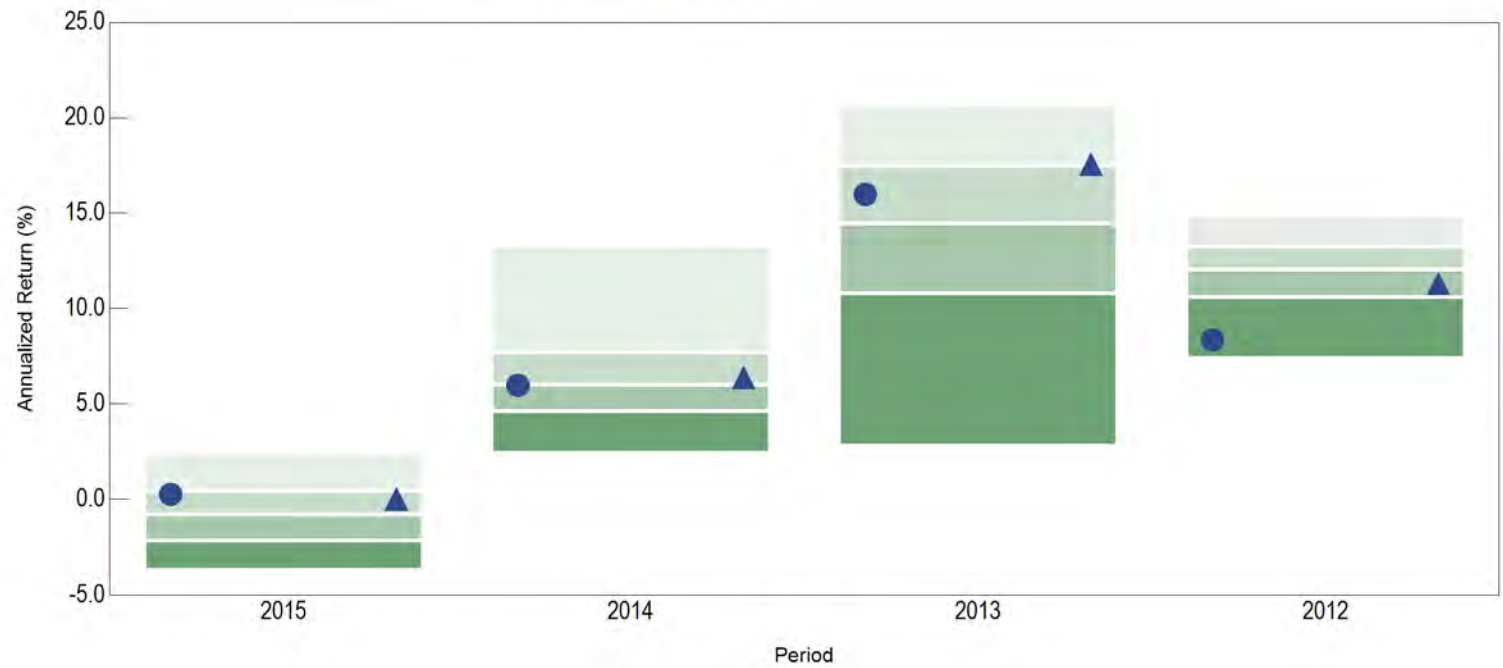


	Return (Rank)					
	Quarter	YTD	1 Year	3 Years	5 Years	3/11 - 9/30/16
5th Percentile	4.6	12.4	13.9	9.0	11.1	8.8
25th Percentile	3.8	8.0	10.7	6.8	9.9	7.4
Median	3.4	6.7	9.4	5.9	9.0	6.5
75th Percentile	2.9	5.8	8.4	4.9	7.9	5.6
95th Percentile	1.9	4.3	6.4	3.4	6.2	4.3
# of Portfolios	863	859	855	778	709	690
● Total Fund	2.7 (81)	5.9 (71)	9.2 (57)	5.9 (51)	8.1 (72)	5.2 (83)
▲ Sussex OPEB Policy Index	3.3 (57)	6.6 (53)	10.2 (33)	6.1 (45)	9.5 (36)	6.6 (50)

Please see *Benchmark History Table* for historical changes to the Investment Policy Statement.

*All returns over one year are annualized.*

InvestorForce All DB Net Accounts



	Return (Rank)			
	2015	2014	2013	2012
5th Percentile	2.4	13.3	20.7	14.9
25th Percentile	0.4	7.7	17.5	13.3
Median	-0.8	6.0	14.5	12.1
75th Percentile	-2.1	4.6	10.8	10.6
95th Percentile	-3.6	2.5	2.8	7.4
# of Portfolios	1,024	913	852	767
● Total Fund	0.3 (29)	6.0 (52)	16.0 (38)	8.4 (94)
▲ Sussex OPEB Policy Index	0.0 (33)	6.4 (45)	17.6 (25)	11.3 (64)

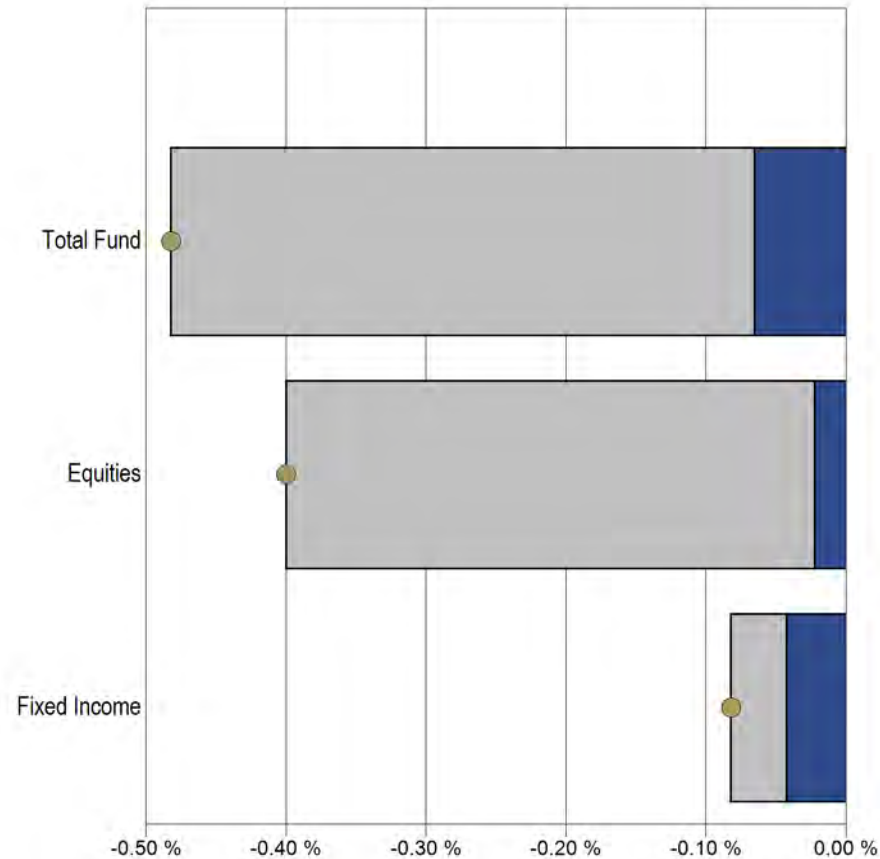
Please see *Benchmark History Table* for historical changes to the Investment Policy Statement.

All returns over one year are annualized.

Attribution Analysis

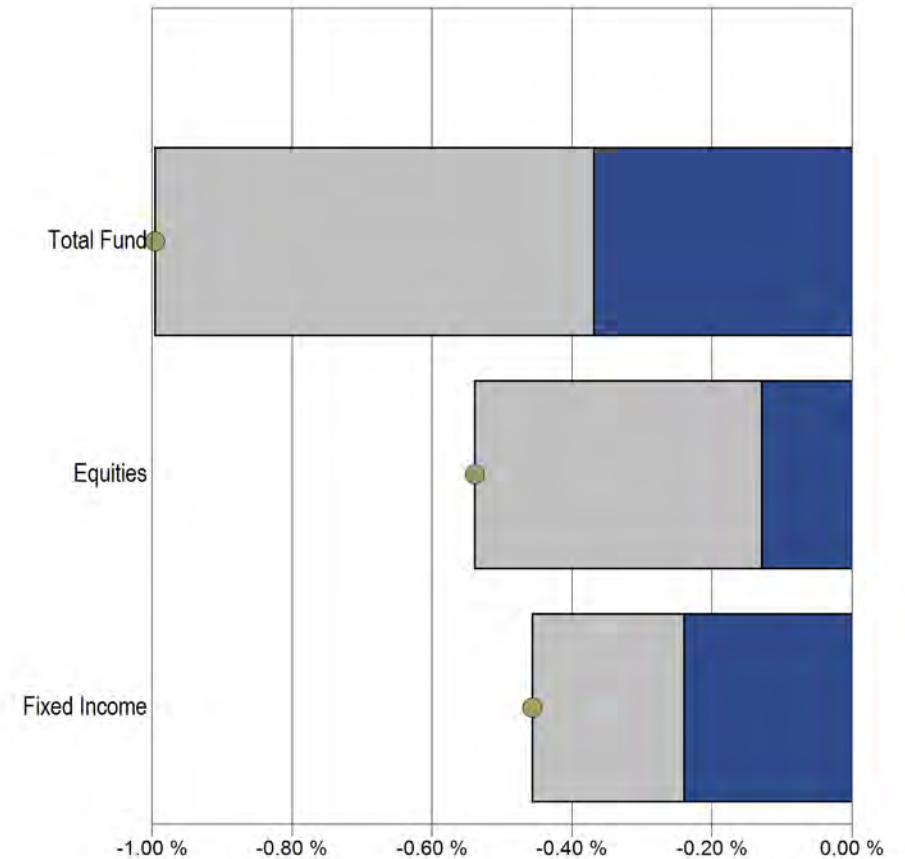
As of September 30, 2016

Attribution Effects  
3 Months Ending September 30, 2016



Allocation Effect  
Selection Effect  
Total Effect

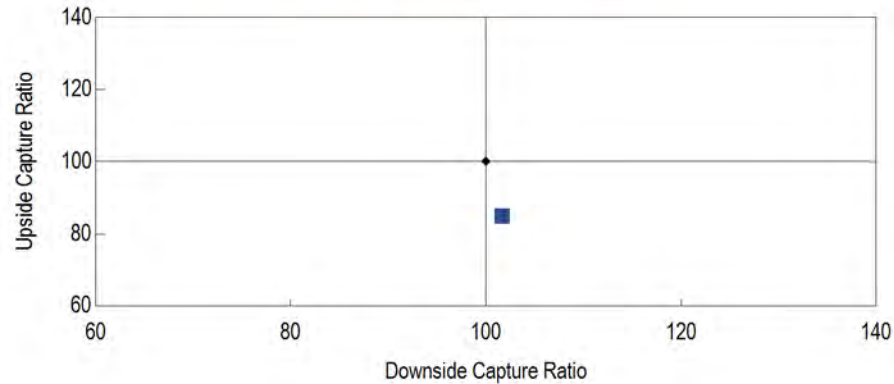
Attribution Effects  
1 Year Ending September 30, 2016



Allocation Effect  
Selection Effect  
Total Effect

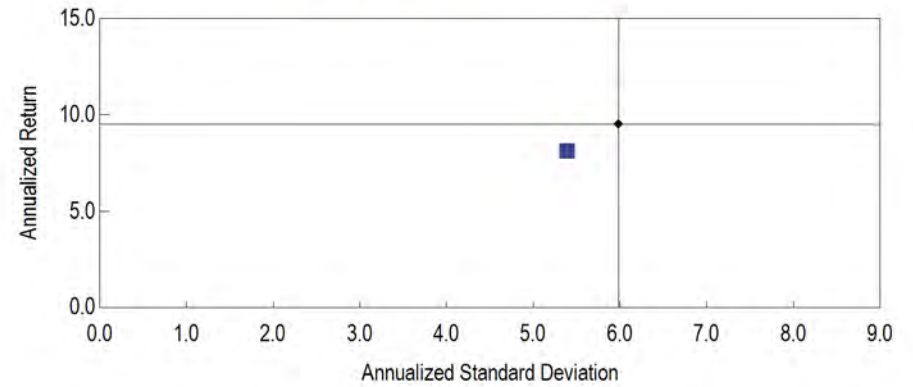


Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending September 30, 2016



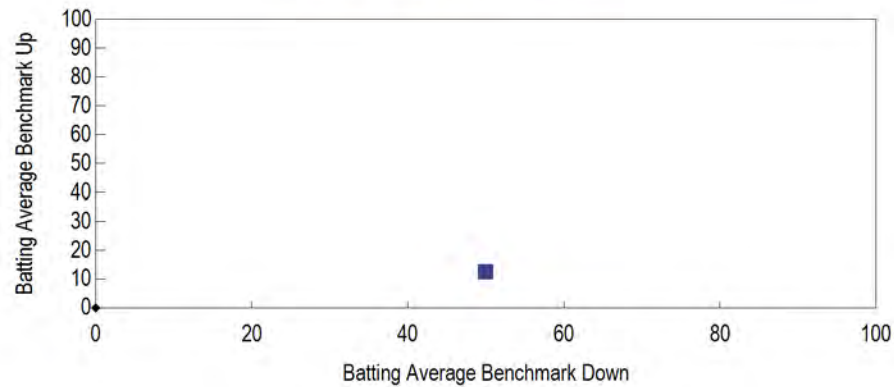
- Total Fund
- ◆ Sussex OPEB Policy Index

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending September 30, 2016



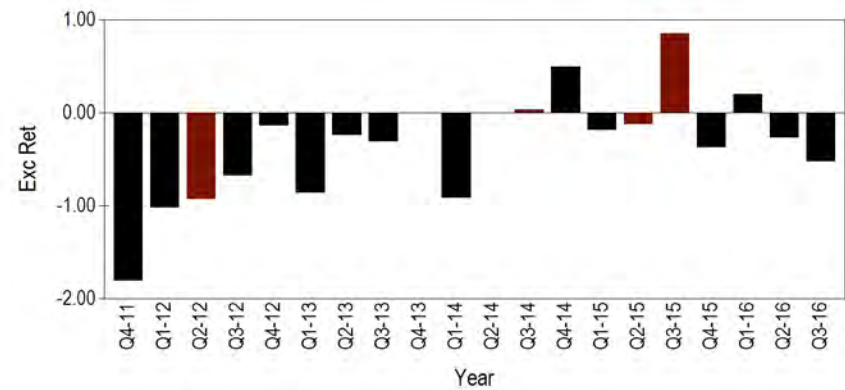
- Total Fund
- ◆ Sussex OPEB Policy Index

Batting Average Benchmark Up vs. Batting Average Benchmark Down  
5 Years Ending September 30, 2016



- Total Fund
- ◆ Sussex OPEB Policy Index

Quarterly Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market



## Portfolio Summary

As of September 30, 2016

## Investment Manager Returns - Net

	% of Portfolio	Policy %	2016 Q3	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
<b>Equities</b>	<b>64.4%</b>	<b>65.0%</b>												
Vanguard Institutional Index	38.7%		3.9%	51	7.8%	20	15.5%	8	11.2%	8	16.4%	17	8.2%	Jan-14
<i>S&amp;P 500</i>			3.9%	52	7.8%	20	15.4%	9	11.2%	8	16.4%	18	8.2%	Jan-14
Vanguard Mid Cap Value	6.5%		5.7%	34	10.4%	53	14.8%	43	11.1%	7	17.7%	6	8.1%	Jan-14
<i>Spliced Mid Cap Value Index</i>			5.7%	34	10.4%	53	14.8%	43	11.0%	7	17.6%	6	8.0%	Jan-14
Vanguard Small Cap Value Index	3.0%		5.8%	81	13.5%	34	16.7%	34	9.6%	10	17.6%	8	4.8%	Jun-15
<i>Spliced Small Cap Value Index</i>			5.8%	82	13.5%	34	16.6%	35	9.6%	10	17.5%	8	4.7%	Jun-15
MFS Low Volatility Global Equity	6.5%		1.0%	95	9.4%	17	15.6%	14	--	--	--	--	6.7%	Dec-14
<i>MSCI ACWI</i>			5.3%	54	6.6%	44	12.0%	40	--	--	--	--	2.3%	Dec-14
American Funds Int'l Growth & Income	6.7%		6.4%	45	6.3%	20	6.6%	49	0.7%	61	7.7%	47	-1.4%	Jan-14
<i>MSCI ACWI ex USA</i>			6.9%	24	5.8%	22	9.3%	25	0.2%	73	6.0%	86	-1.5%	Jan-14
Vanguard Total Int'l Stock Index	3.0%		6.7%	35	6.8%	14	9.8%	19	1.0%	48	6.9%	71	2.1%	Aug-16
<i>FTSE Global All Cap ex US</i>			7.0%	22	6.4%	20	10.2%	15	1.2%	43	6.9%	71	1.8%	Aug-16
<b>Fixed Income</b>	<b>35.6%</b>	<b>35.0%</b>												
Wilmington Trust Fixed Income	34.6%		0.1%	--	3.9%	--	3.2%	--	2.5%	--	--	--	2.0%	Mar-12
<i>Wilmington Trust Fixed Income Policy Income</i>			0.2%	--	4.2%	--	3.4%	--	2.5%	--	--	--	1.9%	Mar-12
Operating Account	0.6%													
Mutual Fund Cash	0.3%													

Spliced Mid Cap Index: MSCI US Mid Cap 450 through January 31, 2013; CRSP US Mid Cap Index thereafter.

Returns prior to inception are reported by the mutual funds and are for informational purposes only. They are not the returns realized by the plan.

## Portfolio Summary

As of September 30, 2016

## Investment Manager Fee Schedule

Account	Fee Schedule	Market Value As of 9/30/2016	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Vanguard Institutional Index	0.04% of Assets	\$12,687,956	38.7%	\$5,075	0.04%
Vanguard Mid Cap Value	0.08% of Assets	\$2,119,059	6.5%	\$1,695	0.08%
Vanguard Small Cap Value Index	0.08% of Assets	\$997,342	3.0%	\$798	0.08%
MFS Low Volatility Global Equity	0.95% of Assets	\$2,132,167	6.5%	\$20,256	0.95%
American Funds Int'l Growth & Income	0.58% of Assets	\$2,209,280	6.7%	\$12,814	0.58%
Vanguard Total Int'l Stock Index	0.12% of Assets	\$979,176	3.0%	\$1,175	0.12%
Wilmington Trust Fixed Income	0.20% of Assets	\$11,351,027	34.6%	\$22,702	0.20%
Operating Account	No Fee	\$213,073	0.6%	--	--
Mutual Fund Cash	No Fee	\$109,312	0.3%	--	--
<b>Investment Management Fee</b>		<b>\$32,798,392</b>	<b>100.0%</b>	<b>\$64,515</b>	<b>0.20%</b>

## Benchmark History

Total Fund		
1/1/2015	Present	51% Russell 3000 / 14% MSCI ACWI ex USA / 34% Barclays Int Govt/Credit / 1% 91 Day T-Bills
10/1/2014	12/31/2014	46% Russell 3000 / 14% MSCI ACWI ex USA / 39% Barclays Int Govt/Credit / 1% 91 Day T-Bills
4/1/2012	9/30/2014	48% Russell 3000 / 12% MSCI EAFE / 40% Barclays Int Govt/Credit
3/1/2011	3/31/2012	Russell 3000 48% / MSCI EAFE 12% / BofA Merrill Lynch 91-Day T-Bill 40%

# INVESTMENT MANAGERS

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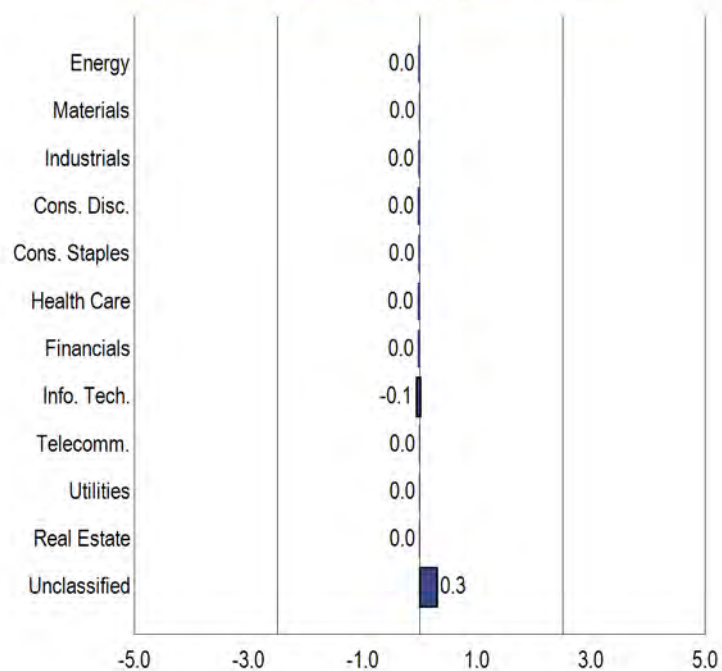


As of September 30, 2016

### Manager Summary

- Passively-managed.
- Seeks to track the performance of the S&P 500 Index.
- Invests in large-cap U.S. equities diversified among growth and value styles.
- Fund remains fully invested.

Sector Over/Under Allocation (%) vs S&P 500



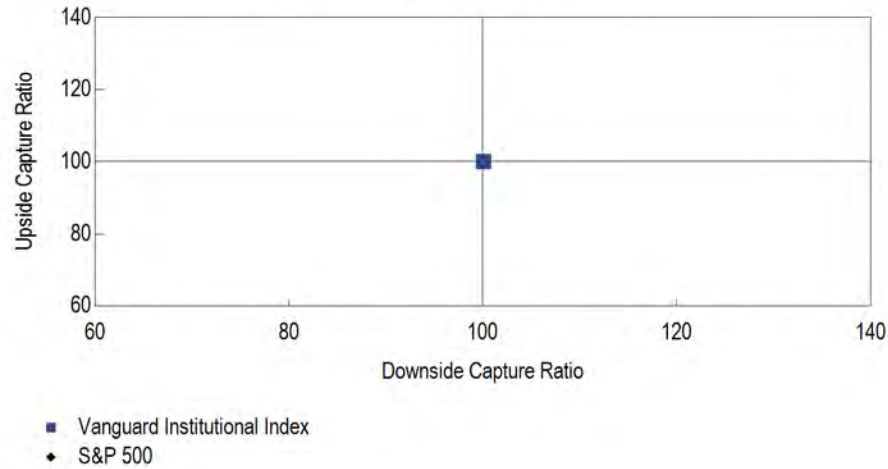
### Characteristics

	Portfolio	S&P 500
Number of Holdings	514	505
Weighted Avg. Market Cap. (\$B)	134.73	134.71
Median Market Cap. (\$B)	19.11	18.90
Price To Earnings	23.17	22.71
Price To Book	4.75	4.51
Price To Sales	3.55	3.06
Return on Equity (%)	18.83	18.79
Yield (%)	2.12	2.11
Beta (holdings; domestic)	0.97	0.98

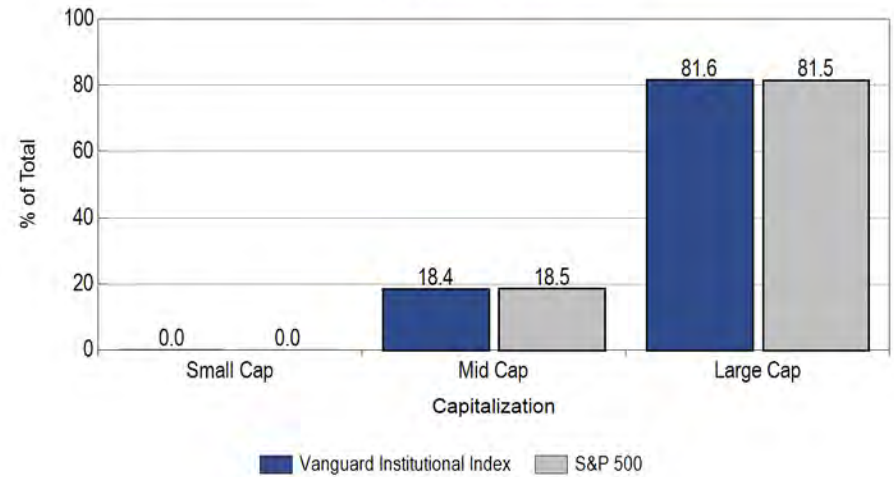
### Top Ten Holdings

APPLE	3.2%
MICROSOFT	2.4%
EXXON MOBIL	1.9%
AMAZON.COM	1.8%
JOHNSON & JOHNSON	1.7%
FACEBOOK CLASS A	1.6%
GENERAL ELECTRIC	1.4%
BERKSHIRE HATHAWAY 'B'	1.4%
AT&T	1.3%
JP MORGAN CHASE & CO.	1.3%
<b>Total For Top Ten Holdings</b>	<b>18.0%</b>

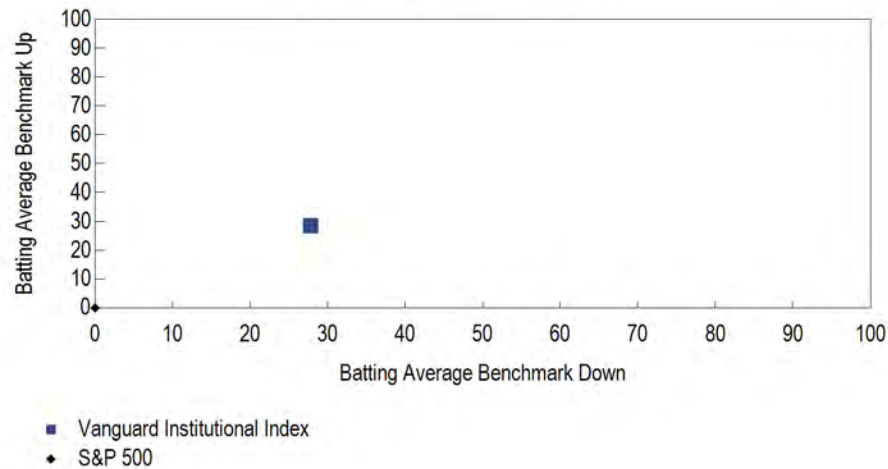
Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending September 30, 2016



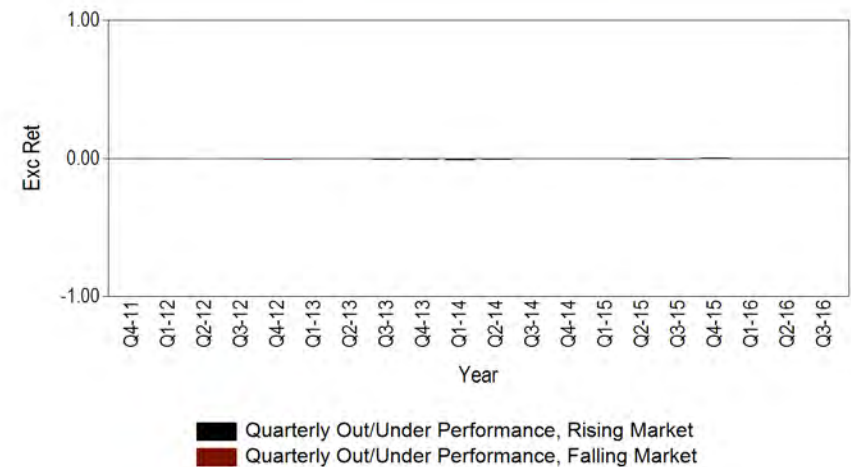
Market Capitalization  
As of September 30, 2016



Batting Average Benchmark Up vs. Batting Average Benchmark Down  
5 Years Ending September 30, 2016



Quarterly Excess Performance



Sussex County OPEB Trust  
**Vanguard Mid Cap Value**

As of September 30, 2016

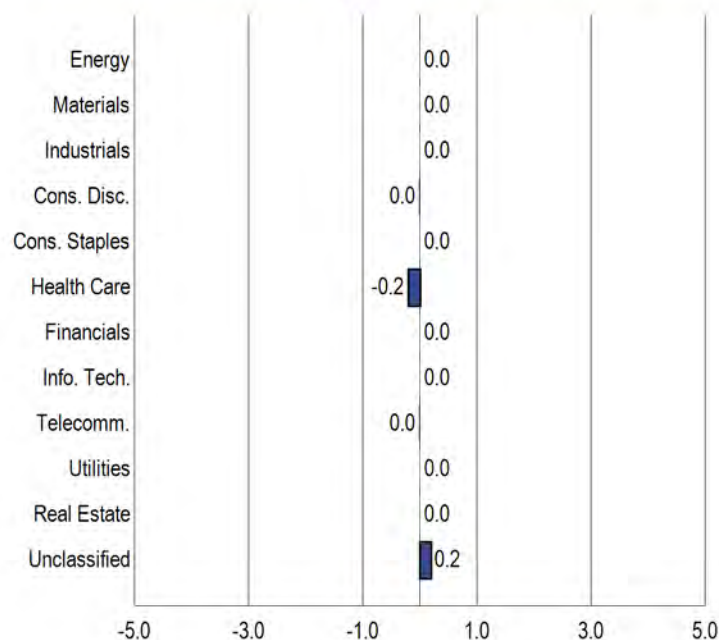
**Manager Summary**

- Passively-managed.
- Seeks to track the performance of the CRSP US Mid Cap Value Index.
- Invests in value stocks of medium-size U.S. companies.
- Fund remains fully invested.

**Characteristics**

	Portfolio	CRSP US Mid Cap Value TR USD
Number of Holdings	211	202
Weighted Avg. Market Cap. (\$B)	11.79	11.80
Median Market Cap. (\$B)	9.41	9.40
Price To Earnings	22.74	21.42
Price To Book	3.05	2.80
Price To Sales	1.96	1.76
Return on Equity (%)	13.99	12.70
Yield (%)	2.18	2.08
Beta (holdings; domestic)	1.10	1.10

**Sector Over/Under Allocation (%) vs CRSP US Mid Cap Value TR USD**

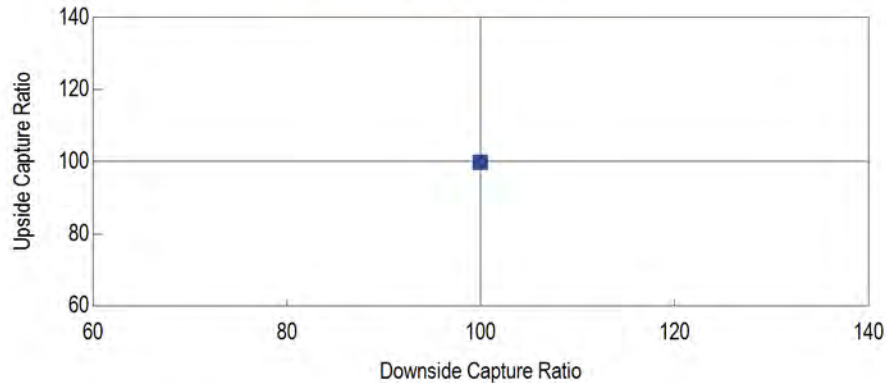


**Top Ten Holdings**

NEWELL RUBBERMAID	1.5%
NEWMONT MINING	1.2%
CONAGRA FOODS	1.2%
MOLSON COORS BREWING 'B'	1.1%
WEC ENERGY GROUP	1.1%
NIELSEN	1.1%
WILLIS GROUP HOLDINGS	1.0%
EVERSOURCE ENERGY	1.0%
DR PEPPER SNAPPLE GROUP	1.0%
DTE ENERGY	1.0%
<b>Total For Top Ten Holdings</b>	<b>11.1%</b>

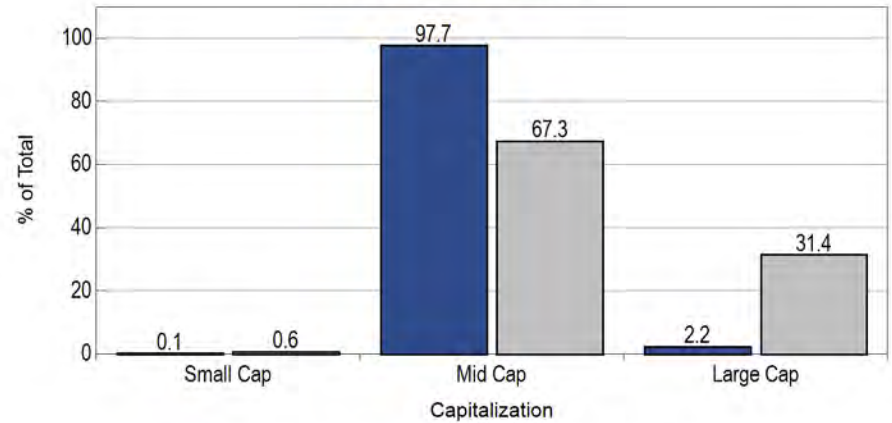
As of September 30, 2016

**Upside Capture Ratio vs. Downside Capture Ratio**  
 5 Years Ending September 30, 2016



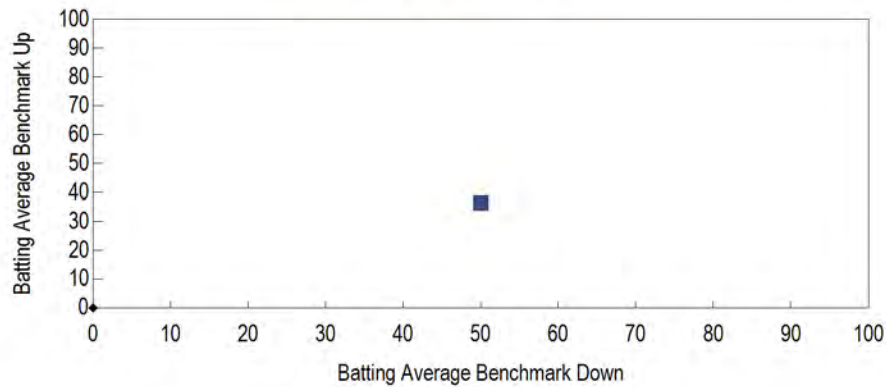
- Vanguard Mid Cap Value
- ◆ Spliced Mid Cap Value Index

**Market Capitalization**  
 As of September 30, 2016



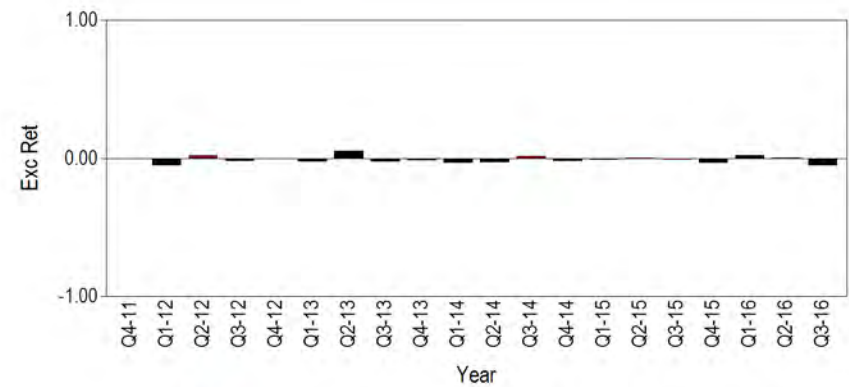
- Vanguard Mid Cap Value
- CRSP US Mid Cap Value TR USD

**Batting Average Benchmark Up vs. Batting Average Benchmark Down**  
 5 Years Ending September 30, 2016



- Vanguard Mid Cap Value
- ◆ Spliced Mid Cap Value Index

**Quarterly Excess Performance**



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market

## Vanguard Small Cap Value Index

As of September 30, 2016

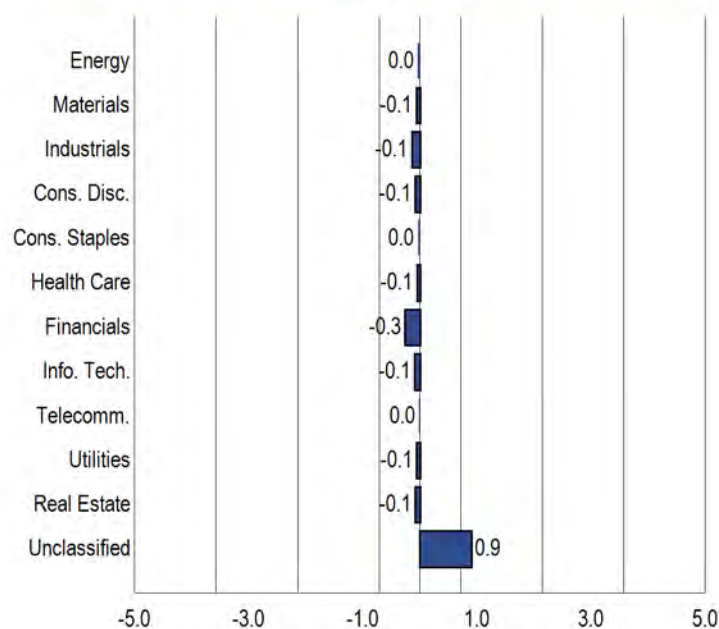
## Manager Summary

- Passively managed to track the performance of the CRSP US Small Cap Value Index.
- Follows a full-replication approach whereby the fund attempts to hold the same securities at the same weights as the benchmark.
- Low expense ratio means the returns will also track the benchmark closely on a net-of-fees basis.

## Characteristics

	Portfolio	CRSP US Small Cap Value TR USD
Number of Holdings	857	826
Weighted Avg. Market Cap. (\$B)	3.54	3.54
Median Market Cap. (\$B)	1.87	1.90
Price To Earnings	20.39	19.78
Price To Book	2.62	2.36
Price To Sales	2.01	1.80
Return on Equity (%)	12.03	11.05
Yield (%)	2.15	2.03
Beta (holdings; domestic)	1.18	1.18

Sector Over/Under Allocation (%) vs CRSP US Small Cap Value TR USD



## Top Ten Holdings

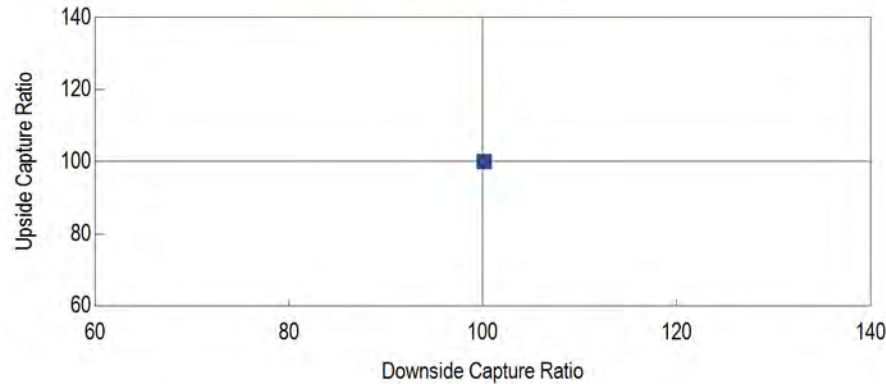
CASH - USD	0.9%
ARTHUR J GALLAGHER	0.6%
WESTAR ENERGY	0.5%
BROADRIDGE FINL.SLTN.	0.5%
UGI	0.5%
TARGA RESOURCES	0.5%
ATMOS ENERGY	0.5%
VALSPAR	0.5%
NATIONAL RETAIL PROPS.	0.5%
CDW	0.5%
<b>Total For Top Ten Holdings</b>	<b>5.3%</b>



Vanguard Small Cap Value Index

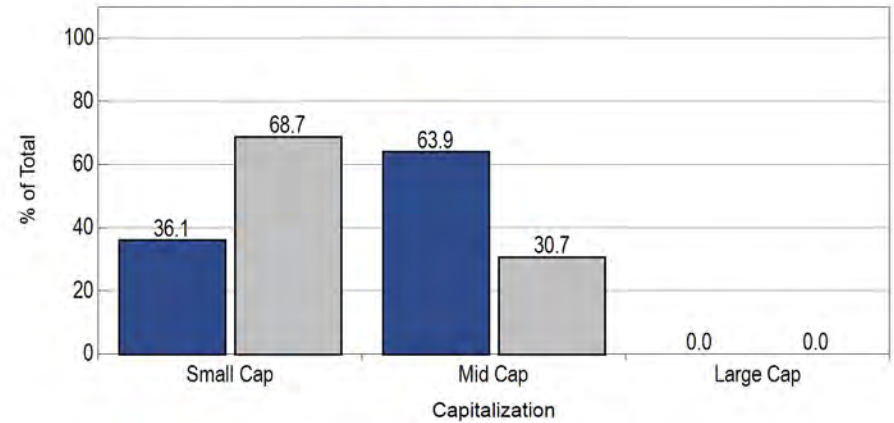
As of September 30, 2016

Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending September 30, 2016



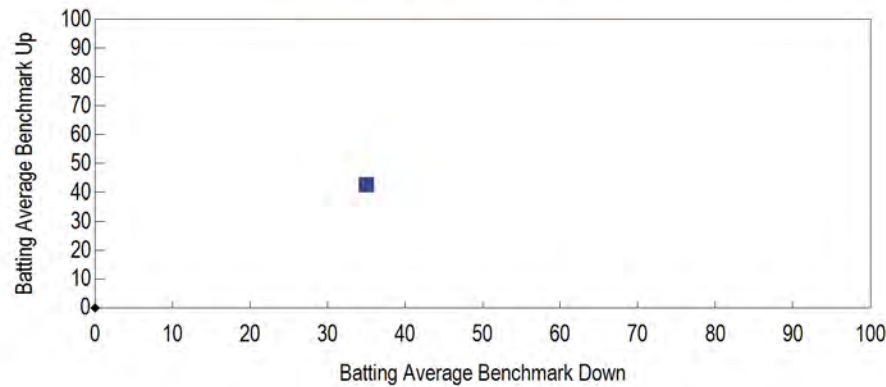
- Vanguard Small Cap Value Index
- ◆ Spliced Small Cap Value Index

Market Capitalization  
As of September 30, 2016



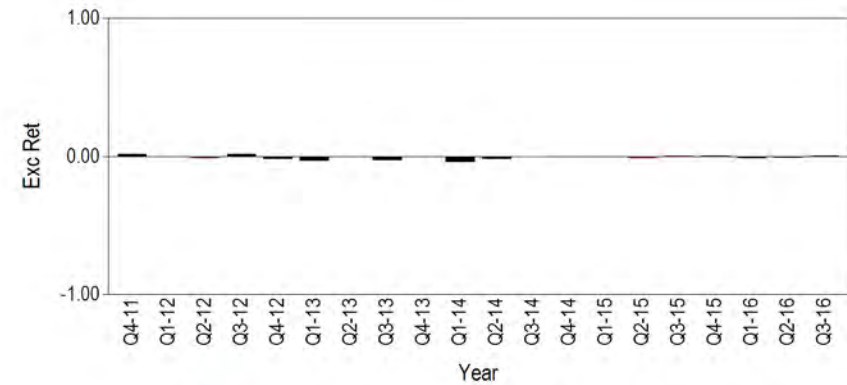
- Vanguard Small Cap Value Index
- CRSP US Small Cap Value TR USD

Batting Average Benchmark Up vs. Batting Average Benchmark Down  
5 Years Ending September 30, 2016



- Vanguard Small Cap Value Index
- ◆ Spliced Small Cap Value Index

Quarterly Excess Performance



- Quarterly Out/Under Performance, Rising Market
- Quarterly Out/Under Performance, Falling Market

## MFS Low Volatility Global Equity

As of September 30, 2016

## Manager Summary

- Strategy seeks to produce long-term excess market returns with less volatility than the market.
- Investment process combines quantitative inputs and fundamental analysis. Only stocks that exhibit low volatility are considered for further analysis.
- Fundamental inputs include analyst expectations for earnings and valuation. Stocks are then rated buy, hold, or sell.
- Strategy typically holds 80-120 names with a maximum position limit of 4%.

## Regional Allocation Summary

Region	% of Total	% of Bench	% Diff
North America ex U.S.	7.8%	3.2%	4.6%
United States	49.8%	52.4%	-2.6%
Europe Ex U.K.	11.3%	14.7%	-3.4%
United Kingdom	4.1%	6.3%	-2.1%
Pacific Basin Ex Japan	7.5%	4.1%	3.4%
Japan	9.4%	8.0%	1.4%
Emerging Markets	7.9%	11.0%	-3.1%
Other	2.2%	0.3%	1.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

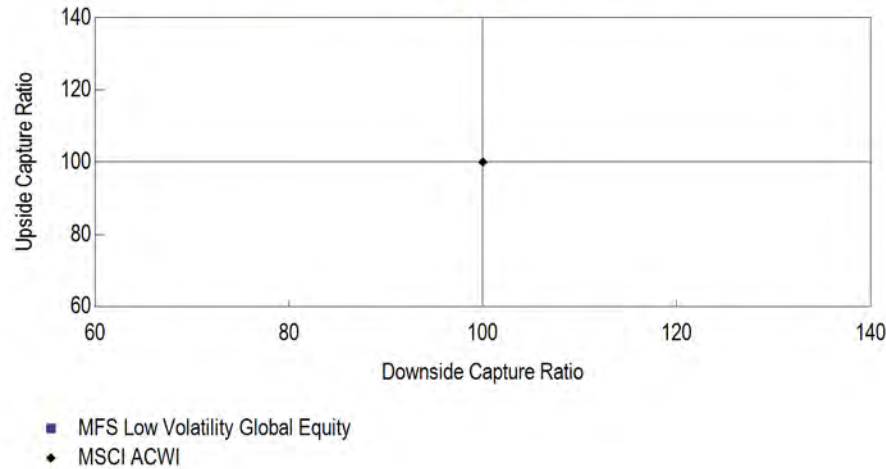
## Characteristics

	Portfolio	MSCI ACWI
Number of Holdings	100	2,470
Weighted Avg. Market Cap. (\$B)	69.78	91.89
Median Market Cap. (\$B)	28.77	8.48
Price To Earnings	23.14	21.57
Price To Book	4.25	3.32
Price To Sales	3.35	2.66
Return on Equity (%)	18.30	15.56
Yield (%)	2.74	2.53
Beta (holdings; global)	0.63	1.03

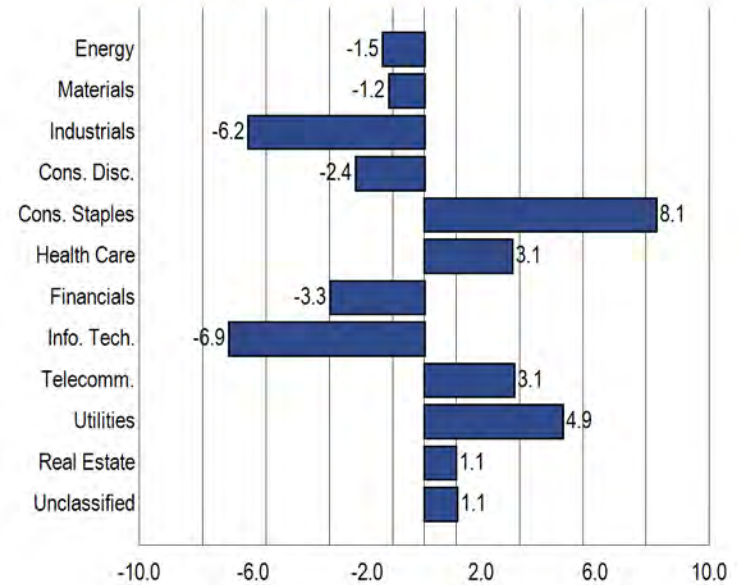
## Top Ten Holdings

TAIWAN SEMICON.SPN.ADR 1:5	3.5%
GENERAL MILLS	3.0%
JOHNSON & JOHNSON	2.7%
FISHER & PAYKEL HLTHCR.	2.7%
ROCHE HOLDING	2.5%
ROSS STORES	2.2%
EXXON MOBIL	2.0%
LAWSON	2.0%
VALIDUS HOLDINGS	1.9%
MCDONALDS	1.9%
<b>Total For Top Ten Holdings</b>	<b>24.3%</b>

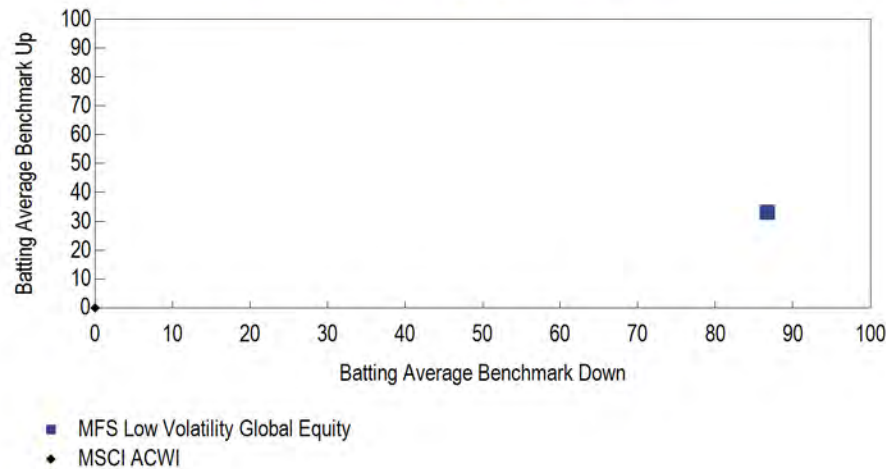
Upside Capture Ratio vs. Downside Capture Ratio  
2 Years 9 Months Ending September 30, 2016



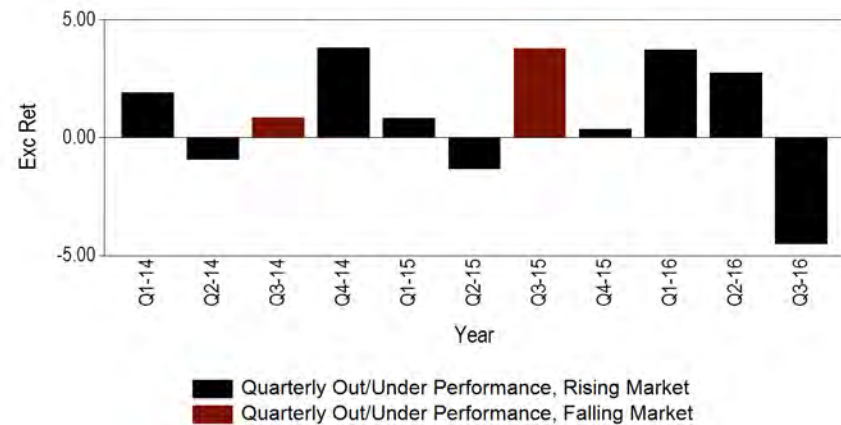
Sector Over/Under Allocation (%) vs MSCI ACWI



Batting Average Benchmark Up vs. Batting Average Benchmark Down  
2 Years 9 Months Ending September 30, 2016



Quarterly Excess Performance



## American Funds Int'l Growth &amp; Income

As of September 30, 2016

## Manager Summary

- Focuses on investing in established companies that pay dividends.
- Emphasis on companies that may be relatively resilient during economic hardship.
- Multiple portfolio managers provide complementary investment styles of contrarian value, relative value and capital appreciation.
- Strategy tends to have dividend yield higher than the benchmark.

## Regional Allocation Summary

Region	% of Total	% of Bench	% Diff
North America ex U.S.	7.5%	6.7%	0.8%
United States	5.7%	0.0%	5.7%
Europe Ex U.K.	30.0%	30.9%	-0.9%
United Kingdom	16.1%	13.2%	2.9%
Pacific Basin Ex Japan	14.0%	8.6%	5.4%
Japan	9.4%	16.8%	-7.4%
Emerging Markets	17.4%	23.0%	-5.7%
Other	0.0%	0.7%	-0.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

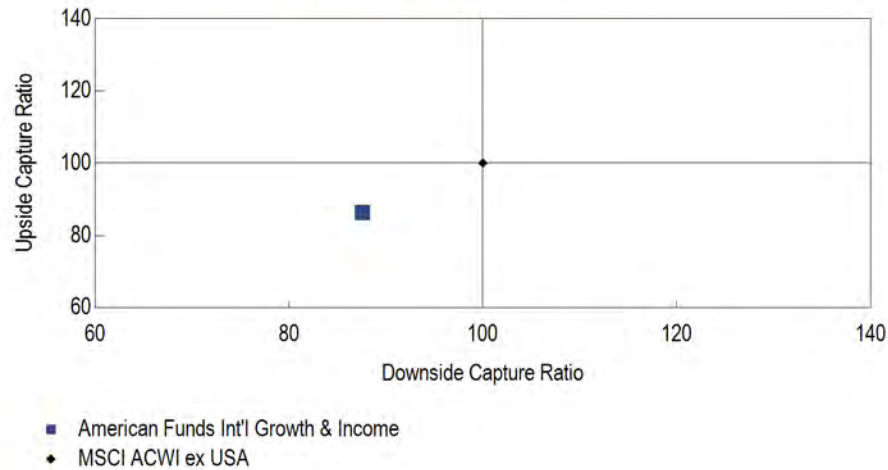
## Characteristics

	Portfolio	MSCI ACWI ex USA
Number of Holdings	165	1,853
Weighted Avg. Market Cap. (\$B)	49.57	51.17
Median Market Cap. (\$B)	20.80	6.81
Price To Earnings	21.45	19.87
Price To Book	3.29	2.60
Price To Sales	2.59	2.20
Return on Equity (%)	16.51	13.47
Yield (%)	3.41	3.04
Beta (holdings; global)	0.97	1.02

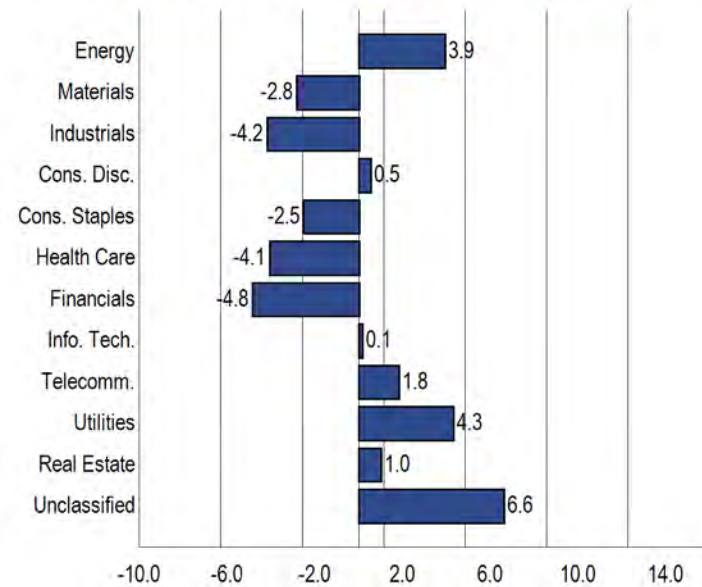
## Top Ten Holdings

TAIWAN SEMICON.MNFG.	3.8%
ROYAL DUTCH SHELL B	2.4%
ENBRIDGE	2.4%
BRITISH AMERICAN TOBACCO	2.4%
NINTENDO	2.3%
SUN HUNG KAI PROPERTIES	1.8%
ASTRAZENECA	1.8%
ENEL	1.8%
AIA GROUP	1.7%
TOTAL	1.6%
<b>Total For Top Ten Holdings</b>	<b>22.0%</b>

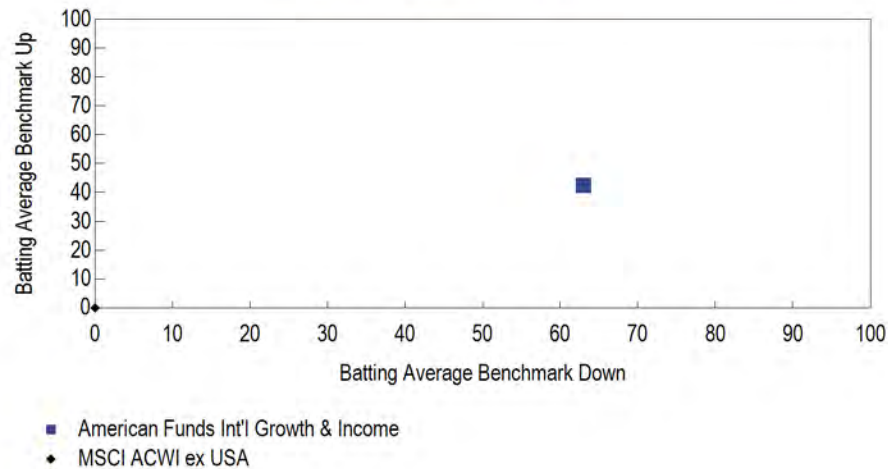
Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending September 30, 2016



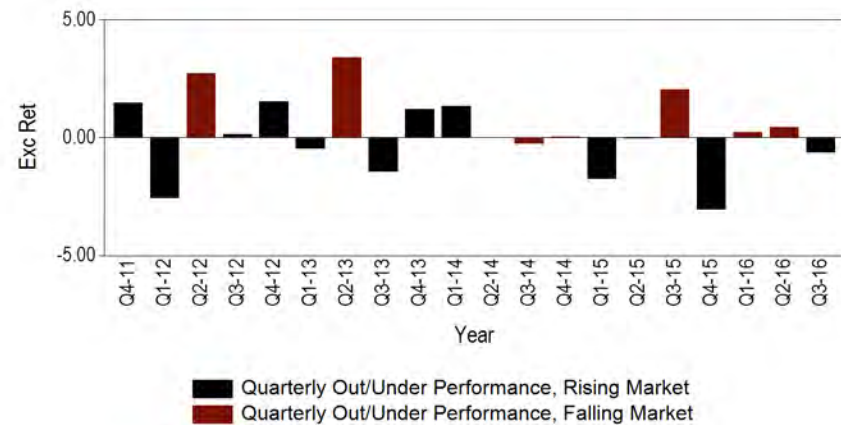
Sector Over/Under Allocation (%) vs MSCI ACWI ex USA



Batting Average Benchmark Up vs. Batting Average Benchmark Down  
5 Years Ending September 30, 2016



Quarterly Excess Performance



## Vanguard Total Int'l Stock Index

As of September 30, 2016

## Manager Summary

- Passively managed.
- Seeks to track the performance of the FTSE Global All Cap ex US Index.
- Broad exposure across developed and emerging non-U.S. equity markets.
- Fund remains fully invested.

## Regional Allocation Summary

Region	% of Total	% of Bench	% Diff
North America ex U.S.	6.8%	7.5%	-0.6%
United States	0.2%	0.0%	0.2%
Europe Ex U.K.	30.7%	23.7%	7.0%
United Kingdom	12.6%	14.7%	-2.1%
Pacific Basin Ex Japan	11.4%	9.9%	1.5%
Japan	17.6%	19.2%	-1.5%
Emerging Markets	20.0%	24.5%	-4.5%
Other	0.6%	0.5%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

## Characteristics

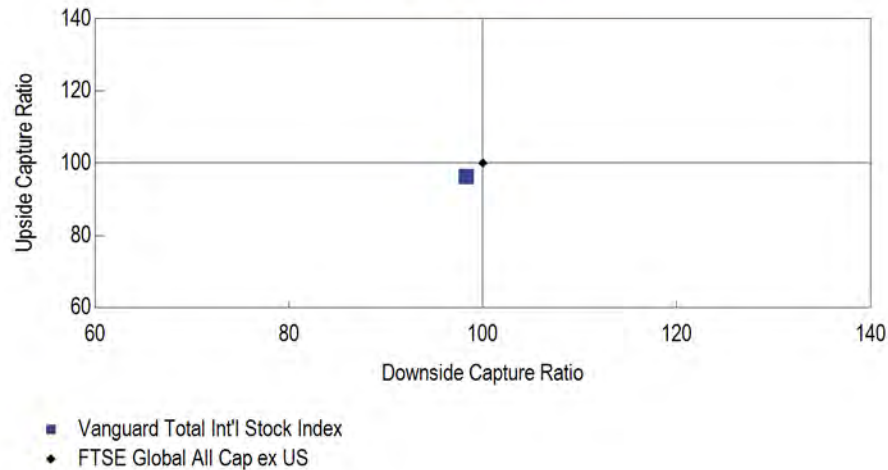
	Portfolio	FTSE Global All Cap ex US
Number of Holdings	6,079	5,811
Weighted Avg. Market Cap. (\$B)	42.98	42.83
Median Market Cap. (\$B)	1.48	1.46
Price To Earnings	20.52	19.51
Price To Book	3.11	2.35
Price To Sales	2.55	2.09
Return on Equity (%)	14.52	13.15
Yield (%)	3.01	2.99
Beta (holdings; global)	1.00	1.00

## Top Ten Holdings

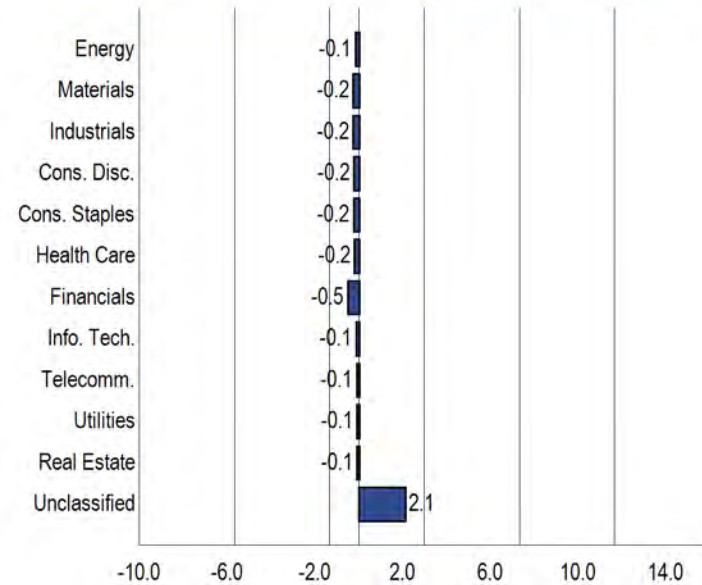
CASH - USD	1.8%
NESTLE 'R'	1.2%
NOVARTIS 'R'	0.9%
ROCHE HOLDING	0.9%
TOYOTA MOTOR	0.8%
HSBC HDG. (ORD \$0.50)	0.7%
TENCENT HOLDINGS	0.7%
SAMSUNG ELECTRONICS	0.7%
TAIWAN SEMICON.MNFG.	0.6%
BRITISH AMERICAN TOBACCO	0.6%
<b>Total For Top Ten Holdings</b>	<b>9.0%</b>



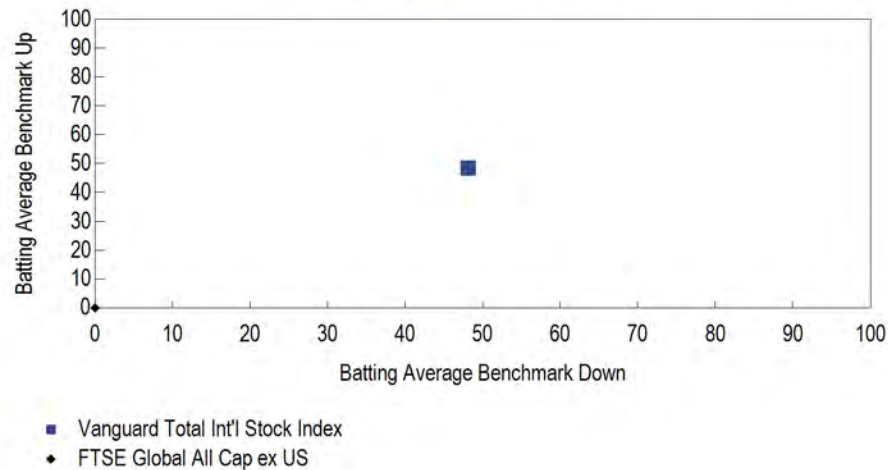
Upside Capture Ratio vs. Downside Capture Ratio  
5 Years Ending September 30, 2016



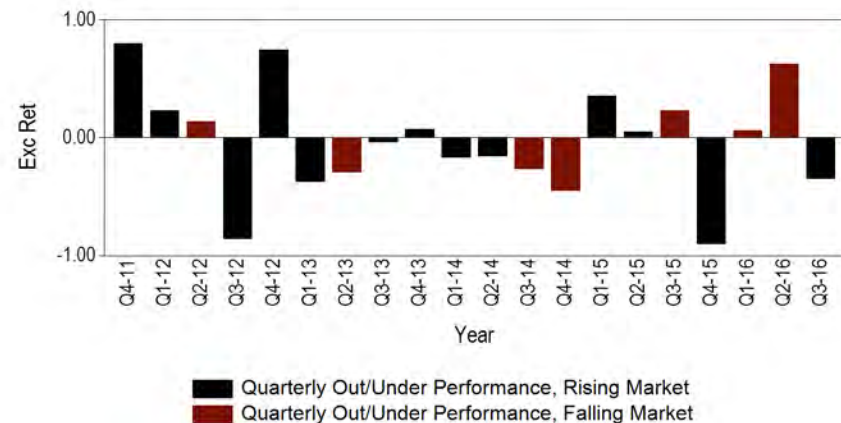
Sector Over/Under Allocation (%) vs FTSE Global All Cap ex US



Batting Average Benchmark Up vs. Batting Average Benchmark Down  
5 Years Ending September 30, 2016

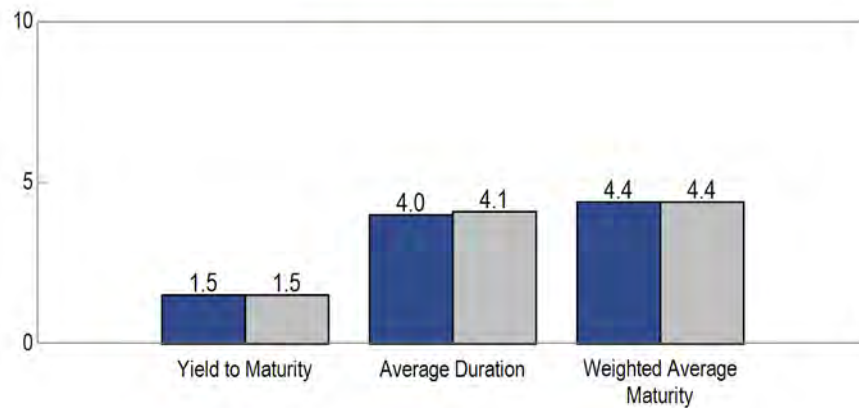


Quarterly Excess Performance

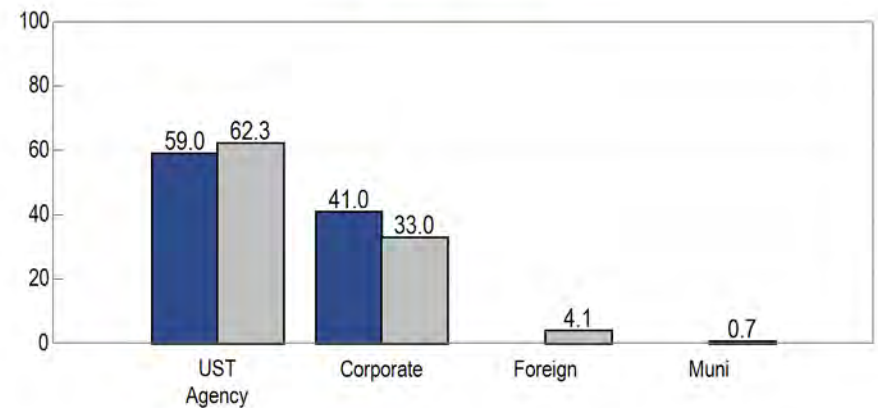


Summary: Strategy focuses equally on duration management, sector selection and yield curve exposure. Assess overall market environment and position portfolio to benefit from realistic expectations. Will actively trade, including analysis of technical factors, price momentum, interest rate outlook and yield curve movement.

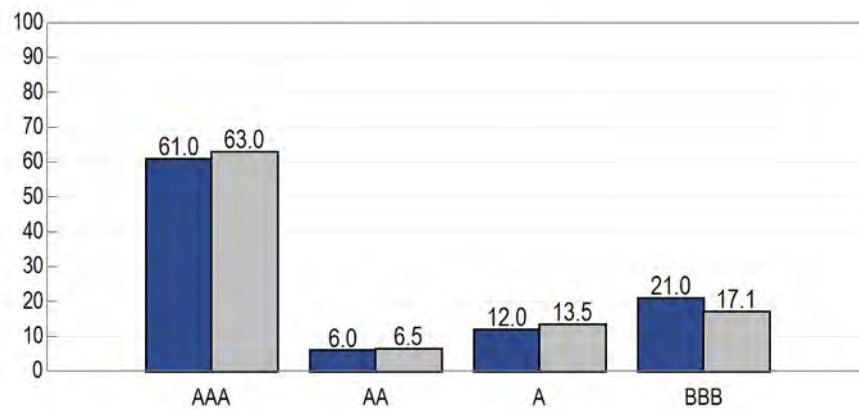
Fixed Income Characteristics



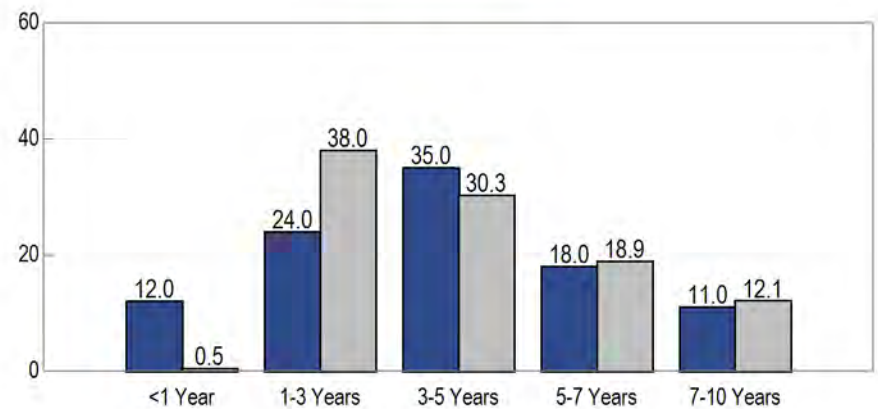
US Sector Allocation



Credit Quality Allocation



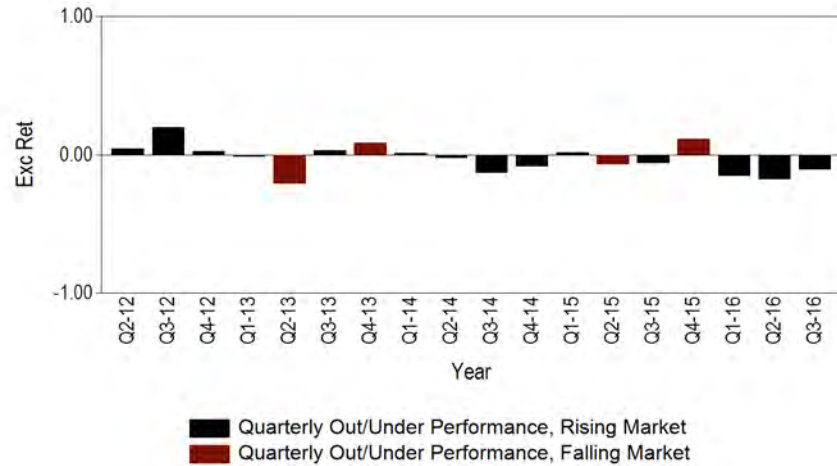
Duration Allocation



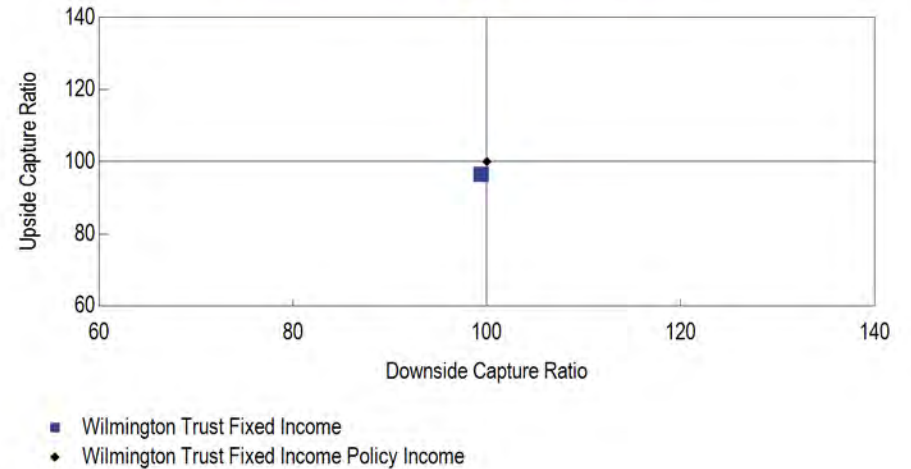
■ Wilmington Trust Fixed Income    ■ Barclays Int Govt/Credit



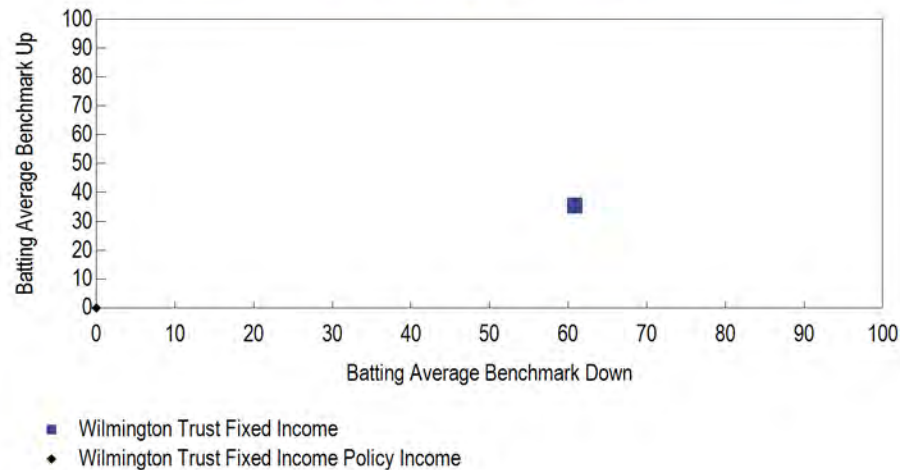
Quarterly Excess Performance



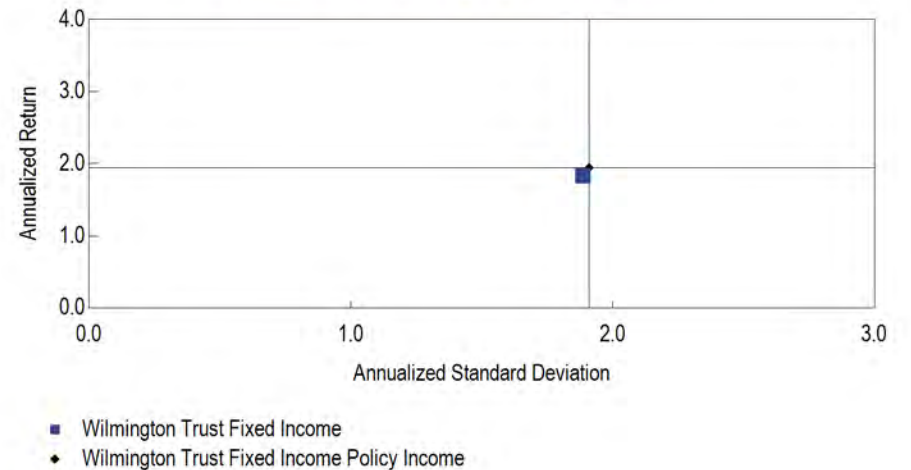
Upside Capture Ratio vs. Downside Capture Ratio  
4 Years 6 Months Ending September 30, 2016

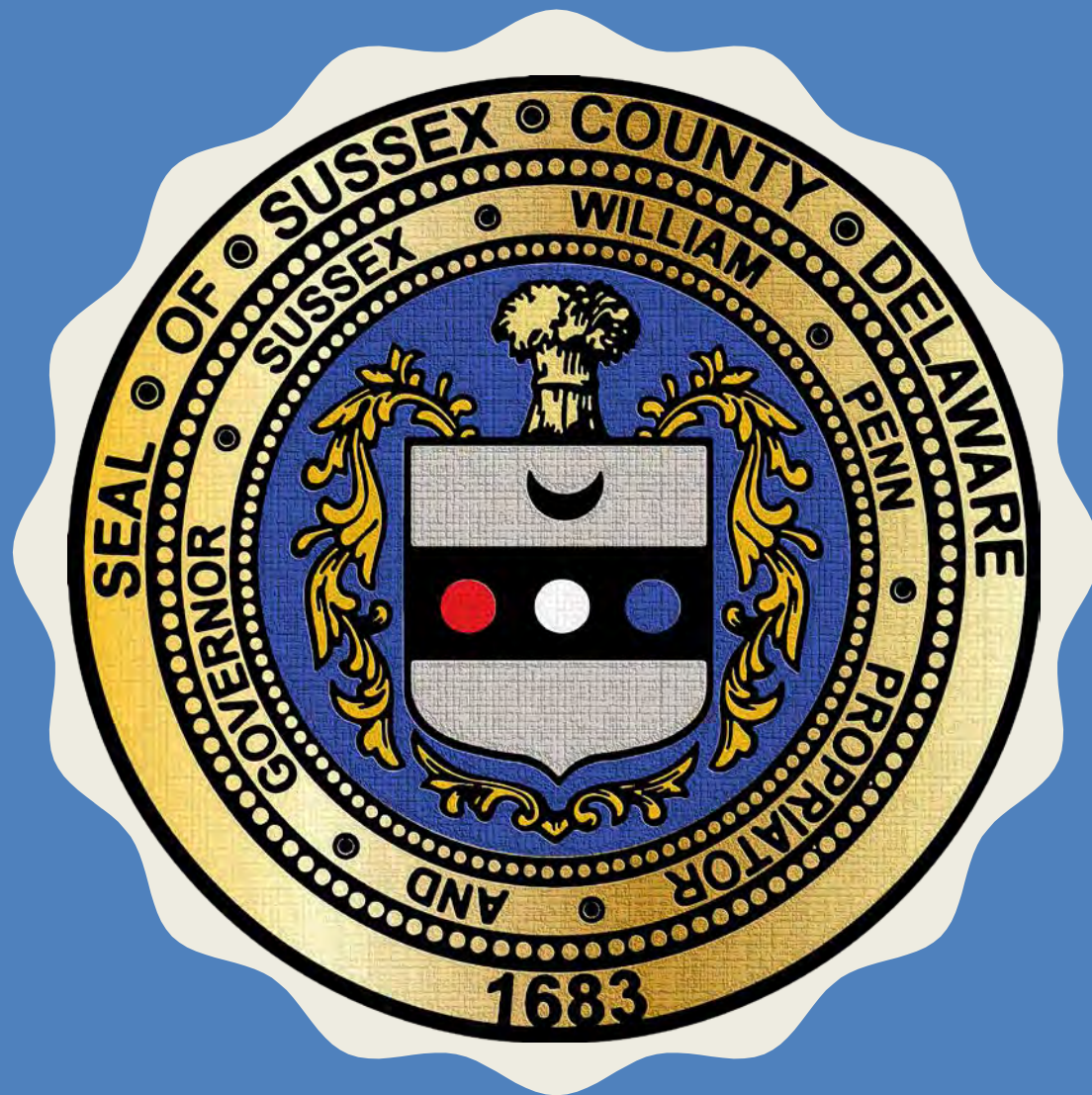


Batting Average Benchmark Up vs. Batting Average Benchmark Down  
4 Years 6 Months Ending September 30, 2016

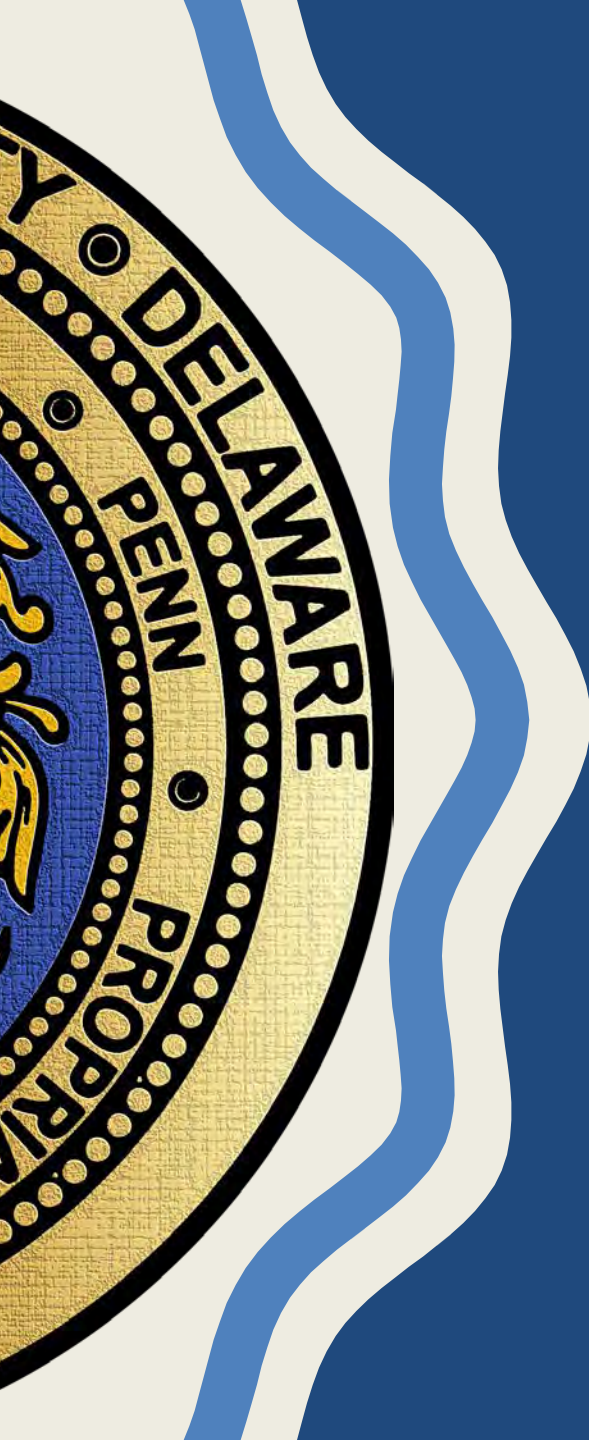


Annualized Return vs. Annualized Standard Deviation  
4 Years 6 Months Ending September 30, 2016





SUSSEX COUNTY QUARTERLY PENSION UPDATE



# PERFORMANCE SUMMARY

Pension Fund		
Market Value	3 <sup>rd</sup> Quarter Gain	3 <sup>rd</sup> Quarter Return
\$76,473,231	\$2,529,287	3.3%

Net Investment Change		
YTD	1 Year	3 Years
\$4,567,901	\$5,869,996	\$13,645,374

OPEB (Benefits) Fund		
Market Value	3 <sup>rd</sup> Quarter Gain	3 <sup>rd</sup> Quarter Return
\$32,798,392	\$878,238	2.7%

Net Investment Change		
YTD	1 Year	3 Years
\$1,858,860	\$2,786,939	\$5,248,524



# ANNUAL ACTUARIAL REPORT

## PENSION

### Contribution

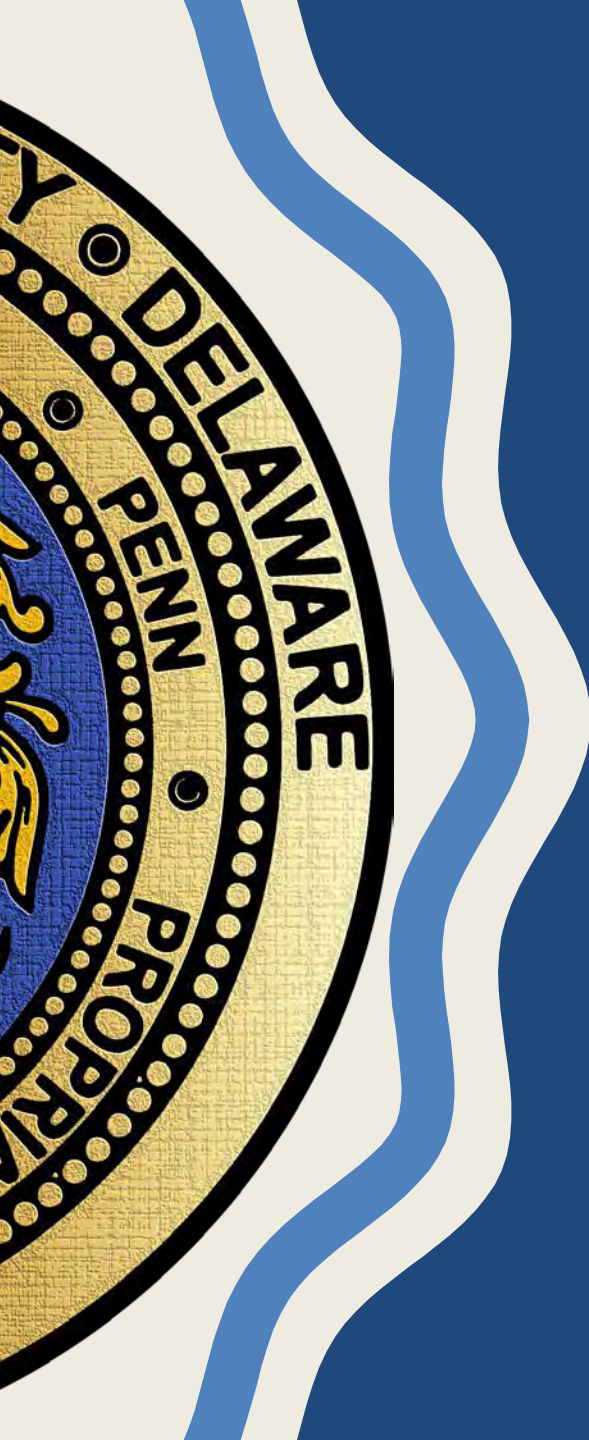
FY 2016 Recommended Contribution	FY 2017 Recommended Contribution	FY 2017 Budgeted Contribution
\$3,057,193	\$3,391,726	\$3,562,000

### Unfunded Liability

	FY 2016	FY 2017
Unfunded Liability	\$13,964,244	\$15,687,976
Actuarial Funded Ratio	84%	83%
Market Funded Ratio	-	78%

### 20 Year Projection

	FY 2017	FY 2037
Liability	\$94,400,000	\$195,000,000
Assets	\$73,962,719	\$195,000,000
Actuarial Funded Ratio	78%	100%



# ANNUAL ACTUARIAL REPORT

OPEB

## Contribution

FY 2016 Recommended Contribution	FY 2017 Recommended Contribution	FY 2017 Budgeted Contribution
\$1,857,254	\$1,870,754	\$2,163,000

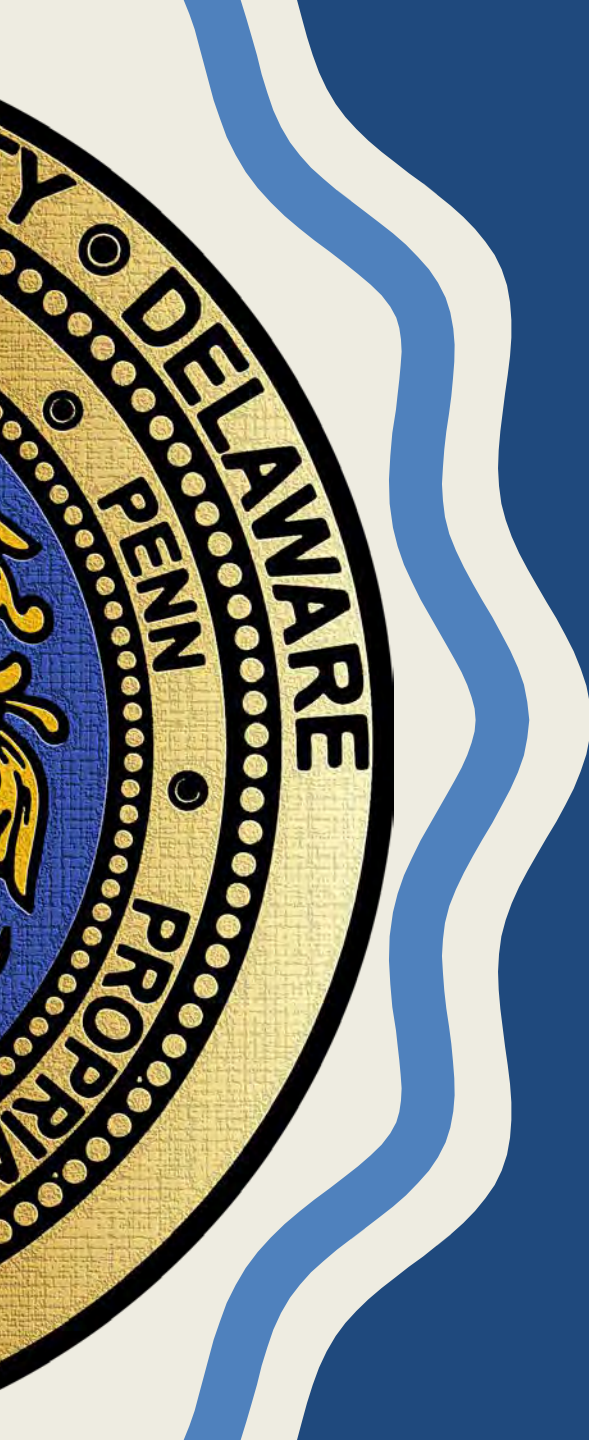
## Unfunded Liability

	FY 2016	FY 2017
Unfunded Liability	\$10,924,473	\$16,983,740
Actuarial Funded Ratio	73%	65%

Valuation from Projected Unit to Entry Age Normal

## 20 Year Projection

	FY 2017	FY 2037
Liability	\$49,000,000	\$102,000,000
Assets	\$31,900,000	\$81,000,000
Actuarial Funded Ratio	65%	79%



The seal of the State of Delaware is partially visible on the left side of the slide. It features a circular design with the text "DELAWARE" and "PENN" around the perimeter. The center of the seal depicts a figure, likely a Native American, holding a bow and arrow. The seal is set against a blue background with a white wavy border.

# ADOPTION OF FUNDING POLICIES

## Why?

- With the implementation of new accounting standards, the Government Accounting Standards Board (GASB) asks that all governments adopt a formal policy
- Bond rating agencies look for an adopted policy

## Objective of the Policies

- Provide sufficient assets to permit the payment of all benefits under the Trusts
- Maintain equity among generations of taxpayers
- Improve the Trusts' funded ratio
- Minimize the volatility of the employer's annual contribution

## The Good News

- We are simply putting in writing what we do in practice, as well as backing the commitment we have had by formal Council adoption

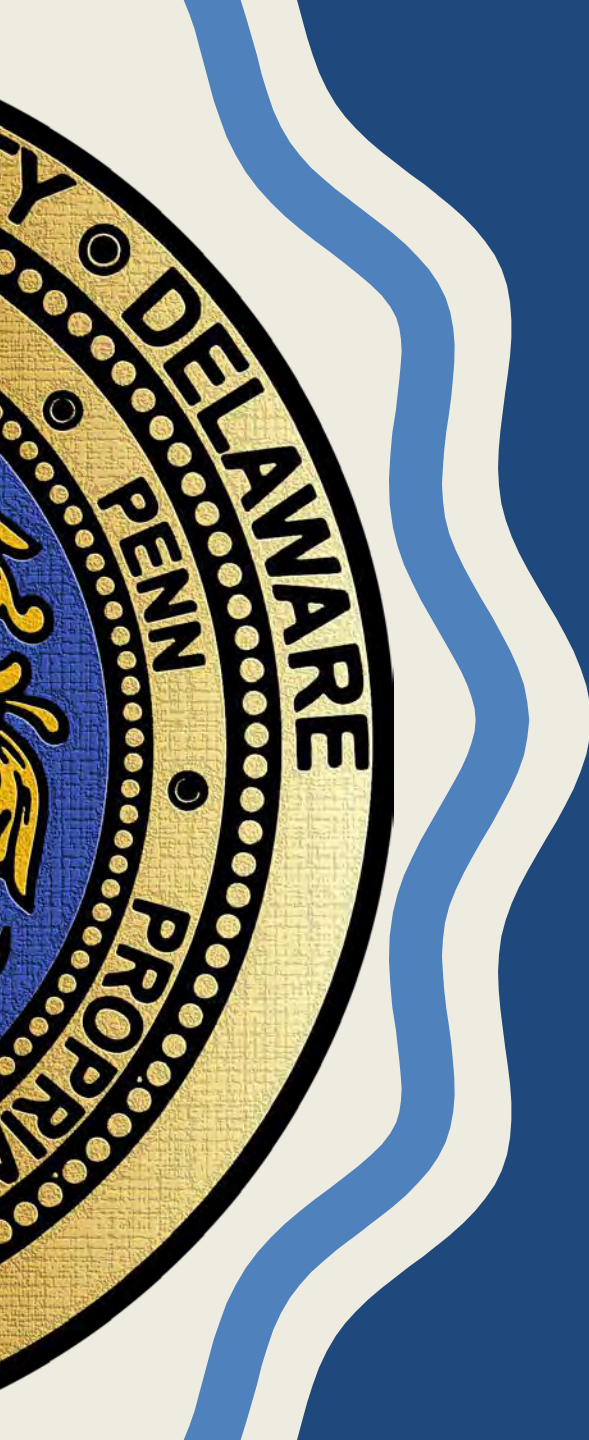
# ADOPTION OF FUNDING POLICIES

## Details of the Policy

- Pension
  - The County will contribute at least the actuarial determined contribution (ADC) as calculated by the actuary
  - The actuary will use a closed 20-year period in calculating the contribution
- OPEB
  - The County will contribute at least 9.5% of pay and at least the actuarially determined contribution as calculated by the actuary
  - The actuary will use a Entry Age Normal Actuarial Cost Method



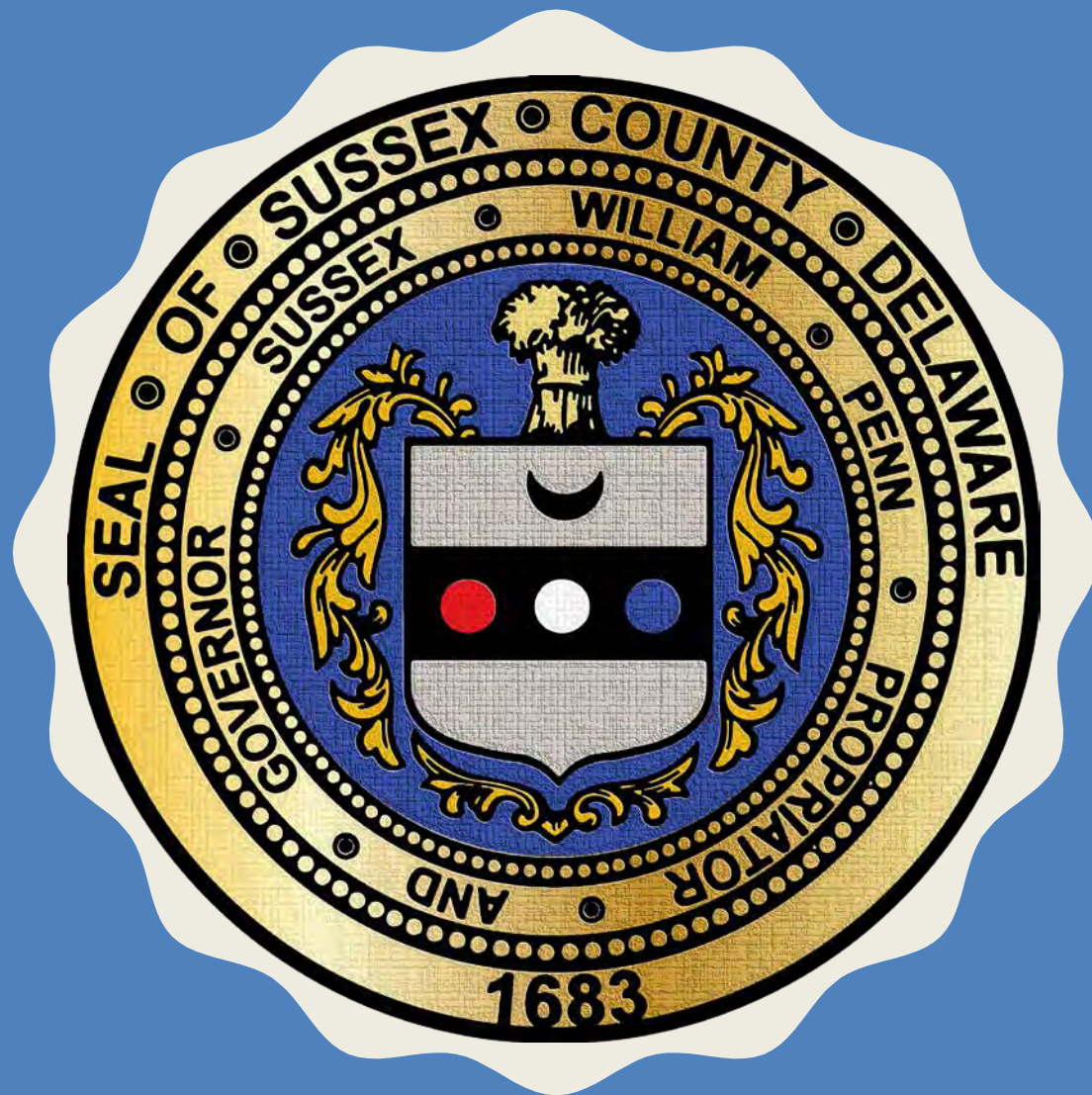




# FUNDING POLICY MOTION

Be it moved that the Sussex County Council, based on the recommendation of the Pension Committee, Cheiron and Peirce Park Group, adopt the Pension and OPEB Funding Policies as presented.





SUSSEX COUNTY QUARTERLY PENSION UPDATE

## ENGINEERING DEPARTMENT

ADMINISTRATION	(302) 855-7718
AIRPORT & INDUSTRIAL PARK	(302) 855-7774
ENVIRONMENTAL SERVICES	(302) 855-7730
PUBLIC WORKS	(302) 855-7703
RECORDS MANAGEMENT	(302) 854-5033
UTILITY ENGINEERING	(302) 855-7717
UTILITY PERMITS	(302) 855-7719
UTILITY PLANNING	(302) 855-1299
FAX	(302) 855-7799



# Sussex County

DELAWARE

[sussexcountyde.gov](http://sussexcountyde.gov)

HANS M. MEDLARZ, P.E.  
COUNTY ENGINEER

JOSEPH WRIGHT, P.E.  
ASSISTANT COUNTY ENGINEER

## Memorandum

TO: Sussex County Council  
The Honorable Michael H. Vincent, President  
The Honorable Samuel R. Wilson, Jr., Vice President  
The Honorable George B. Cole  
The Honorable Joan R. Deaver  
The Honorable Robert B. Arlett

FROM: Hans Medlarz, P.E., County Engineer

RE: *Miscellaneous Engineering Services*  
*The Estuary – Value Engineered Redesign Services*  
*Professional Services George, Miles & Buhr, LLC - Amendment No.2*

DATE: December 13, 2016

On June 3, 2014, County Council awarded (5) year on-call contracts for miscellaneous consultant services to George Miles and Buhr (GMB) and four other consulting firms. Since then, County Council utilized the services of GMB by approving the base agreement and one (1) amendment totaling \$344,490.00 in value. Said amendment was approved on September 29, 2015 for construction administration and resident project representative services associated with the Sussex Shores Improvements project.

The Department is now requesting approval of Contract Amendment No. 2 in the amount of \$42,587.00 under GMB's base contract. The Engineering Department had previously requested the main pump station (BYPS#1) for the Estuary development to be designed, funded and constructed by The Estuary project developer as a regional station resulting in a significantly oversized station. Further analysis revealed that the anticipated future flow was overestimated based on the number of existing contributing equivalent dwelling units resulting in an underutilized station and a large over-sizing credit. The Engineering Department requests the value engineered re-designed sized solely for the immediate need, no oversizing credits will be required and the developer will pay System Connection Charges as they connect. Therefore, the Engineering Department requests authorization by Council of Amendment No. 2 with GMB for the value based re-design of BYPS#1. Future Estuary pump stations will utilize this design and be constructed by the County, some under a cost sharing approach without over-sizing credits.



**MISCELLANEOUS ENGINEERING SERVICES**

**SUSSEX COUNTY, DELAWARE**

**CONTRACT AMENDMENT NO. 2**

This contract amendment, **Contract Amendment No. 2** dated \_\_\_\_\_, **2016** amends our original contract dated August 12, 2014 between Sussex County, a political subdivision of the State of Delaware, as First Party, hereinafter referred to as the COUNTY and George, Miles & Buhr, LLC, a State of Maryland Limited Liability Company, hereinafter referred to as CONSULTANT, whose address is 206 Downtown Plaza, Salisbury, Maryland 21801 (Original Contract). Except as specifically amended herein, the provisions of the Original Contract dated August 12, 2014, as thereafter amended, remain in effect and fully valid.

By execution of this Amendment, the following sections are hereby added as new sections to the Original Contract, as respectfully numbered below.

**ARTICLE FOUR**

**FEE STRUCTURE**

- 4.4.1 The previous version of Section 4.4 as set forth in the Contract Amendment No. 1 is hereby incorporated by reference. Notwithstanding any language to the contrary in such Amendments, the parties agree that those Amendments are intended to be additions to the Original Contract between the parties dated August 12, 2014.
- 4.4.2 In accordance with the method of fee determination described in Articles 4.3.1, 4.3.2, 4.3.3, and 4.3.4 of this Agreement, the total compensation and reimbursement obligated and to be paid the CONSULTANT by the COUNTY for the CONSULTANT's Scope of Services for **The Estuary – BYPS #1 Redesign Services** as set forth in **Attachment A-2**, which is attached hereto and incorporated by reference, shall not exceed **Forty-Two Thousand Five Hundred Eighty-Seven Dollars (\$42,587.00)**. In the event of any discrepancy or inconsistency between the amounts set forth in this Article 4.4.2 and any appendices, exhibits, attachments or other sections of this Agreement, the amounts set forth in this Article 4.4.2 shall govern.

**ARTICLE FOURTEEN**  
**INCORPORATED DOCUMENTS**

14.1.2 **Attachment A-2: Consultant’s Scope of Services, The Estuary – BYPS #1 Redesign Services with Man-hour Spreadsheets. (Contract Amendment No. 2).**

By execution of this Agreement, the following sections are amended as set forth below:

2.4 The CONSULTANT shall perform the Scope of Services attached hereto as Attachment A and all additional Scopes of Services as may be set forth in consecutively numbered subsets of Attachment A.

4.3 The COUNTY shall pay the CONSULTANT for the satisfactory completion of the Scope of Services specified herein before in Attachment A and all additional Scopes of Services as may be set forth in consecutively numbered subsets of Attachment, based on and limited to the following method of determination....”

IN WITNESS WHEREOF, the parties hereunto have caused this Amendment A-2 to this Agreement to be executed on the day and year first written hereof by their duly authorized officers.

SEAL

FOR THE COUNTY:  
SUSSEX COUNTY

\_\_\_\_\_  
President, Sussex County Council

STANDARD FORM  
PREVIOUSLY APPROVED

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Clerk of the Sussex County Council

FOR THE CONSULTANT:

GEORGE, MILES & BUHR, LLC

\_\_\_\_\_  
Judy A. Schwartz, P.E., Senior VP

WITNESS:

\_\_\_\_\_

## **ATTACHMENT A-2**

### **SCOPE OF SERVICES AND FEES**

#### **THE ESTUARY – BYPS#1 REDESIGN SERVICES**

This Scope of Services outlines the redesign of BYPS#1 in the Bayard Expansion of the Miller Creek Sanitary Sewer District. This work includes producing contract documents (plans and technical specifications) and making permit applications based upon the design concept accepted by Sussex County.

#### **BACKGROUND**

BYPS #1 was previously designed by Whitman, Requardt & Associates, LLP as a regional pump station for the Bayard Expansion of the Miller Creek Sanitary Sewer District. Sussex County wishes to redesign and downsize the station's capacity to only serve The Estuary and Tanglewood Developments. The flow from BYPS#1 will be conveyed via a force main designed to serve only this station and it will manifold into one of the two (2) existing force mains, located along Double Bridges Road, which are associated with PS #30 and discharge to SCRWF. BYPS#1 is proposed as a conventional wet well station, with check and isolation valves located within a valve vault.

#### **SCOPE OF THE WORK**

The proposed project generally involves a complete redesign of the proposed BYPS#1, including the station's site and associated force main.

The work more specifically includes the following construction items for BYPS#1:

##### **1. Wet Well and Pumps**

- Two (2) Flygt submersible pumps size to serve 545 EDUs.
- Station to be designed to deliver the necessary capacity under manifold force main condition and operate properly under condition of sole manifold force main use by this station.
- Pump removal system to be stainless steel pipe guide rails.

- Piping in the wet well and the valve vault shall be ductile iron pipe.
- Flygt safety hatch to be provided for access to the wet well.

## 2. Valve Vault

- All valves shall be located in the valve vault.
- Valve vault shall drain to the wet well through a drain line equipped with a duckbill check valve. Drain line shall extend below the low water level to prevent entry of hazardous gases to valve vault.
- Flygt safety hatch to be provided for access to the valve vault.

## 3. Bypass Pumping

- Include bypass pumping connection for use by the County in future maintenance efforts.

## 4. Electrical

- Size and specify variable frequency drive units associated with pumps.
- Station controls and telemetry will be designed in accordance with Sussex County standards.
- All electrical equipment will be housed in an outdoor type cabinet.
- Size and specify emergency power generator and automatic transfer switch.
- Coordinate with power company to determine and plan for electrical service and equipment to serve the station.

## 5. Force Main

- Design force main with length of approximately 3,700 feet and terminates at tie-in point of existing force mains located in Double Bridges Road. Force main shall be PVC.
- Approximately 1,000 feet of this force main, at the Camp Barnes Road crossing, has already been installed as 10-inch pipe.
- Force main design to include air release valves (approximately four) as appropriate for proper operation of the force main.

## **ENGINEERING SERVICES**

The engineering services proposed for this project are described below. The estimated fee is based upon this work being performed as one continuous effort/phase.

1. Final Design

- a. Prepare 95% plans for SCED review.
- b. Prepare 95% specifications for SCED review.
- c. Incorporate SCED review comments into final plans and technical specifications.

2. Permitting

- a. Prepare permits for submission by SCED to agencies listed below and assist in acquiring permits:
  - i. DNREC Construction Permit
  - ii. DeIDOT Utility Permit
- b. We understand that Wetland Permits for the proposed force main alignment are to be acquired by consultants under contract to the Estuary developer.

3. Miscellaneous Services

- a. Make revisions to exhibit EX-5 entitled Bayard Planning Area to reflect the revised (condensed) service area for BYPS #1.
- b. Perform review/analysis of gravity sewer slopes within the Estuary subdivision to determine whether the proposed 10" sewers can be downsized to 8".

**FEE AND SCHEDULE**

We propose to charge for our services on the basis of our cost plus fixed fee for the scope of work described above. A breakdown of the budgeted hours is attached hereto as Exhibit A. We have estimated 360 man-hours to perform this work.

**The estimated cost plus fixed fee is: \$42,587.00**

It is our understanding that design is to be completed as soon as possible, we request a schedule of approximately six (6) weeks after the notice to proceed to make our 95% submittal to SCED.

**ACCEPTED:**

FOR THE CONSULTANT:  
GEORGE, MILES & BUHR, LLC

FOR THE COUNTY:  
SUSSEX COUNTY ENGINEERING DEPT.

---

Judy A. Schwartz, P.E.  
Senior Vice President

---

Hans M. Medlarz, P.E.  
County Engineer



**EXHIBIT A - PROGRAM MANHOOR ESTIMATES, DIRECT EXPENSES, SUBCONTRACTS & FIXED FEE**

**PART 1 - GENERAL**

1. <i>Owner</i> <b>Sussex County, Delaware</b>		2. <i>Contract Number</i> Sussex Co. #:	
3. <i>Name of Consultant</i> <b>George, Miles &amp; Buhr, LLC</b>		4. <i>Date of Proposal</i> 7-Dec-16	
5. <i>Address of Consultant</i> 206 West Main St Salisbury,, MD 21801-4907		6. <i>TYPE OF SERVICE TO BE FURNISHED</i> <b>The Estuary - BYPS#1 Redesign</b>	

**PART II - COST SUMMARY**

7. <i>DIRECT LABOR</i>	<i>ESTIMATED HOURS</i>	<i>HOURLY RATE</i>	<i>ESTIMATED COST</i>	<i>TOTALS</i>
Project Director	16	\$ 59.65	\$ 954.40	
Sr. Project Manager	24	\$ 53.15	\$ 1,275.60	
Sr. Project Engineer	160	\$ 47.75	\$ 7,640.00	
Sr. Designer	16	\$ 48.00	\$ 768.00	
Project Coordinator	24	\$ 36.00	\$ 864.00	
CADD /Technician	120	\$ 24.35	\$ 2,922.00	
RPR	0	\$ -	\$ -	
<b>DIRECT LABOR TOTAL:</b>	360			
8. <i>INDIRECT COSTS</i>	<i>RATE</i>	<i>x BASE =</i>	<i>ESTIMATED COST</i>	
Overhead and Fringe	1.60	\$ 14,424.00	\$ 23,078	
<b>INDIRECT COSTS TOTAL:</b>				\$ 23,078
9. <i>OTHER DIRECT COSTS</i>				
a. <i>TRAVEL</i>			<i>ESTIMATED COST</i>	
(1) <i>TRANSPORTATION</i> mileage	280	mi @ \$0.48/mi	\$ 134.40	
(2) <i>PER DIEM</i> meals				
<b>TRAVEL SUBTOTAL:</b>			\$ 134.40	
b. <i>EQUIPMENT, MATERIALS, SUPPLIES</i>		<i>QTY.</i>	<i>COST</i>	<i>ESTIMATED COST</i>
plots/prints	160	\$ 3.00	\$ 480.00	
copies	2,600	\$ 0.20	\$ 520.00	
postage	1	\$ 200.00	\$ 200.00	
other			\$ -	
<b>EQUIPMENT SUBTOTAL:</b>			\$ 1,200	
c. <i>SUBCONTRACTS</i>				
<b>SUBCONTRACTS SUBTOTAL:</b>			\$ -	
<b>OTHER DIRECT COSTS TOTAL:</b>				\$ 1,334
<b>10. ESTIMATED COST</b>				\$ 38,837
<b>11. FIXED FEE</b>	10% of Direct Labor and Indirect Costs (7 + 8)			\$ 3,750
<b>12. TOTAL ESTIMATED COST PLUS FIXED FEE</b>				\$ 42,587

## ENGINEERING DEPARTMENT

ADMINISTRATION	(302) 855-7718
AIRPORT & INDUSTRIAL PARK	(302) 855-7774
ENVIRONMENTAL SERVICES	(302) 855-7730
PUBLIC WORKS	(302) 855-7703
RECORDS MANAGEMENT	(302) 854-5033
UTILITY ENGINEERING	(302) 855-7717
UTILITY PERMITS	(302) 855-7719
UTILITY PLANNING	(302) 855-1299
FAX	(302) 855-7799



# Sussex County

DELAWARE

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HANS M. MEDLARZ, P.E.  
COUNTY ENGINEER

JOSEPH WRIGHT, P.E.  
ASSISTANT COUNTY ENGINEER

December 8, 2016

Please see the attached Balancing Change Order (change order no. 1) for Taxiway B (W) and Asphalt Tie-Down Apron (N) Rehabilitation, Sussex County Project No. 16-21. This change order reduces the contract amount by \$52,053.44 and adjusts all quantities to their final amounts; thereby lowering the total contract amount to \$290,631.56.

We would also like to recommend Substantial Completion for the project. The Notice to Proceed was October 10, 2016 and the project was substantially complete on November 4, 2016.

Joseph Wright, P.E.

Assistant County Engineer



# CHANGE ORDER NO. 1

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## SUSSEX COUNTY CHANGE ORDER REQUEST

### A. ADMINISTRATIVE:

1. Project Name: **Taxiway B (W) & Asphalt Tie-Down Apron (N) Rehabilitation**
2. Sussex County Contract No. 16-21
3. Change Order No. 1
4. Date Change Order Initiated - 12/1/16
5.
  - a. Original Contract Sum \$342,685.00
  - b. Net Change by Previous Change Orders \$ 0.00
  - c. Contract Sum Prior to Change Order \$ 342,685.00
  - d. Requested Change - (\$52,053.44)
  - e. Net Change (No. of days) -0-
  - f. New Contract Amount \$290,631.56
6. Contact Person Joseph Wright, P.E.  
Telephone No. (302) 855-7718

### B. REASON(S) FOR CHANGE ORDER

1. Differing Site Conditions
2. Errors and Omissions in Construction Drawings and Specifications
3. Changes Instituted by Regulatory Requirements
4. Design Change
5. Overrun/Underrun in Quantity

# CHANGE ORDER NO. 1

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6. Factors Affecting Time of Completion

7. Other (explain below):

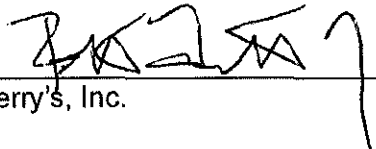
**C. BRIEF DESCRIPTION OF CHANGE ORDER:**

Adjust contract items to final quantities.

**D. JUSTIFICATION FOR CHANGE ORDER INCLUDED:**

Yes  No

**E. APPROVALS**

1.  \_\_\_\_\_ 12/4/16 \_\_\_\_\_  
Jerry's, Inc. Date
  
2. \_\_\_\_\_  
County Engineer Date

Taxiway B (W) & Asphalt Tie-Down Apron (N) Rehab.  
 Sussex County Project 16-21; Jerry's, Inc.  
 Balancing Change Order (C. O. #1)

WORK ITEMS				As Bid	
ITEM NO.	ITEM DESCRIPTION (SEE SPECIFICATIONS AND ADDENDA FOR COMPLETE DESCRIPTIONS)	UNIT	EST. QTY.	BID UNIT PRICE	TOTAL BID ITEM PRICE
P-156	Erosion and Sediement Control	LS	1	\$ 6,000.00	\$ 6,000.00
P-363	Bituminous Patching	SYIN	80	\$ 20.00	\$ 1,600.00
P-363-1	Bituminous Patching, Concrete	SYIN	140	\$ 20.00	\$ 2,800.00
P-401	Bituminous Surface Course: Taxiway B (W)	TON	310	\$ 127.00	\$ 39,370.00
P-401-1	Bituminous Surface Course: Asphalt Tie-Down Apron (N)	TON	575	\$ 127.00	\$ 73,025.00
P-403	HMA Leveling Course	TON	550	\$ 127.00	\$ 69,850.00
P-404	Pavement Fabric Interlayer	SY	7,100	\$ 5.00	\$ 35,500.00
P-620	Permanent Runway & Taxiway Painting	SF	1,090	\$ 5.00	\$ 5,450.00
T-901	Seeding	SY	3,000	\$ 1.50	\$ 4,500.00
T-905	Topsoiling	SY	200	\$ 13.00	\$ 2,600.00
T-908	Mulching	SY	3,000	\$ 1.50	\$ 4,500.00
X-101	Aircraft Tie-Down Anchor Modification	EA	28	\$ 500.00	\$ 14,000.00
X-102	Cold Milling of Pavement	SY	7,100	\$ 6.90	\$ 48,990.00
X-104	Catch Basin Slab Top Repair	EA	1	\$ 4,500.00	\$ 4,500.00
M-110	Maintenance and Protection of Airfield Traffic	LS	1	\$ 4,500.00	\$ 4,500.00
M-120	Mobilization	LS	1	\$ 15,000.00	\$ 15,000.00
X-102-1	RAP Add/Deduct	Ton	600	0	0
X-103	Chunk Concrete/Asphalt Pile Removal, ADD	LS	1	\$ 10,500.00	\$ 10,500.00
<b>BASE BID</b>				<b>TOTAL</b>	<b>\$ 342,685.00</b>
<b>CHANGE ORDER 1 CREDIT ITEMS</b>					
X-105	CO1: Credit for hauling millings offsite	LOAD			
X-106	CO1: HMA Compaction Adjustments	LS			

As-Built			OVER/UNDER TOTAL ITEM PRICE
FINAL QTY.	UNIT PRICE	TOTAL ITEM PRICE	
1	\$ 6,000.00	\$ 6,000.00	
0	\$ 20.00	\$ -	\$ (1,600.00)
0	\$ 20.00	\$ -	\$ (2,800.00)
262	\$ 127.00	\$ 33,274.00	\$ (6,096.00)
450.93	\$ 127.00	\$ 57,268.11	\$ (15,756.89)
529.55	\$ 127.00	\$ 67,252.85	\$ (2,597.15)
7,123	\$ 5.00	\$ 35,615.00	\$ 115.00
997	\$ 5.00	\$ 4,985.00	\$ (465.00)
2,000	\$ 1.50	\$ 3,000.00	\$ (1,500.00)
200	\$ 13.00	\$ 2,600.00	\$ -
2,000	\$ 1.50	\$ 3,000.00	\$ (1,500.00)
27	\$ 500.00	\$ 13,500.00	\$ (500.00)
7,123	\$ 6.90	\$ 49,148.70	\$ 158.70
1	\$ 4,500.00	\$ 4,500.00	\$ -
1	\$ 4,500.00	\$ 4,500.00	\$ -
1	\$ 15,000.00	\$ 15,000.00	\$ -
0	0	0	\$ -
1	\$ 10,500.00	\$ 10,500.00	\$ -
	subtotal	\$ 310,143.66	(\$32,541.34)
48	\$ (40.00)	\$ (1,920.00)	
1	\$ (17,592.10)	\$ (17,592.10)	
	subtotal	\$ (19,512.10)	\$ (19,512.10)
FINAL	PRICE	\$ 290,631.56	

Total Base Bid \$ 342,685.00

TOTAL CO1 Credit Items plus over/under runs \$ (52,053.44)

Final Contract Price \$ 290,631.56

	P403	P401 TIEDOWN	P401 TAXIWAY	PAY FACTOR p401		bonus or penalty
19-Oct	438.69					
24-Oct		136.6		0.06	\$ 127.00	\$ 1,040.89
27-Oct	22.95					\$ -
31-Oct			262	-0.5	\$ 127.00	\$ (16,637.00)
2-Nov	67.91	314.33		-0.05	\$ 127.00	\$ (1,996.00)
	529.55	450.93	262.00			\$ (17,592.10)

HMA Compaction Adjustments  
Taxiway BCW & Asph. Tie-Down (N)  
Project No. 16-21

## ENGINEERING DEPARTMENT

ADMINISTRATION	(302) 855-7718
AIRPORT & INDUSTRIAL PARK	(302) 855-7774
ENVIRONMENTAL SERVICES	(302) 855-7730
PUBLIC WORKS	(302) 855-7703
RECORDS MANAGEMENT	(302) 854-5033
UTILITY ENGINEERING	(302) 855-7717
UTILITY PERMITS	(302) 855-7719
UTILITY PLANNING	(302) 855-1299
FAX	(302) 855-7799



# Sussex County

DELAWARE

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HANS M. MEDLARZ, P.E.  
COUNTY ENGINEER

JOSEPH WRIGHT, P.E.  
ASSISTANT COUNTY ENGINEER

December 8, 2016

Please see the attached Balancing Change Order (change order no. 2) for Runway 4-22, 24 Inch Storm Drain Lining Project, Sussex County Project No. 16-16. This change order reduces the contract amount by \$638.00 and adjusts all quantities to their final amounts; thereby lowering the total contract amount to \$62,291.00.

We would also like to recommend Substantial Completion for the project. The Notice to Proceed was July 21, 2016 and the project was substantially complete on August 12, 2016.

Joseph Wright, P.E.

Assistant County Engineer





## CHANGE ORDER NO. 2

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### SUSSEX COUNTY CHANGE ORDER REQUEST

#### A. ADMINISTRATIVE:

1. Project Name: **RUNWAY 4-22, 24 Inch STORM DRAIN LINING PROJECT**
2. Sussex County Contract No. 16-16
3. Change Order No. 2
4. Date Change Order Initiated - 11/29/16
5.
  - a. Original Contract Sum \$54,349.00
  - b. Net Change by Previous Change Orders \$ 8,580.00
  - c. Contract Sum Prior to Change Order \$62,929.00
  - d. Requested Change - (\$638.00)
  - e. Net Change (No. of days) -0-
  - f. New Contract Amount \$62,291.00
6. Contact Person Joseph Wright, P.E.  
Telephone No. (302) 855-7718

#### B. REASON(S) FOR CHANGE ORDER

1. Differing Site Conditions
2. Errors and Omissions in Construction Drawings and Specifications
3. Changes Instituted by Regulatory Requirements
4. Design Change
5. Overrun/Underrun in Quantity

# CHANGE ORDER NO. 2

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\_\_\_ 6. Factors Affecting Time of Completion

\_\_\_ 7. Other (explain below):

**C. BRIEF DESCRIPTION OF CHANGE ORDER:**

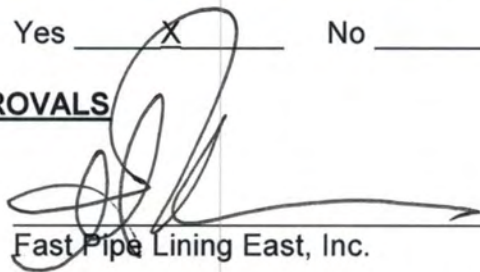
Adjust contract items to final quantities.

**D. JUSTIFICATION FOR CHANGE ORDER INCLUDED:**

Yes X No \_\_\_\_\_

**E. APPROVALS**

1.



11/30/2016

Fast Pipe Lining East, Inc.

Date

2.

County Engineer

Date

**Runway 4-22 24 Inch Storm Drain Lining  
Sussex County Project 16-16; Fast Pipe Lining East, Inc.  
Balancing Change Order (C. O. #2)**

WORK ITEMS				As Bid		As-Built			
ITEM NO.	ITEM DESCRIPTION (SEE SPECIFICATIONS AND ADDENDA FOR COMPLETE DESCRIPTIONS)	UNIT	EST. QTY.	BID UNIT PRICE	TOTAL BID ITEM PRICE	FINAL QTY.	UNIT PRICE	TOTAL ITEM PRICE	OVER/UNDER TOTAL ITEM PRICE
D-760	Line 435 LF of 24 inch storm drain	LS	1	\$ 45,249.00	\$ 45,249.00	1	\$ 45,249.00	\$ 45,249.00	\$ -
D-761-1	Clean and Pre-CCTV 435 LF of 24 in. storm drain	LS	1	\$ 4,350.00	\$ 4,350.00	1	\$ 4,350.00	\$ 4,350.00	\$ -
D-761-2	Post Rehab. CCTV 435 LF of 24 in. storm drain	LS	1	\$ 1,000.00	\$ 1,000.00	1	\$ 1,000.00	\$ 1,000.00	\$ -
T-901	Seeding	SY	250	\$ 1.00	\$ 250.00	56	\$ 1.00	\$ 56.00	\$ (194.00)
T-905	Topsoiling	SY	250	\$ 1.00	\$ 250.00	56	\$ 1.00	\$ 56.00	\$ (194.00)
T-908	Mulching	SY	250	\$ 1.00	\$ 250.00	0	\$ 1.00	\$ -	\$ (250.00)
M-110	Maintenance and Protection of Airfield Traffic	LS	1	\$ 2,000.00	\$ 2,000.00	1	\$ 2,000.00	\$ 2,000.00	\$ -
M-120	Mobilization	LS	1	\$ 1,000.00	\$ 1,000.00	1	\$ 1,000.00	\$ 1,000.00	\$ -
									\$ -
CO1	CO1: Line 8 inch storm drain, Taxiway C	LS	1	\$ 8,580.00	\$ 8,580.00	1	\$ 8,580.00	\$ 8,580.00	\$ -
									\$ -
TOTAL BID					\$ 62,929.00	FINAL PRICE		\$ 62,291.00	(\$638.00)

**Contract price including Change Order 1**

\$ 62,929.00

**Balancing Change Order (C. O. #2) Amount**

(\$638.00)

**Final Contract Price**

\$ 62,291.00

OLD BUSINESS  
December 13, 2016

This is to certify that the Sussex County Planning and Zoning Commission conducted a public hearing on the below listed application for Conditional Use. At the conclusion of the public hearing, the Commission moved and passed that the application be forwarded to the Sussex County Council with the recommendations as stated.

Respectfully submitted:  
COUNTY PLANNING AND ZONING  
COMMISSION OF SUSSEX COUNTY

Lawrence B. Lank  
Director of Planning and Zoning

The attached comments relating to the public hearing are findings of the Planning and Zoning Commission based on a summary of comments read into the record, and comments stated by interested parties during the public hearing.

In reference to C/U #2046, the application of Lockwood Design and Construction, Inc. be reminded that on September 20, 2016 the Sussex County Council granted approval of Change of Zone No. 1796 for the same parcels. The parcels are now zoned MR (Medium Density Residential).

The following text references both Change of Zone No. 1796 and Conditional Use No. 2046.

**C/U #2046 Lockwood Design and Construction Inc.**

**An Ordinance to grant a Conditional Use of land in a MR (Medium Density Residential District) for multi-family dwelling structures located on a certain parcel of land lying and being in Lewes and Rehoboth Hundred, Sussex County, containing 35.45 acres, more or less.** The property is located on the northeast side of Warrington Rd. (Rd. 275) 0.25 mile Southeast of John J. Williams Hwy. (Rt. 24). (911 Address: None Available). Tax Map I.D. 334-12.00-127.02, 127.04, 127.05

After receiving a request from Gene Byard, Esquire, on behalf of the applicants, it was decided that the public hearings for C/Z #1796 and C/U #2046 would be combined and heard as one public hearing to establish the record and that individual decisions would be rendered on each application after the public hearing.

Ms. Cornwell stated that staff received comments from the Sussex County Engineering Department and the property is not currently located in a sewer district; however, it could be annexed into a sewer district.

Ms. Cornwell read four (4) letters of opposition to the Applications into the record and stated that the Office of Planning and Zoning received an exhibit booklet from the Applicant for review.

The Commission found that Mr. and Mrs. Robert Hood, Pete Malmberg, Don Lockwood, and John Barwick, of Lockwood Design were present with Gene Byard, Esquire of Morris, James, Wilson, Halbrook, & Bayard, P.A. and they stated in their presentation and in response to questions raised by the Commission that this Application is a do over from CZ 1780 to allow for a HR-1 RPC, with density of five (5) units per acre; that he asks the record of that hearing be made as part of the record tonight; that the only change is the zoning classification; that CZ 1780 was recommended to be denied for excess density if the zoning was approved and the RPC classification lapsed; that when the RPC overlay lapses in HR-1 zoning the density restriction in the RPC lapses and the zoning classification of HR-1 increases the density; that in the motion to recommend denial the Commission stated that the MR zoning classification with a Conditional Use is a more appropriate application; that there are multiple commercially zoned properties in the area; that there are properties zoned MR, CR-1, HR-2, and two (2) conditional uses with significant density; that Sterling Crossing and Sea Chase both have approximately six (6) units to the acre; that to the north of the property is the Beebe Medical Center; that in the last 15 years at least 12 Change of Zone applications or Conditional Use applications have been approved in that area; that the property is entirely wooded at this time; that the proposed use will be marketed to empty-nesters and 55 and over families; that water will be provided by Tidewater Utilities and sewer will be provided by Sussex County; that any upgrades are at the developers expense; that the project has been reviewed by PLUS, TAC review, stormwater design review by Soil Conservation, Envirotech has studied the woods; that there are no wetlands or endangered species on the site; that the Applicant met the Sussex County Planning Manager's suggestions have incorporated additional sidewalks for future connection to the Beebe Medical property; that opposition was concerned about trees and traffic; that the Applicant could remove all trees and cultivate the property or have a poultry farm on the property; that the neighboring properties were also built on what was farm land; that it seems ironic that the residents of the neighboring developments feel an entitlement to preservation of the Applicant's property; that the Applicant plans to preserve as many trees as possible; that the project did not require a traffic impact study; that the Applicant will participate in the cost of intersection improvements; that DelDOT has a timeline for improvements to the intersection of Old Landing Road and Warrington Road; that the response still does not define whether a traffic light will be required; that the response does define that road improvements will begin in fiscal year 2017; that the road improvements will coincide with final site plan approval of this project and Osprey Landing if approved; that the project is consistent with the Zoning Ordinance, Comprehensive Land Use Plan, and Future Land Use Map; that the density housing mix is consistent with the Zoning Code and the neighboring developments; that residents from this project will have walking access to the neighboring CR-1 zoned property; that there will be 14 acres of impervious area; that there will be 21.2 acres of open space; that storm water management, ponds, and swales will cover approximately 60% of the property; that with the Conditional Use the Commission is able to define the density of this project; that this project follows the residential character and development of this area; that this parcel is the last large undeveloped parcel in the area; that this property is in a Level 1 and Level 2 State growth area; and that it should be treated accordingly.

The Commission found that no parties were present in support of this application.

The Commission found that Steve Dolmack, a home owner in Sea Chase, was present and stated that he reviewed the plans; that he was surprised to find there were no changes made to the plans; that the developer has not taken into any consideration the concerns in reference to the trees and traffic from the previous application; that the existing 70 foot tall trees will be compromised within a 20 foot buffer; that once the root system is compromised the trees will have to be removed; that the existing developments were created over 20 years ago; that a lot has changed in the area over the last 20 years; that treating this application the same as 20 years ago is not realistic; that traffic is a huge concern and has greatly increased over the years; that DNREC is concerned that the applicant is not preserving enough trees; and that the additional units proposed will put added stress on the roads.

The Commission found that C.J. Bailey, a resident and property owner, was present with interest and stated that his primary concern with the plan is the entrance; that his property is directly across from the proposed entrance; that he would like to see some turn lanes proposed to better accommodate the traffic; that turn lanes would help with the flow of traffic; and that without these improvements traffic will be in his front yard.

The Commission found that Harvey Grider, a resident and property owner, was present with interest and stated that he represents the homeowners in Sterling Crossing; that he is the advocate for the Homeowner's Association; that rezoning is not a right for property owners; that rezoning should not come at the expense of others; that they are opposed to growth without proper infrastructure; that the area is so congested the nearby emergency station less than ½ mile from his property could not get there for over 25 minutes due to traffic; that during the summer this time would have been doubled; that without improvement to the existing roads this development will greatly increase traffic issues; and that there have been no changes made to the original plan.

The Commission found that Robert Caden, President of the Homeowner's Association for Sea Chase; that they are disappointed the original plan has not been changed; that the same issues exist with this plan; that there are multiple accidents in the area; that the infrastructure will not accommodate another development; and that the removal of trees is an issue.

The Commission found that Paul Berger, a resident in Sea Chase, stated that Sea Chase was the first or second development prior to the moratorium; that the recent development in the area has been haphazard; that the concept of gearing the development towards empty nesters and 55 years and older is deceiving; that in the summer months the grown children and their children visit their parents; that this influx creates more issues during the summer season; that DelDOT improvements will not be enough to accommodate all cars using the roads in the area; that the developer and bankers only take into consideration what they know; that multiple builders and bankers are used and that is how you end up with too much development; and that in this case the developer is essentially too late and should not be able to develop the property as others had, due to the issues that already exist and the issues this development would increase; that the 20 foot buffer proposed will not accommodate the existing trees; that the trees will fall; that traffic lights are needed to allow for turns; and that the 3 story units are out of character with the neighborhood.

The Commission found that Robert Bauer, President of Board for Sea Chase Condominium Association, and stated that he agrees with the traffic issues; that other neighborhoods in the area have roads that will lead to Warrington Road; that this creates more congestion points on this road; that they previously requested another entrance be proposed for this development to access Route 24; that 3 story buildings are not in character of the area; that this type of building would be an eyesore to neighboring communities; and that a larger buffer is needed.

At the conclusion of the public hearings, the Commission discussed this application.

On March 24, 2016 there was a motion by Mr. Johnson, seconded by Mr. Burton, and carried unanimously to defer action for C/U #2046 for further consideration. Motion carried 5 – 0.

On April 14, 2016 the Commission discussed this application under Old Business.

Mr. Ross stated that he would move that the Commission recommend approval of Conditional Use No. 2046 for Lockwood Design and Construction, Inc. for multi-family dwelling structures based on the record made at the public hearing and for the following reasons:

- 1) The Sussex County Comprehensive Plan supports the development since the land is located in a Developing Area according to the Plan.
- 2) The development will be consistent with surrounding developments that include other multi-family uses.
- 3) The development will not adversely affect neighboring properties, roadways or communities.
- 4) The development will be required to comply with all DelDOT requirements, including entrance improvements and improvements to the Warrington Road and Old Landing Road intersection.
- 5) The multi-family development will be served by central sewer provided by Sussex County.
- 6) The multi-family development will be served by central water.
- 7) The proposed development at a density of approximately 5.7 units per acres is consistent with surrounding densities and is appropriate for this location.
- 8) The proposed site plan will conserve about 21.2 acres of open space, with the preservation of woodlands. All of this will be confirmed through the conditions of approval and the site plan process.
- 9) This recommendation is subject to the following:
  - A. There shall be no more than 202 units within the development. As proffered by the applicant, this shall include a minimum of at least 60 single family units.
  - B. The Applicant shall form a homeowners' or condominium association responsible for the perpetual maintenance of streets, roads, any buffers, stormwater management facilities, erosion and sedimentation control facilities and other common areas.
  - C. The stormwater management system shall meet or exceed the requirements of the State and County. It shall be constructed and maintained using Best Management Practices to provide for positive groundwater recharge.

- D. All entrances and roadway improvements shall comply with all of DelDOT's requirements, and an area for a school bus stop shall be established. The location of the school bus stop shall be coordinated with the local school district.
- E. Road naming and addressing shall be subject to the review and approval of the Sussex County Mapping and Addressing Departments.
- F. The Final Site Plan shall contain the approval of the Sussex Conservation District for the design and location of all stormwater management areas and erosion and sedimentation control facilities.
- G. A 20 foot forested Agricultural Buffer shall be shown along the perimeter of the entire development. The Final Site Plan shall also contain a landscape plan for all of the buffer areas, showing all of the landscaping and vegetation to be included in the buffer area.
- H. The project shall be served by Sussex County sewer.
- I. As proffered by the applicant, the developer shall construct the pool and community building no later than the issuance of the 75<sup>th</sup> residential building permit for the project.
- J. As proffered by the applicant, the interior street design shall comply with or exceed Sussex County minimum standards and shall include sidewalks on at least one side of all streets in the development.
- K. Construction, site work, grading and deliveries of construction material, landscaping material and fill on, off or to the property shall occur from Monday through Saturday between the hours of 8:00 a.m. and 6:00 p.m. and use Route 24 to get access to the site.
- L. The applicant shall consult and coordinate with the local school district's transportation manager to establish appropriate school bus stop locations.
- M. This Preliminary Approval is contingent upon the applicant submitting a revised Preliminary Site Plan either depicting or noting the conditions of this approval on it. Staff shall approve the revised Plan upon confirmation that the conditions of approval have been depicted or noted on it.
- N. The Final Site Plan shall be subject to the review and approval of the Planning and Zoning Commission.

Motion by Mr. Ross, seconded by Mr. Johnson and carried unanimously to forward this application to the Sussex County Council with the recommendation that the application be approved for the reasons stated. Motion carried 4 – 0.



**Introduced 02/09/16**

**Council District No. 4 – Cole  
Tax I.D. No. 334-12.00-127.02, 127.04, 127.05  
911 Address: None Available**

**ORDINANCE NO. \_\_\_\_**

**AN ORDINANCE TO GRANT A CONDITIONAL USE OF LAND IN A MR MEDIUM DENSITY RESIDENTIAL DISTRICT FOR MULTI-FAMILY DWELLING STRUCTURES TO BE LOCATED ON A CERTAIN PARCEL OF LAND LYING AND BEING IN LEWES AND REHOBOTH HUNDRED, SUSSEX COUNTY, CONTAINING 35.45 ACRES, MORE OR LESS**

**WHEREAS, on the 15th day of January 2016, a conditional use application, denominated Conditional Use No. 2046 was filed on behalf of Lockwood Design and Construction, Inc.; and**

**WHEREAS, on the \_\_\_\_ day of \_\_\_\_\_ 2016, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Conditional Use No. 2046 be \_\_\_\_\_; and**

**WHEREAS, on the \_\_\_\_ day of \_\_\_\_\_ 2016, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County determined, based on the findings of facts, that said conditional use is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County, and that the conditional use is for the general convenience and welfare of the inhabitants of Sussex County.**

**NOW, THEREFORE, THE COUNTY OF SUSSEX HEREBY ORDAINS:**

**Section 1. That Chapter 115, Article V, Subsection 115-31, Code of Sussex County, be amended by adding the designation of Conditional Use No. 2046 as it applies to the property hereinafter described.**

**Section 2. The subject property is described as follows:**

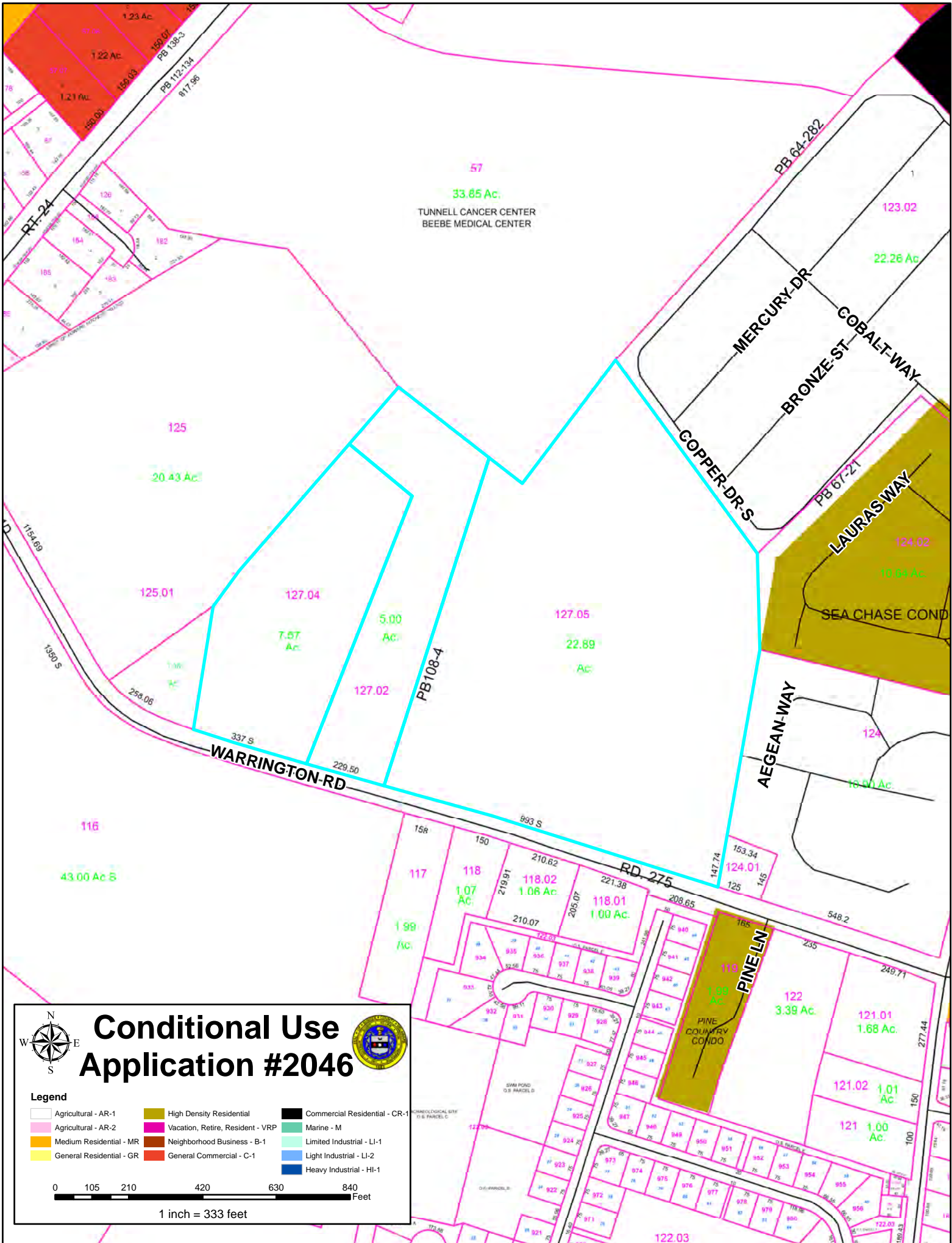
**ALL that certain tract, piece or parcel of land, lying and being situate in Lewes and Rehoboth Hundred, Sussex County, Delaware, and lying on the northeast side of Warrington Road (Road 275) 0.25 mile southeast of John J. Williams Highway (Route 24) and being more particularly described as follows:**

**BEGINNING at a point on the northerly side of Warrington Road (Road 275), said point being 0.25 mile southeast of John J. Williams Highway (Route 24) and east of lands of the City of Rehoboth; thence north 09°33'10" east 404.05 feet along lands of the City of Rehoboth to a concrete monument; thence north 42°06'04" east 774.63 feet along lands of Beebe Medical Center, Inc., to a concrete monument; thence continuing along lands of Beebe**

Medical Center, Inc., south 53°09'06" east 305.54 feet to an iron pipe and north 40°57'30" east 439.29 feet to an iron pipe; thence south 37°40'32" east 682.80 feet along lands, now or formerly, of Old Landing Road, Inc., to a concrete monument; thence south 08°27'51" west 960.53 feet along lands, now or formerly, of Robino Sea Chase, LLC, and Colleen A. Lowe to an iron pipe on the northerly side of Warrington Road; thence northwesterly by and along the northerly side of Warrington Road 1,491.05 feet to the point and place of beginning, said parcels containing 35.45 acres, more or less.

This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.

PROPOSED



57  
 33.85 Ac.  
 TUNNELL CANCER CENTER  
 BEEBE MEDICAL CENTER

125  
 20.43 Ac.

125.01  
 7.57 Ac.

127.04  
 5.00 Ac.

127.05  
 22.89 Ac.

127.02  
 5.00 Ac.

116  
 43.00 Ac.

117  
 1.99 Ac.

118  
 1.07 Ac.

119  
 1.89 Ac.  
 PINE COUNTRY CONDO


120  
 1.00 Ac.

121  
 1.00 Ac.


122  
 3.39 Ac.

121.01  
 1.68 Ac.

121.02  
 1.01 Ac.



# Conditional Use Application #2046



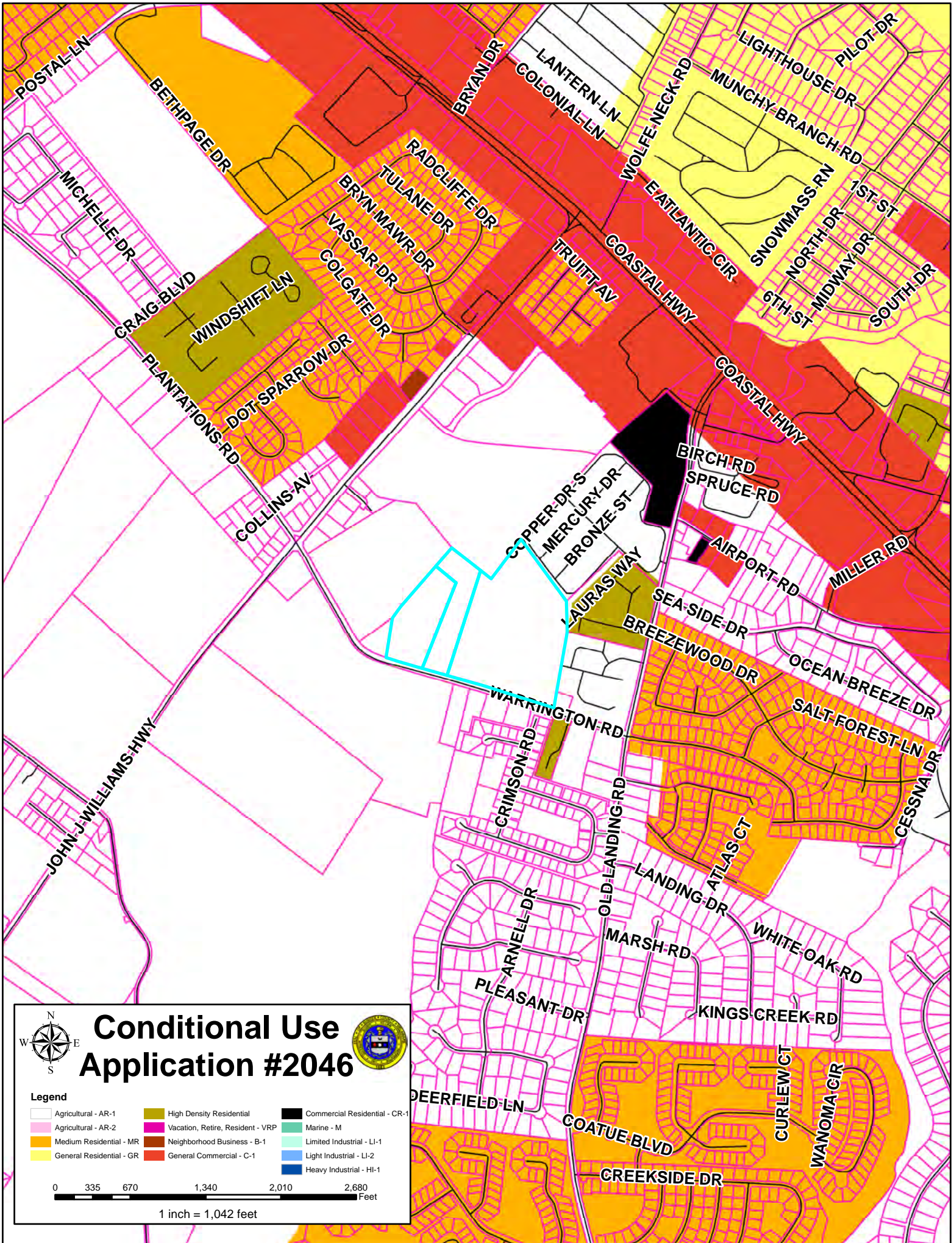
**Legend**

Agricultural - AR-1	High Density Residential	Commercial Residential - CR-1
Agricultural - AR-2	Vacation, Retire, Resident - VRP	Marine - M
Medium Residential - MR	Neighborhood Business - B-1	Limited Industrial - LI-1
General Residential - GR	General Commercial - C-1	Light Industrial - LI-2
		Heavy Industrial - HI-1

0    105    210    420    630    840    Feet

1 inch = 333 feet

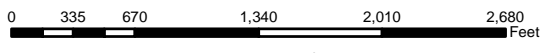




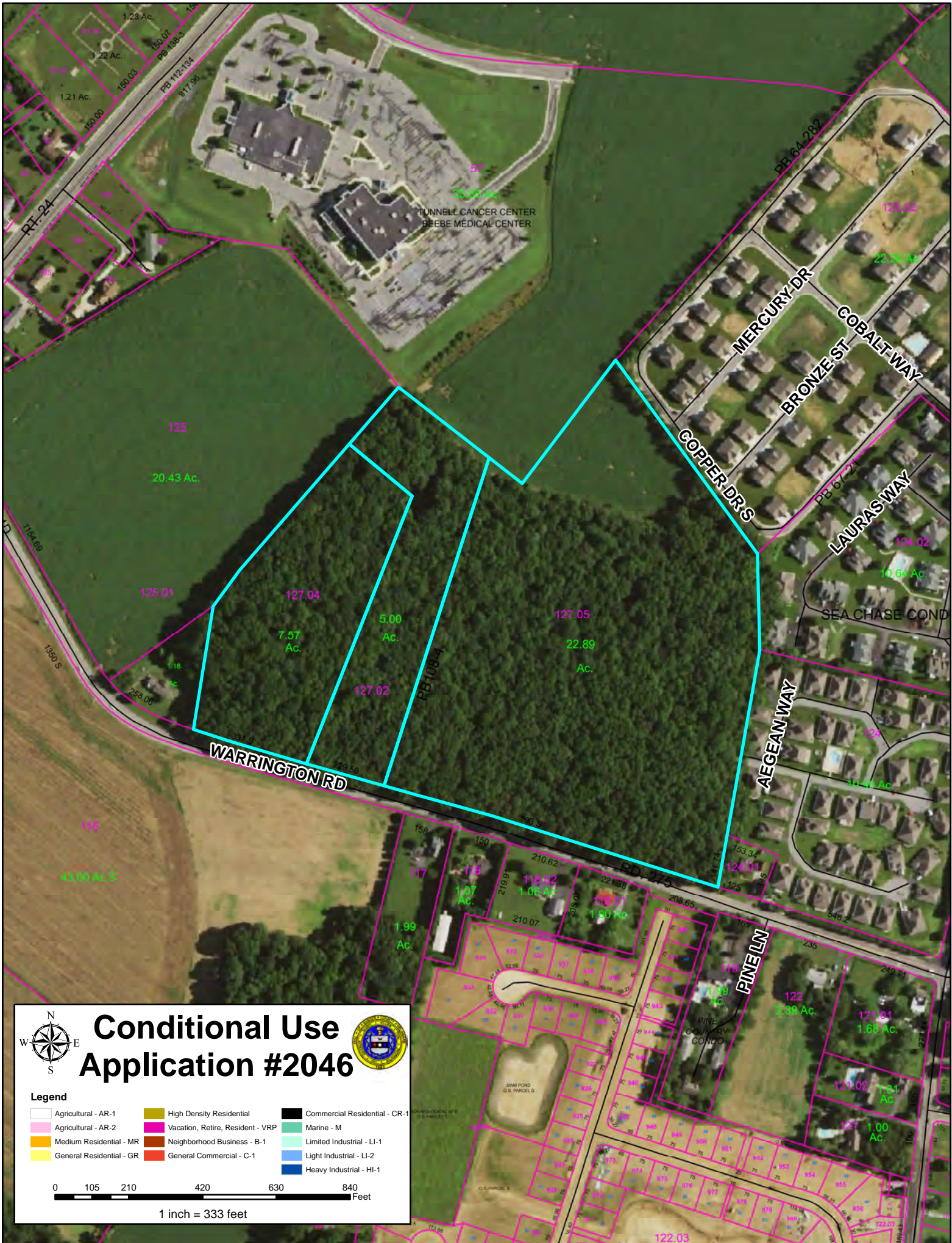
# Conditional Use Application #2046



- Legend**
- |                          |                                  |                               |
|--------------------------|----------------------------------|-------------------------------|
| Agricultural - AR-1      | High Density Residential         | Commercial Residential - CR-1 |
| Agricultural - AR-2      | Vacation, Retire, Resident - VRP | Marine - M                    |
| Medium Residential - MR  | Neighborhood Business - B-1      | Limited Industrial - LI-1     |
| General Residential - GR | General Commercial - C-1         | Light Industrial - LI-2       |
|                          |                                  | Heavy Industrial - HI-1       |







# Conditional Use Application #2046



- Legend**
- |                          |                                  |                               |
|--------------------------|----------------------------------|-------------------------------|
| Agricultural - AR-1      | High Density Residential         | Commercial Residential - CR-1 |
| Agricultural - AR-2      | Vacation, Retire, Resident - VRP | Marine - M                    |
| Medium Residential - MR  | Neighborhood Business - B-1      | Limited Industrial - LI-1     |
| General Residential - GR | General Commercial - C-1         | Light Industrial - LI-2       |
|                          |                                  | Heavy Industrial - HI-1       |

0 105 210 420 630 840 Feet

1 inch = 333 feet

PUBLIC HEARING  
December 13, 2016

This is to certify that the Sussex County Planning and Zoning Commission conducted a public hearing on the below listed application for a Change of Zone. At the conclusion of the public hearing, the Commission moved and passed that the application be forwarded to the Sussex County Council with the recommendations as stated.

Respectfully submitted:

COUNTY PLANNING AND ZONING  
COMMISSION OF SUSSEX COUNTY

Lawrence B. Lank  
Director of Planning and Zoning

The attached comments relating to the public hearing are findings of the Planning and Zoning Commission based upon a summary of comments read into the record, and comments stated by interested parties during the public hearing.

PUBLIC HEARINGS

On July 14, 2016 the Commission held a public hearing on the following application:

C/Z #1802 – J.G. Townsend Jr. & Co.

An Ordinance to amend the Comprehensive Zoning Map of Sussex County from an AR-1 (Agricultural Residential District) to a B-1 (Neighborhood Business District) for a certain parcel of land lying and being in Lewes and Rehoboth Hundred, Sussex County containing 11.66 acres, more or less. The property is located at the southeasterly corner of Gills Neck Road (Road 267) and Kings Highway (Road 268). (911 Address: None Available) Tax Map I.D. 335-12.00-Part of Parcel 3.00.

Mr. Lank reminded the Commission that they had previously received the applicant's Exhibit Booklet, copies of letters and emails received, and the staff analysis of the application in their packet; and that copies of letters and emails received in support of and in opposition to the application since the packet had been sent out are copied at their seats. The total number of letters/emails included eight in support, 18 in opposition, of which 6 included 119 signatures in agreement, and one in support of a City of Lewes Alternative (a Conditional Use application).

Mr. Lank advised the Commission that the staff has received comments from the Sussex Conservation District and County Engineering Department Utility Planning Division, and that DelDOT comments are a part of the applicant's Exhibit Booklet.



The Commission found that Nick Hammonds was present on behalf of J.G. Townsend, Jr. & Co. with Gene Bayard, Esquire of Morris James Wilson Halbrook and Bayard, LLP, and Ring Lardner, Professional Engineer of Davis, Bowen and Friedel, Inc.; that during the process of their presentation they used a Power Point demonstration on the monitors; that they stated in their presentations and in response to questions raised by the Commission that over 30 years ago the applicants started a master plan for their properties along Gills Neck Road; that they have been developing portions of the property with subdivisions, starting with larger lots down to smaller lots as the developments progressed toward Kings Highway; that the corner of Kings Highway and Gills Neck Road has always been in their anticipated plan to become a business/commercial site to serve the communities in the area; that the first project along Gills Neck Road was Wolfe Runne, and then they continued with Wolfe Pointe, Cadbury, Breakwater, Hawkseye, Senators, Governors, and Showfield development projects; that the Senators project just recently sold out; that the Governors and Showfield projects are under construction; that the combination of the projects contain approximately 1,500 dwelling units that are within walking distance to this site; that the Junction/Breakwater Trail includes easements and construction that has been dedicated by the applicants; that the applicants have cost shared road improvements on 4.6 acres, and made intersection improvements and right-of-way dedications along Gills Neck Road and Kings Highway; that they referenced in their presentation that there have been several zoning changes along Kings Highway near the site and referenced the Crooked Hammock Restaurant, Morton Electric, Gallo properties, Palmer properties, the Lingo office site in the City of Lewes near the Cape Henlopen High School, and other rezoning in the County and the City of Lewes; that in 2007 they had proposed a 500,000 square foot retail center on 60 acres and withdrew the application; that in 2009 they had proposed a 387,000 square foot retail center on 47 acres and the rezoning was denied; that in 2015 they had proposed a 215,000 square foot retail center on 36.47 acres and withdrew it before it was introduced; and now they are applying for rezoning to B-1 Neighborhood Business for a 75,000 square foot retail center on 11.66 acres; that they are intending to create a neighborhood shopping center with a grocery containing 20,000 to 30,000 square feet, and hopefully a bank, pharmacy, and other stores and shops to provide needs and services; that they are not intending a gas filling station or dry cleaner; that the architectural will be similar to down town Lewes; that by comparison the center will be similar in size to the shopping center in front of the Village at Five Points; that B-1 Neighborhood Business zoning limits the size of the project by regulation; that they have provided a sketch plan of the center and acknowledge that it is only a conceptual plan; that they had submitted an application to the State for a Preliminary Land Use Service (PLUS) review prior to their application in 2015 and were not required to resubmit this application since the site and size of the project has been reduced in size; that their responses to the PLUS comments for the 2015 concept responses are printed in red, and their revised 2016 concept responses are printed in blue; that the findings of the Board of Public Works for the City of Lewes in their letters of June 21, 2013 (Tab 4a in the Exhibit Booklet) and November 19, 2015 (Tab 4b in the Exhibit Booklet) do not agree with the findings in the June 22, 2016 Water Resources and Environmental Impact Assessment for the project as prepared by Atlantic Hydrologic, Inc. (Tab 5 in the Exhibit Booklet); that Tab 5 provides references with an introduction, site topography and hydrology, geology and groundwater characteristics, a description of the Lewes supply wells, the County Ordinance for Source Water Protection, land use in the wellhead area, regulated properties in the wellhead area, PLUS issues for the site, a discussion of stormwater management, and conclusions and recommendations; that they referenced DelDOT definitions of a Traffic Impact



Study (TIS) and a Traffic Operational Analysis (TOA); that they made reference to a 2006 TIS DeIDOT correspondence, a 2009 TIS DeIDOT correspondence, and a 2016 TOA DeIDOT correspondence, and added that DeIDOT will make the final decision on what traffic and road improvements will be required; that there are no negative impacts on wetlands; that there are no historical or cultural site within the area of the application; that this application is a part of a progression of development activities of the Gills Neck Road area; that they suggested that the Commission review the Hydrological Reports from the Board of Public Works for the City of Lewes and compare them to the Hydrological Reports prepared for this application and it will be found that they disagree; that the Cape Henlopen High School site contains 18 acres of impervious surfaces (buildings, parking areas, game courts, etc.) that is closer to the Lewes well head site than this application site; that when the original village center application was filed the Board of Public Works did not ask for a hydrological study; that the applicants intend to comply with all County regulations in Ordinance 89, the Source Water Protection Ordinance; that the developers have downsized the project from 500,000 square feet to 75,000 square feet along with reductions in the number of residential units in the area which means that the required DeIDOT improvements exceed the necessary improvements; that the developers have agreed to participate in those required improvements required by DeIDOT; that changes of use on existing B-1 Neighborhood Business and C-1 General Commercial site only requires a site plan approval, not a public hearing; that the site is in an Investment Level One according to the Strategies for State Policies and Spending; and that they agree with the staff analysis of Ms. Cornwell, Planning and Zoning Manager, which references that the rezoning is consistent with the land use in the Comprehensive Plan, the surrounding area and uses.

The Commission found that Ted Becker, Mayor of the City of Lewes, Paul Silberstorn, Traffic Consultant, and Darrin Gordon, General Manager of the Board of Public Works for the City of Lewes, were present and submitted: a Resolution of the Mayor and Council of the City of Lewes; a copy of the draft for the City of Lewes Area Traffic Study as prepared by Environmental Resources Management; a letter from the Board of Public Works for the City of Lewes; a copy of a November 19, 2015 letter from Advanced Land and Water, Inc. to the Board of Public Works for the City of Lewes; and a spiral bound report, dated July 16, 2016, from Advanced Land and Water, Inc., and provided a short Power Point presentation while they spoke referencing arterial roads, existing traffic conditions, future land use, future traffic conditions and impacts, traffic mitigation, and traffic management tools; that the City is concerned about increased densities and traffic impacts caused by development of this parcel and vacant farmland that is for sale on the southeast corner of the intersection of Kings Highway and Gills Neck Road, traffic on New Road, Pilot Town Road, and Savannah Road; that the Lewes Byway Master Plan should be complied with; that excessive development will impact said Plan; that the site is a Primary Recharge Area; that water is essential; that the Public Works must provide safe drinking water into the future; that the DNREC mapped well head protection area includes the entire site; that hydrological reports have been prepared for both the applicants and the City; that best management practices must be utilized and monitored to protect the area; that the City would prefer to consider an application for a Conditional Use so that conditions can be imposed on the project; that monitoring is a necessity; that they would support the relocation of the site back away from Kings Highway so that a green zone could be created next to the well head site; that they are not anti-development if the project is done right; and that the City opposes the rezoning, but would support a Conditional Use application.

The Commission found that John Sergovic, Esquire of Sergovic Carmean Weidman McCartney & Owens, P.A. was present on behalf of the Lewes Partnership for Managing Growth, LLC, with John Mateyko of Lewes, and Michael Lenhart, Professional Engineering Consultant, and that they stated in their comments that the purpose of the Partnership is to promote orderly growth; that this project was never disclosed in the marketing of the residential developments along Gills Neck Road; that the location will impact pedestrians and cyclist; that the project should be moved back adjacent to the Governors project leaving space between the site and Kings Highway and the well head site across Kings Highway; that traffic lighting proposed at Clay Road may impact the area; questioning the intent of the residual lands adjacent to the site; that there is nothing in the record that restricts a gas station, boat storage, etc., therefore, this application should be rejected and a Conditional Use applied for; that the developers should support the Conditional Use process; that they disagree with Ms. Cornwell's analysis; that arterial roads mapped do not include Kings Highway; that if a Conditional Use were to be applied for the retail space should be limited to 20,000 square feet and as far away from the well heads as possible; that this concept would match the Governors project, a Conditional Use for multi-family; that this smaller sized retail would serve the immediate area of Gills Neck Road; that if the project is moved back it will be further away from the well heads, away from ambulance and emergency traffic, and away from the Cape Henlopen High School, but closer to the homes along Gills Neck Road; that the use would be more walkable, safer, and convenient for the residents of the area; that homeowners have purchased homes based upon existing zoning and conditions in the area; that any rezoning or new growth, to be orderly, must preserve their access, personal safety and home values; that this is especially important for the residents of Cadbury, who may not have an option to relocate; that they are concerned about the impact on the well heads; that a shopping center parking lot directly on top of the well head protection area would increase the risk to drinking water contamination, a public health risk that should not result from a discretionary rezoning; that those of us that live in Lewes experience bumper to bumper traffic on more and more roads; that the Byway and Consultant studies demonstrate that the carrying capacity of roads inside Lewes has been reached; that hazard preparedness, and risk reduction, is a critical consideration for this site, since this site is subject to future flood risks from both Canary Creek and Black Hook Creek and since Kings Highway is designated the primary evacuation/recovery route for the Lewes area; that for flooding mitigation it is not prudent to pave over the area immediately adjacent to the roadway preventing natural infiltration; that the area should remain open to permit contaminated floodwater to infiltrate and reduce the quantity of paved surface contaminations which floodwaters can wash directly on top of the well heads; that the application relies on old Traffic Impact Studies; that some major failures already exist; that there is no evidence that this project will not impact traffic; that the purpose of a B-1 Neighborhood Business has not been met; that the site is automobile oriented; that relocating the site further back from Kings Highway may be appropriate; and that they concur with the City of Lewes Traffic Engineer on his comments. Mr. Mateyko submitted written comments.

The Commission found that Todd Sammons, Subdivision Engineer for DelDOT, was present and stated that his Department reviews subdivision and entrance plans; that DelDOT has studied and monitored this area; that the Traffic Impact Study results are adequate; that the developer is reviewing the area and performing a Traffic Operational Analysis; that a Corridor Management

Plan is being considered; and that the 2008 Agreement between DelDOT and LT Associates is being maintained, even though the project has been reduced in size by approximately 85 percent.

The Commission found that Mr. Bayard responded to some of the concerns expressed by the City of Lewes by stating that the City has not offered to purchase the land to protect the well heads; and that when the high school was rebuilt it was grandfathered since it was a replacement buildings and did not have to abide by the well head protection regulations.

The Commission found that Mark Eisner, Geologist for the Board of Public Works for the City of Lewes, stated that relocating the well heads would be costly and could impact the depth, the aquifer, pipe lines, soils, treatment, maintenance of the existing facilities, and that saltwater intrusion is a concern.

The Commission found that Mr. Gordon added that impervious surfaces impact well heads.

Mr. Robertson advised the Commission that Chapter 89, the County Source Water Protection Ordinance, provides for a safe zone of 100 feet from well heads.

The Commission found that Mr. Gordon responded that the State DNREC has stated that the Chapter 89 is weak in its requirements.

The Commission found that Mr. Lardner stated that the applicants are prepared to conform to Best Management Practices and the Source Water Regulations.

Mr. Robertson reminded the Commission that the Sussex Conservation District will oversee Stormwater Management and Erosion and Sediment Control requirements.

The Commission found that Ernie Lopez was present on behalf of approximately 30 individuals in support of this application and stated that this site is an appropriate location for a B-1 Neighborhood Business use; that the application came about through the applicants contacts with area residents; that the purpose of the B-1 Neighborhood Business zoning will be complied with; and that the application is actually a compromise reducing the size of the project and applying for a more restrictive business/commercial zoning category, B-1 Neighborhood Business.

The Commission found that Bobby Horsey, a site work contractor from Laurel, spoke in support and stated that he has known the applicants for years; that his family business has been involved in almost all of the applicants projects in the area; and that it is his opinion that the applicants have gone above and beyond on all of their projects, exceeding that which should be required.

The Commission found that Dennis Crawford was present and spoke in opposition to the application stating that he represents a consortium of eight (8) neighborhoods with contain approximately 1,400 homes in the area; that there has been no disclosure of a master plan that includes any commercial or retail development; that the residents that he represents do not want or need shopping or other commercial business in this area; that they have no issues traveling to Lewes or Route One to satisfy their shopping needs; that the site is currently zoned AR-1 Agricultural Residential and that the County is quite specific as to the purpose of such a zoning

category, referencing a full range of agricultural activities and to protect agricultural lands, as one of the County's most valuable natural resources, the intention to protect the watersheds, water resources, forest areas, and scenic values, and to seek to prevent untimely scattering of more dense urban uses; that their concerns in rezoning to B-1 Neighborhood Business are increases in traffic, their welfare and safety – the ability of fire, police and ambulance vehicles getting to them in an emergency, water quality and quantity – three of the neighborhoods receive their water from the Board of Public Works for the City of Lewes; crime and drug activity; and that his research has indicated that a 75,000 square foot retail center needs 6,000 residents in the area to support it. Mr. Crawford submitted his written comments.

Abby Feierstein, Lee Howard, Fran Mahon, Jane Lord, Fran Storey, Dan Durham, Tim Campbell, Peter Strub, Ric Moore, Joseph Kelly, Bill Barnardi, and Mrs. Mateyko also spoke in opposition to the application and expressed concerns that the Henlopen Gardens project is impacted by drivers short cutting through the community from Savannah Road to Kings Highway; that shopping is adequate in the area; that residents are concerns about interconnection of roadways causing drivers to travel through the other residential projects in the area; that creating a business zone across from the Cape Henlopen High School and across from a continuing care community is clearly at odds with the County's responsibility to promote the health, safety, and well-being of citizens in the area; that the ever increasing traffic at this intersection poses a threat to the safety of our youngest and oldest drivers and pedestrians, but immediate, unimpeded access for emergency vehicles is essential for both the high school and the continuing care community; that Gills Neck Road is very narrow with no shoulders making it difficult for emergency vehicles to respond; that the continuing care community relies heavily on emergency responders; that shopping centers are a magnet for criminal activities (carjacking, breaking into vehicles, and shoplifting, to name a few); that the Delaware State Police will have delayed response times due to traffic; that security studies should be completed and security procedures established; that saltwater intrusion is a concern; that a new traffic study is needed; that the City of Lewes had a traffic study prepared in 2015 for the area; that there is a fear that a precedent will be established for more business/commercial applications in this area if this application is approved; that there a multiple intersection issues in this area; that pedestrian and cyclist safety is a concern; that the County should promote sustainability by managing growth; that the purpose of zoning is to regulate and control growth; that this use is not appropriate; that agricultural preservation is needed; that open space preservation is needed; that sea level rise is a concern; that the impervious surfaces created with a project of this size will impact the well heads, stormwater management and water quality; that locating this retail center within the Lewes protected well field represents a grave risk of contamination of the well field by organics, including carcinogenic and probable carcinogenic substances; that pollutants from vehicles are a special threat with releases into the air and onto the ground; that DNREC has stated that the well field is highly susceptible to petroleum hydrocarbon intrusion; that there is no fool proof system for capturing pollutants; that no stormwater management system can eliminate flooding from extreme storms and hurricanes; that releases of contaminants would not in all events end up in stormwater treatment systems; that Lewes' drinking water would be afforded more protection if the parcel remains in agriculture; that the area has been farmed for more than 50 years and there is no inherent right to convert its use at public expense; questioning why should the public interest by compromised because developers wish to place a shopping center within a City wellhead protection area next to a school; and that the memorandum of understanding between

DelDOT and the County specifically calls for a traffic impact study with respect to this application. Ms. Lord and Mr. Kelly submitted their written comments.

The Commission found that Gail Van Gilder of the Lewes Scenic and Historic Byway Committee provided a letter and packet of Power Point exhibits referencing the Kings Highway – Gills Neck Road Master Plan; the Kings Highway – Gills Neck Road Landscape Master Plan; the DelDOT Manual for Sensitive Solutions for Delaware Byways; the PLUS review comments relating to the Village Center rezoning application; and the Transportation Management Report of the Corridor Management Plan and referenced that the Byway’s goal is to conserve, enhance and promote the Byway Corridor; that the Byway Corridor Management Plan references existing and future carrying capacity for the corridor, intends to improve public transit, the enhancement and use of context sensitive solutions, to establish gateways and way findings by guiding land use change along Kings Highway and Gills Neck Road; that the Committee urges the County to follow the PLUS reviews Byway recommendations from DelDOT and the Management Plans and Master Plans; that the Committee ask that a Byway representative or consultant be involved in the Site Plan review process from the outset as a condition of approval; that the Lewes Byway Plan recommends that the County link land use and transportation; that the Committee urges the County to work with DelDOT to improve the transportation system in a context sensitive manner as quickly as possible given the enormous increase in traffic; that Byways generate tourism and improve the quality of life; that the developers have an ideal opportunity to design a model project that could enhance the Byway and its surrounding residential sites; that the developers have already improved the Byway by restoring the outside of the historic Townsend barn that sites on the property; that combining the shopping center with an adaptive reuse of the historic barn could make it a community amenity rather than a commercial strip; that DelDOT will enhance this site with a context sensitive road improvement project as funds become available as shown in their Master Plan; and that the Committee urges the County and the applicants to use the Byway designation, the Byway Corridor Management Plan recommendations and the PLUS review recommendations to create a project that will be a value to all.

At the conclusion of testimony, Mr. Ross noted that the site will not remain a cornfield; that water supply is important; and questioned why the developers are being asked to preserve their land to protect the well fields without compensation.

At the conclusion of the public hearing, the Commission discussed this application.

Mr. Robertson noted that Mr. Kelly’s comments referenced Court actions, more specifically the Barley Mill rezoning, a case between New Castle County Council and citizens, and relating to a Traffic Impact Study or Traffic Operational Analysis.

On July 14, 2016 there was a motion by Mr. Burton, seconded by Mr. Johnson, and carried unanimously to defer action for further consideration. Motion carried 5 – 0.

On July 28, 2016 the Commission discussed this application under Old Business.

Mr. Burton stated that before we get to this motion, he would like to talk about this project and referenced the following:

In 2007, the Planning and Zoning Commission was presented with a request for a change in zone for this property to CR-1 (Commercial Residential) that would pave the way for a 520,000 square foot destination shopping center on 60 acres right at the intersection of Kings Highway and Gill's Neck Road. It was a shopping center as large as or larger than anything on Route One. As such a large potential destination, it created, even attracted, too much traffic onto Kings Highway and into Lewes. I voted against that application, and the applicants withdrew it. Then, another CR-1 (Commercial Residential) zoning request was sought for 45.7 acres of land, with the possibility of around 320,000 square feet of commercial space. I voted against that application, too.

At the last meeting, we were asked to consider a rezoning to B-1 (Neighborhood Business) for a proposed 75,000 square foot shopping center on a much smaller part of the same land. This was roughly an 82% reduction from the original proposal. Unlike the prior proposals which were intended to be destinations for people from all over Sussex County and beyond, this smaller project allows people who live in the vicinity of Gills Neck Road to get what they need locally without travelling across other Lewes roads or going onto Route One. It serves a need and is good planning. It also complies with our County Comprehensive Plan, which directs neighborhood shopping like this to areas where low and medium density residential development exists, exactly like the development that has occurred on Gill's Neck Road. It also says that development like this should be located in proximity to an incorporated municipality, which it is. I realize that not everyone may like the guidance that our Plan currently gives us, but that is what it says. As an aside, if you disagree with this type of planning, now is the time to get involved, as we are working on our new Plan to be adopted in 2018.

As we all know, the State controls the roads. In most cases, road improvements follow development approvals, which is always not the best way to go. Here, the developer has entered into an agreement with DelDOT for road improvements based on a much larger shopping center. I believe that we all benefit from these roadway improvements paid through private investment. And, unlike just about every other development we see, most of the road improvements will be completed prior to any development of this property.

There has rightfully been a lot of concern about the water supply for the City of Lewes. I am concerned about the protection of the City's water supply, too. But, the eventual development of this property will be regulated by Sussex County's Wellhead Protection Ordinance. It governs what can or can't be built in close proximity to the wells, and it also regulates the impervious areas and recharge requirements in the rest of the area. But, it does not prevent development of the land. In fact, it is similar to the City of Lewes requirements for Water Resource Protection Areas which also allow land development if impervious cover and recharge requirements are met. In the end, this project will probably be scrutinized like no other when the applicants seeks to have a site plan reviewed for the development of it. They will be forced to comply with the legal requirements put in place to protect the Lewes wells.

I know that there is some opposition to this request, but I believe it is a reasonable request, that it will serve the needs of a lot of people in this area with convenient shopping, and that it follows the directions of our own Comprehensive Plan. So, I am prepared to make a motion recommending approval of the rezoning to B-1 (Neighborhood Business).

Mr. Ross agreed and referenced the need for transit services.

Mr. Burton stated that he would move that the Commission recommend approval of Change in Zone No. 1802 for J.G. Townsend, Jr. & Co. for a change in zone from AR-1 (Agricultural Residential) to B-1 (Neighborhood Business) based upon the information contained in the record on this application and for the following reasons:

- 1) This application is for a change in zone from AR-1 (Agricultural Residential) to B-1 (Neighborhood Business). According to the Zoning Code, the B-1 (Neighborhood Business) zone is appropriate “to provide retail shopping and personal service uses” and “to serve the needs of a relatively small area, primarily nearby rural, low density or medium density residential neighborhoods”.
- 2) The purpose of the B-1 (Neighborhood Business District) is satisfied by this application. Right now, there are approximately 1,500 residential units located or approved along Gills Neck Road. All of these units have developed with low and medium density designs. And residents in all of these units currently must travel to Route One or cross Kings Highway and Clay Road to the Village of Five Points for their retail shopping needs and personal service uses, such as a grocery store. Neighborhood Business uses here will be convenient to those existing and future residents and will eliminate the traffic and congestion caused by having to travel to Route One or Savannah Road. B-1 (Neighborhood Business) zoning is appropriate for this site.
- 3) The B-1 (Neighborhood Business) zoning district is the most limited commercial or business zoning category in Sussex County. Here, B-1 (Neighborhood Business) zoning will limit the size and type of uses that occur on this site, ensuring that any future development of it will be on a scale that is compatible with the surrounding area.
- 4) There was a great deal of concern about the location of the City of Lewes’ wells across Kings Highway from this site, and whether the existence of these wells should prevent the rezoning of this property. The protection of these wells is important to everyone, and it is governed by the Sussex County Source Water Protection Ordinance that was adopted in 2008. Those protections apply at the Site Plan stage, and any development of this site must comply with the requirements of the Source Water Protection Ordinance, whether the site is zoned AR-1 (Agricultural Residential) or B-1 (Neighborhood Business). But, the existence of these wells is not a reason to deny this particular application.
- 5) The Sussex County Comprehensive Plan supports this rezoning. The property is located in the Environmentally Sensitive Developing Area according to the Plan. In this Area, our Plan says that “retail and office uses are appropriate”, and that “careful mixtures of homes with light commercial and institutional uses can be appropriate to provide for convenient services and to allow people to work close to home”. This rezoning falls squarely within this guidance established by our Comprehensive Plan.
- 6) The Comprehensive Plan also directs that appropriate growth such as this B-1 (Neighborhood Business) rezoning should be directed towards a Growth Area, which



includes the Environmentally Sensitive Developing Area where this property is located, based on several guidelines, including:

- a. The proximity to an incorporated municipality;
- b. The existence of public sewer and water;
- c. The location on or near a major road;
- d. The character and intensity of surrounding development; and
- e. How the area ranks according to the “Delaware Strategies for State Policies and Spending”.

Here, our Plan’s guidelines are all satisfied, since the project is close to the City of Lewes; there is public sewer and water available; the property is located along an “Arterial” roadway according to the Mobility Element of the Plan; the surrounding residential development supports the need for neighborhood business uses; the rezoning is consistent with other business and commercial trends in the area; and the location is in Level 1 according to the State Strategies. Our Comprehensive Plan supports this rezoning.

- 7) DelDOT has approved the Traffic Impact Study (TIS) for this project, and both DelDOT and the applicant have entered into an agreement for extensive roadway improvements in this area that support the rezoning. Both the TIS and the Agreement are based on a development of a much larger project than what can be built on this 11 acres of B-1 (Neighborhood Business) zoning. These roadway improvements, at the developer’s expense, will be a benefit to all travelers in the area. One example is the improvements of the Cape Henlopen High School/Gill’s Neck Road/Kings Highway intersection, which is currently underway.
- 8) The rezoning to B-1 (Neighborhood Business) is consistent with neighboring and adjacent uses. Besides the need for reasonable neighborhood businesses to serve the existing residential uses, B-1 (Neighborhood Business) zoning and the limited uses it allows are consistent with the small-scale commercial zoning across the road from the site, a small shopping center just down the road, the high school, and other businesses, retail establishments, restaurants, and offices that are nearby.
- 9) B-1 (Neighborhood Business) zoning is appropriate for this site. But, if approved by the County Council, that is not the end of the County’s involvement if it is developed. The Planning and Zoning Commission and its staff must still review any site plan for development of the project, including whether it complies with the County’s Source Water Protection Ordinance, how it relates to the Lewes Scenic Byways Program recently endorsed by County Council, especially at this location as a gateway to Lewes, and how it is interconnected with adjacent developments and roadways.
- 10) For all of these reasons, it is my recommendation that this rezoning from AR-1 (Agricultural Residential) to B-1 (Neighborhood Business) should be approved.

Motion by Mr. Burton, seconded by Mr. Ross, and carried unanimously to forward Change of Zone No. 1802 for J.G. Townsend, Jr. & Co. to the Sussex County Council with the recommendation that this application be approved for the reasons stated. Motion carried 5 – 0.

By Roll-Call: Mr. Burton – yea; Mr. Hudson – yea; Mr. Ross – yea; Mr. Johnson – yea; and Mr. Wheatley – yea.

**Introduced 05/03/16**

**Council District No. 3 - Deaver  
Tax Map I.D. No. 335-12.00-Part of Parcel 3.00  
911 Address: None Available (Acreage)**

**ORDINANCE NO. \_\_\_\_**

**AN ORDINANCE TO AMEND THE COMPREHENSIVE ZONING MAP OF SUSSEX COUNTY FROM AN AR-1 AGRICULTURAL RESIDENTIAL DISTRICT TO A B-1 NEIGHBORHOOD BUSINESS DISTRICT FOR A CERTAIN PARCEL OF LAND LYING AND BEING IN LEWES AND REHOBOTH HUNDRED, SUSSEX COUNTY, CONTAINING 11.66 ACRES, MORE OR LESS**

**WHEREAS, on the 18th day of April 2016, a zoning application, denominated Change of Zone No. 1802 was filed on behalf of J.G. Townsend Jr. & Co.; and**

**WHEREAS, on the \_\_\_\_ day of \_\_\_\_\_ 2016, a public hearing was held, after notice, before the Planning and Zoning Commission of Sussex County and said Planning and Zoning Commission recommended that Change of Zone No. 1802 be \_\_\_\_\_; and**

**WHEREAS, on the \_\_\_\_ day of \_\_\_\_\_ 2016, a public hearing was held, after notice, before the County Council of Sussex County and the County Council of Sussex County has determined, based on the findings of facts, that said change of zone is in accordance with the Comprehensive Development Plan and promotes the health, safety, morals, convenience, order, prosperity and welfare of the present and future inhabitants of Sussex County,**

**NOW, THEREFORE, THE COUNTY OF SUSSEX COUNTY ORDAINS:**

**Section 1. That Chapter 115, Article II, Subsection 115-7, Code of Sussex County, be amended by deleting from the Comprehensive Zoning Map of Sussex County the zoning classification of [AR-1 Agricultural Residential District] and adding in lieu thereof the designation of B-1 Neighborhood Business District as it applies to the property hereinafter described.**

**Section 2. The subject property is described as follows:**

**All that certain tract, piece or parcel of land lying and being situate in Lewes and Rehoboth Hundred, Sussex County, Delaware, and lying at the southeasterly corner of Gills Neck Road (Road 267) and Kings Highway (Road 268) and being more particularly described as:**

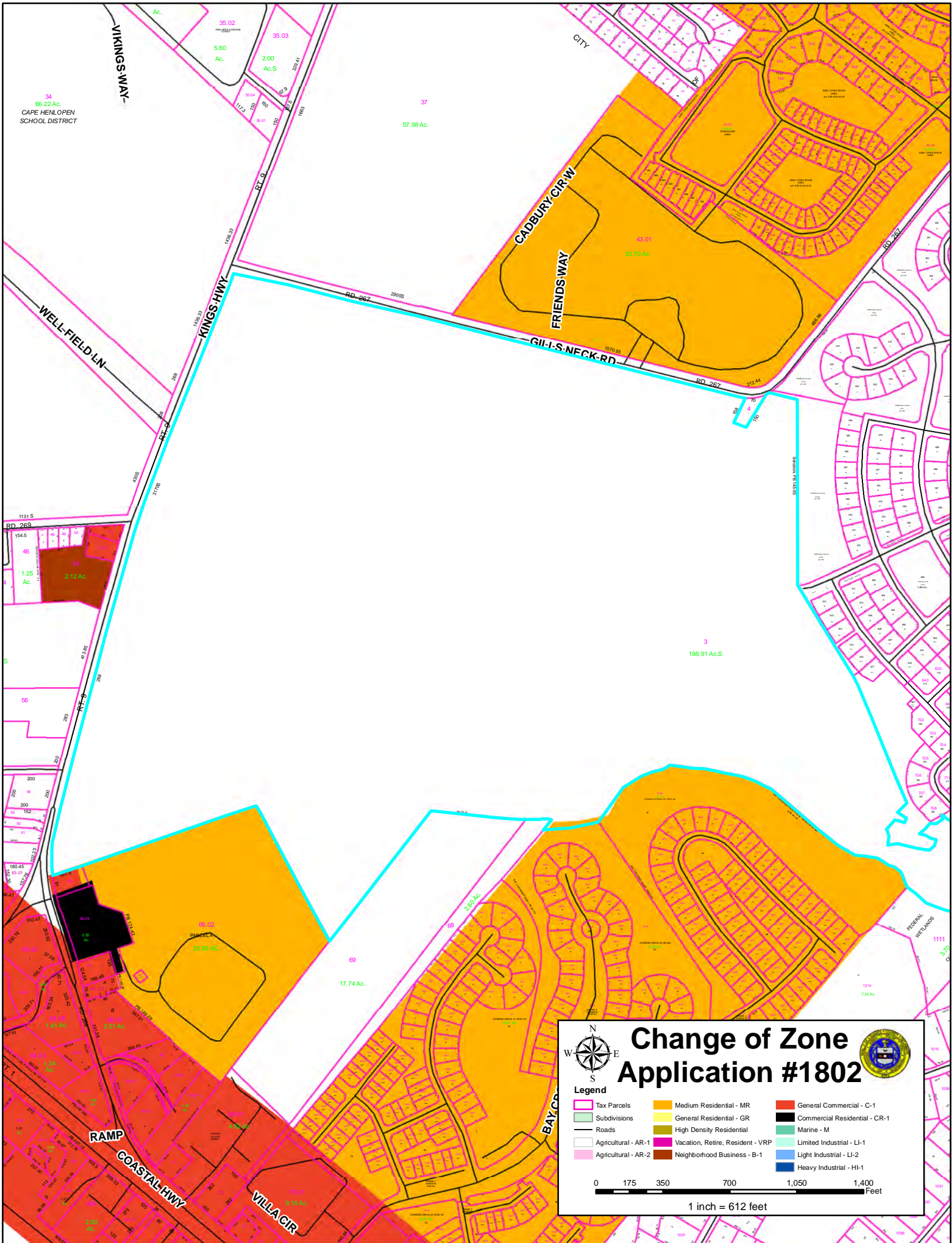
**ALL that piece or parcel of land, hereinafter described, situate, lying and being on the southerly side of Gills Neck Road (Road 267) and the easterly side of Kings Highway (Road 268); being located in Lewes and Rehoboth Hundred, Sussex County, Delaware; said piece or parcel of land being a portion of the lands of J. G. Townsend, Jr. & Co.; said piece or parcel of land being more particularly described as follows:**

**BEGINNING at a point formed by the intersection of the southerly right-of-way line of Gills Neck Road (Road 267, width varies) with the easterly right-of-way line of Kings Highway (Road 268, 100' wide); said beginning point being coordinated on the Delaware State Grid System as North 275,225.16 feet, East 732.729.15, thence:**

- 1) leaving said Kings Highway and running by and with said southerly right-of-way line of Gills Neck Road, South 75°47'58' East 410.52 feet to a point, thence,**
- 2) leaving said Gills Neck Road and running through the lands of J.G. Townsend, Jr. & Co., the following two courses and distances, South 21°53'57' West 1,292.42 feet to a point, thence running,**
- 3) North 68°06'03" West 395.24 feet to a point on the aforesaid easterly right-of-way line of Kings Highway, thence,**
- 4) running by and with said Kings Highway, the following two courses and distances, by and with a curve deflecting to the right with an arc length of 79.47 feet, a radius of 4237.52 feet, a chord bearing and distance of North 20°51'37" East 200.08 feet, thence running,**
- 5) North 21°23'51" East 1,158.01 feet to the point and place of beginning; containing 11.66 acres of land, more or less;**

**SUBJECT TO and together with easements, conditions and restrictions as shown on the plot entitled "Gills Neck Road, Chesapeake Utilities Easement", as recorded in the Office of the Recorder of Deeds, in and for Sussex County, Delaware, in Plot Book 183, Page 34.**

**This Ordinance shall take effect immediately upon its adoption by majority vote of all members of the County Council of Sussex County, Delaware.**



34  
66.22 Ac.  
CAPE HENLOPEN  
SCHOOL DISTRICT

35.02  
5.80 Ac.  
35.03  
2.00  
Ac.S

37  
57.98 Ac.

41.01  
33.70 Ac.

3  
198.91 Ac.S

69  
17.74 Ac.

54  
23.99 AC.

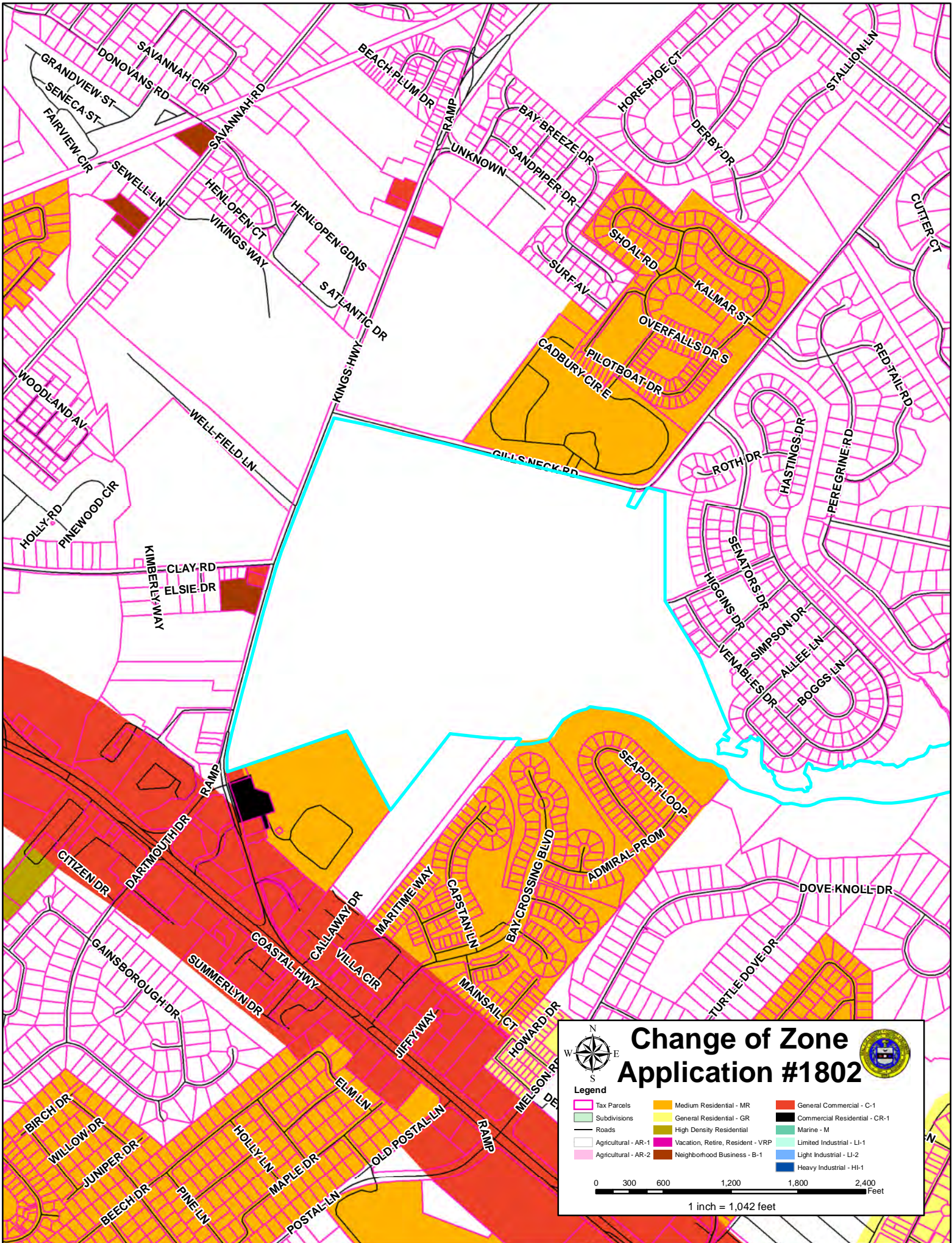
## Change of Zone Application #1802

**Legend**

Tax Parcels	Medium Residential - MR	General Commercial - C-1
Subdivisions	General Residential - GR	Commercial Residential - CR-1
Roads	High Density Residential	Marine - M
Agricultural - AR-1	Vacation, Retire, Resident - VRP	Limited Industrial - LI-1
Agricultural - AR-2	Neighborhood Business - B-1	Light Industrial - LI-2
		Heavy Industrial - HI-1

1 inch = 612 feet



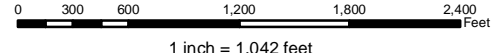


# Change of Zone Application #1802

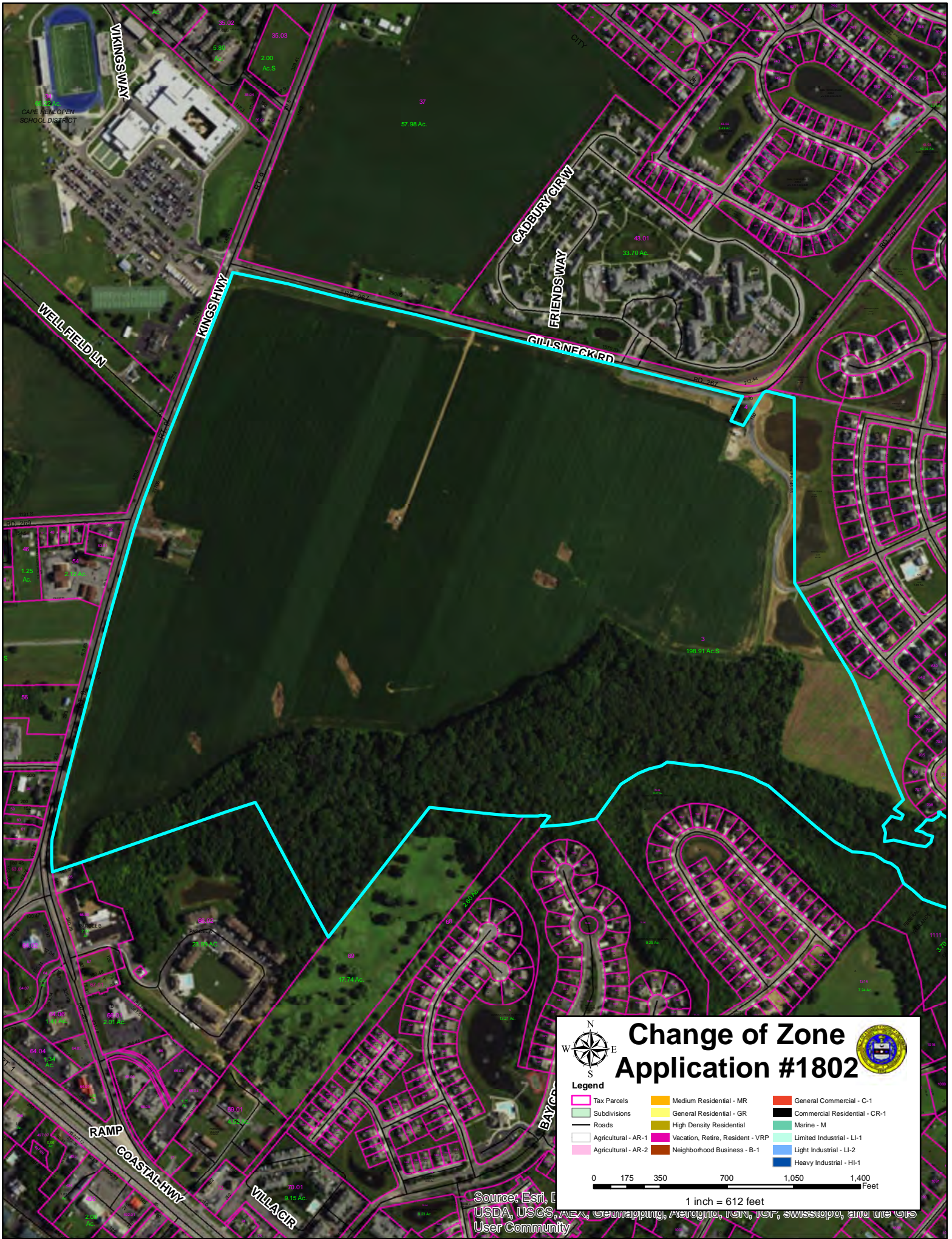


**Legend**

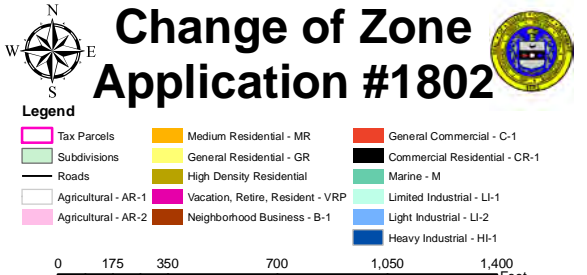
Tax Parcels	Medium Residential - MR	General Commercial - C-1
Subdivisions	General Residential - GR	Commercial Residential - CR-1
Roads	High Density Residential	Marine - M
Agricultural - AR-1	Vacation, Retire, Resident - VRP	Limited Industrial - LI-1
Agricultural - AR-2	Neighborhood Business - B-1	Light Industrial - LI-2
		Heavy Industrial - HI-1







**Change of Zone  
Application #1802**



**Legend**

Tax Parcels	Medium Residential - MR	General Commercial - C-1
Subdivisions	General Residential - GR	Commercial Residential - CR-1
Roads	High Density Residential	Marine - M
Agricultural - AR-1	Vacation, Retire, Resident - VRP	Limited Industrial - LI-1
Agricultural - AR-2	Neighborhood Business - B-1	Light Industrial - LI-2
		Heavy Industrial - HI-1

0 175 350 700 1,050 1,400 Feet

1 inch = 612 feet

Source: Esri, Intel, USDA, USGS, AEX, Geoplanning, Aeroglobe, IGN, ICG, Swisstopo, and the GIS User Community



LAWRENCE LANK  
DIRECTOR OF PLANNING & ZONING  
(302) 855-7878 T  
(302) 854-5079 F  
llank@sussexcountype.gov



**Sussex County**

DELAWARE  
sussexcountype.gov

MEMORANDUM

TO: Todd Lawson  
County Administrator

FROM: Lawrence Lank  
Director of Planning and Zoning

RE: Old Business Item  
Change in Zone No. 1802 – J. G. Townsend, Jr. & Co.

DATE: December 6, 2016

Be reminded that on August 23, 2016 the Sussex County Council (Council) held a public hearing on the application of J. G. Townsend, Jr. & Co. for the Village Center from AR-1 (Agricultural Residential District) to B-1 (Neighborhood Business District). On said date, the Council deferred action and left the record open for written comments for one week with the possibility of further extensions of the record remaining open.

The application was brought back before the Council for further discussion on August 30, 2016, October 4, 2016, and November 15, 2016. On November 15, 2016 the Council stated that the public time for written comments shall end on December 2, 2016 at 4:30 p.m. for comments relating to the DeIDOT and DNREC received.

On December 2, 2016 the public time for written comments was closed at 4:30 p.m. The Department received comments from Nicholas Hoogs, Jane Lord, Dennis Crawford, Araceli A. Gonzaga, Francis G. Mahon, Paul Harriott, Joseph C. Kelly, Chester Poslusny, Pam Meador, Judith Carpenter, David L. Greer, The City of Lewes, The Lewes Board of Public Works, and Jack Lingo Asset Management, with an attached Letters to the Editor from the Cape Gazette Newspaper.

Attached please find the attached comments.

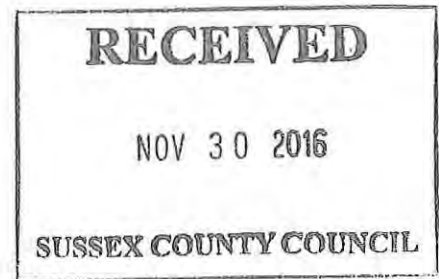
Should you have any questions, please do not hesitate to contact me at this Department.





Dennis Crawford  
32659 Hastings Drive  
Lewes, DE 19958

November 27, 2016



Members of The:  
Sussex County Council  
Todd Lawson, County Administrator  
Lawrence Lank, Director Planning and Zoning  
Janelle Cornwell, Approved Director Planning and Zoning

2 The Circle, P.O. Box 589  
Georgetown, DE 19947

Dear Members of Sussex County Council:

I just finished reading the answers from DelDOT and DNREC to your questions regarding rezoning request (CZ1802). This was my fourth read and I still do not understand their answers. If you do understand, I sure would appreciate meeting with someone on the Council who could/would explain their answers.

I will attempt to address the DelDOT answers first. There are inconsistencies in the responses. For instance, during the PLUS review for the planned center, YMCA and arts center, the State representatives at that meeting were requested by the developer to ignore the YMCA and arts center traffic during their evaluation. I wonder if the TIS really considered all traffic issues that exist today. There is a new apartment development, a new brew pub restaurant, build out of Senators and Breakwater sub-divisions. Hawkseye is almost complete and Showfield has begun. Governors has been approved with 432 single and multifamily homes. The traffic in this area is heavy now, to say the least. It does get heavier in the summer, but there really is no season for traffic now.

DelDOT bragged in their responses that the developer made improvements at the intersection of Kings Highway and Gills Neck Road. They failed to inform you how many times they have replaced signs knocked down by vehicles or how many close call accidents there have been due to this "construction process". There is little, if any, improvement in the traffic flow. When school is in session and the ferry arrives (even in November) the stacking lanes are full, therefore thru traffic and left turn traffic still must wait. Also the "smoothing of the curve" on Gills Neck Road now allows traffic to take the curve and travel at speeds in excess of 50 MPH on this 35 MPH local road. How is this for resident safety and welfare on a road that is a very busy cyclist route?

DelDOT also stated in their answers that Gills Neck Road is a local road. This being the case, I question why they would allow an entrance into Governors from Gills Neck plus an entrance into the proposed rezoning site that would lie between the Governors entrance and the heavily traveled and failing intersection of Kings Highway and Gills Neck Road. I will surely admit that I am not a traffic engineer, but this seems to be an unsafe situation.

The other question that should be addressed by the developer is their plan for the rest of the site. This developer has stated many times publically that this is all part of their master plan for the Gills Neck Road area that has been in existence for over thirty (30) years. That being the case, they should be able to answer this question rather easily. This answer may have serious consequences on traffic, public safety and welfare. As the Council is well aware, the majority of your constituents in this area and the City of Lewes do not want or need this additional shopping strip mall.

DNREC responses are equally difficult to understand. In the 2006 PLUS review for Senators DNRC stated:

**“The DNREC Water Supply Section has determined that the parcel falls wholly within an excellent ground-water recharge area (see attached map). Excellent Ground-Water Recharge Areas are those areas mapped by the Delaware Geological Survey where the first 20 feet of subsurface soils and geologic materials are exceptionally sandy. As such, these soils are able to transmit water very quickly from the land surface to the water table. Consequently, ground water in these areas may very readily be adversely affected by land use activities or impervious cover. The DNREC Water Supply Section recommends that the portion of the new development within the excellent ground-water recharge area not exceed 20% impervious cover.”**

This recommendation was not followed. In fact, the top soil was removed and replaced with hard packed clay. It is nearly impossible to dig in the yards in this neighborhood due to the packed clay. I would estimate that Senators is nearly 80% impervious. There has not been a reassessment due to the loss of this excellent water recharge area.

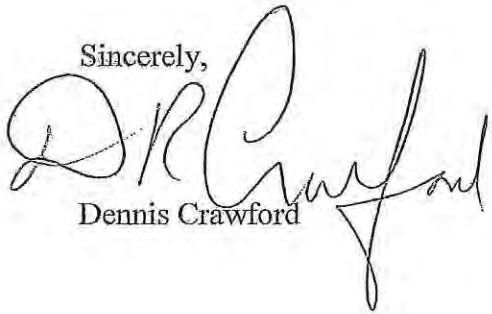
DNREC also stated there would be an assessment made after a new well was drilled. It is unclear from the responses what type of well would trigger an assessment, but Senators has **drilled three** high capacity wells for irrigation purposes.

I personally sent a request to DNREC asking why they allowed Senators to become a water run-off community and destroying this “excellent water recharge area”. Of course, I have not received a response and after seeing the response DNREC provided to the County Council I probably should not even expect an answer.

After reading the responses from these two State Agencies, I feel I live in a County that is not supported by our State Government. I am disappointed and angry when considering the answers

provided to my elected County Council. The answers to your inquiries do not provide the information needed for you to make an informed decision in this rezoning request.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Crawford". The signature is written in a cursive style with large, sweeping letters. The "D" is particularly large and loops around the "C". The "Crawford" part is written in a more fluid, connected cursive script.

Dennis Crawford

**Robin Griffith**

---

**From:** webmaster@sussexcountyde.gov on behalf of Araceli A. Gonzaga via Sussex County <webmaster@sussexcountyde.gov>  
**Sent:** Wednesday, November 30, 2016 7:29 PM  
**To:** Robin Griffith  
**Subject:** Form submission from: Contact County Council

Submitted via the Sussex County website.

Submitted on Wednesday, November 30, 2016 - 7:29pm

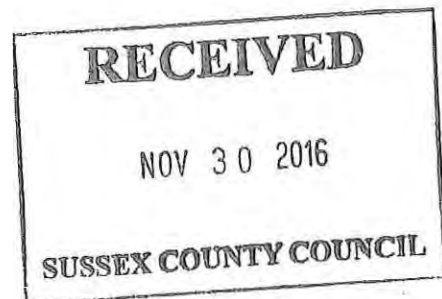
Name: Araceli A. Gonzaga  
Email: arita@mindspring.com  
Phone Number: 301-367-0373  
Subject: Re Objection to Rezoning for the Villages.Center CZ1802

**Message:**

I want to add my name to the responses you are receiving objecting to the Rezoning for the Village Center. My reasons are:

1. The negative impact it will have on the aquifer and its effect on the water supply for the Lewes BPW.
2. Impact on the traffic all around Lewes, including Gills Neck Road, Route 9, proximity to the Cape Henlopen HS etc.
3. Future negative impact on the area if rezoning is approved. and the possibility of unrestricted growth if rezoning is approved.
4. There already is too much new construction in the area and will be impossible to maintain a good quality of life.
5. Because of the many unknowns that could happen, the council should deny the rezoning request.

I own property in Lewes, at 16911 Ketch Court , Lewes and I already seeing the effects of the traffic, constructions, etc.





30 November 2016

Members of the Sussex County Council  
2 The Circle -- PO Box-589  
Georgetown, DE 19947

SUBJECT: DELDOT & DNREC Responses to Questions on Rezoning for the Village Center (CZ-1802)

Council Members,

I have just completed reading the responses to your questions and there is no evidence the rezoning's benefits outweigh its risks. I must state, DELDOT's responses are an exercise in obfuscation and diversion - and should compel the Council to deny this rezoning request given the unknowns it presents.

DELDOT's responses provide no basis of assurance they understand the situation nor can they advise on the impact the rezoning will have. They want the Council to act without a solid basis of information or simply, "Council accept the risk and then we'll tell you how bad it's going to be."

DELDOT's attempt to sidestep your questions due to an absence of a County ordinance is bureaucratic and unprofessional, and the Council should take that point to the Secretary of Transportation.

DELDOT's poor explanation of Level of Service, begs the question, "How can DELDOT be certain the developer's remedies will improve anything and that future development won't make things worse?" They offer no data to support what needs to be done so the Council can make an informed decision.

The band-aid fixes applied or promised by the developer are not remedying the traffic. The work<sup>3</sup> at the corner of Gills Neck and Kings Highway is more of a safety hazard than an improvement. The Gills Neck-dividing median is a full car's length back from the stop line, so traffic exiting Kings Highway onto Gills Neck tends to turn into the Gills Neck left-turn-lane. The High School's straight-on-exit-lane for Gills Neck Road is mal-aligned, so traffic tends to also flow straight into the Gills Neck left-turn-lane.

DELDOT has failed to provide you the information required to make an informed decision

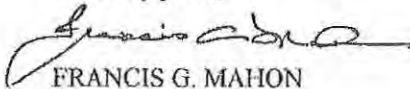
DNREC affirms development has impacted the aquifer and we must assume future development will continue to do so - therefore the question is, "How much risk is the County Council willing to accept to the health, welfare, and economy of all residents who receive water from Lewes BPW or Tidewater?"

DNREC's statement, "the well heads' capture zone has expanded due to increased demand" - is a sign that development has reduced recharge. This fact is reinforced by recent reports the Gills Neck wetlands in Wolfe Runne and Hawkseye are receding. Commercial development will significantly reduce recharge.

Thirteen years of residential development has impacted the aquifer and I question DNREC's assessment that the Gills Neck Recharge Area is "excellent". It has more impervious area than it did in 2003 and this rezoning will degrade recharge by a factor 3 over residential, so the recharge area must also be degraded.

Council Members, I see nothing in these reports that supports approving this rezoning request. All indications are a rezoning will place the safety and well-being of residents at risk and denying the rezoning is the right course of action - until analysis proves the benefits outweigh the risks.

Sincerely yours,

  
FRANCIS G. MAHON

16855 KETCH COURT, LEWES, DE 19958

RECEIVED

NOV 30 2016

SUSSEX COUNTY COUNCIL

December 1, 2016

Members of Sussex County Council  
2 The Circle – PO Box 589  
Georgetown, DE 19947

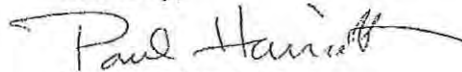
Subject : DELDOT and DNREC Responses to Questions on Rezoning for the Village Center  
(CZ-1802)

Council Members,

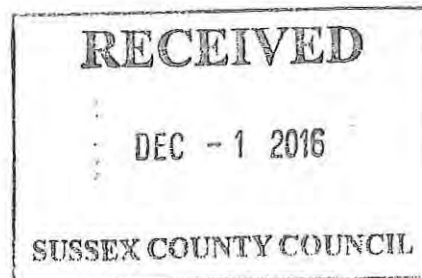
I am writing to oppose the rezoning for the Village center for 2 principal reasons: 1) Current information on traffic flow LOS have not demonstrated adequate traffic flow for a proposed Village Center. Although a new TIS costs money, inadequate LOS and increased congestion could be far more costly to residents. Prior studies do not reflect current conditions, as the census along Gills Neck Rd has increased significantly since the 2006 TIS, with Wolfe Point, Breakwater, Hawk's Eye, Senators and Cadbury adding new residents. Also, a TOA study should be performed before any decision on rezoning, so its outcome could have influence over any such decision. 2) The Village Center will put the Lewes BPW aquifer at risk by a) reducing its recharge due to less available open ground surface and b) increasing the risk of pollutant contamination from large parking areas, given that over 90% of the Village Center rests inside the wellhead protected area. It only takes one quart of oil to contaminate a quarter million gallons of water. What risks to our health are we willing to take?

I urge your thoughtful consideration of this issue.

Sincerely,

  
Paul Harriott, MD

16869 Yawl Court, Lewes, DE 19958





December 1, 2016

To: Robin Griffith

From: Joseph C. Kelly

Attached are my comments on responses by DNREC and DelDot to the Questions posed by Sussex County Council. These comments should be made part of the record for the proposed Village Center Rezoning. Please distribute to members of County Council.

Four Pages including cover attached.

**RECEIVED**  
DEC - 1 2016  
**SUSSEX COUNTY COUNCIL**

## **Comments on Responses By DNREC and DelDot to the Questions posed by Sussex County Council**

### **DNREC**

DNREC's response is that the state's water protection area map for the Lewes area has not been updated since 2003. They do state that recent model runs show that the capture zone has been expanded. Hence the wellhead protection area should be extended.

The smaller Sussex County wellhead protection area is not even as large as the wellhead protection area depicted on the 2003 map. Of course, it also falls short of being protective of the expanded areas called for by the recent model runs. In any event, the Village Center falls squarely within the current wellhead protection area.

DNREC does not specify what sample results from the last five to ten years have been made available to them by ODW. Without such data one cannot conclude that DNREC is correct that there has been no change in water quality nor no new contaminants identified.

### **DelDot**

DelDot admits that Delaware statute 9-6962 governs. The statute provides that the traffic analysis shall consider the effects of projected traffic growth on area roads surrounding a proposed rezoning. It also specifies that a minimum level of service be established by Sussex County and DelDot. Of course, the 2006 Traffic Impact Study on which DelDot relies, only considers growth through 2014 and thus does not comply with Del. C 9-6962. Del. C 9-6962 also requires that the traffic impact study show the level of service on area roads and thus, whether the agreed level of service is being met when the development, which is the subject of the rezoning, is completed.

DelDot claims that were the development in New Castle or Kent Counties then there would be a need to determine that a certain level of service would be met at specified intersections in the future when the subject development would be complete. In fact, this claim makes no sense

and it is inconsistent with the MOU cited by DelDot in its response. The MOU states in part :

“When DelDOT determines, on the basis of a traffic impact study, that a rezoning could cause the threshold level of service to be exceeded, the County will not rezone the property unless the developer takes appropriate measures to maintain operations at the threshold level . . .”

Of course, DelDot knows that if an appropriate and current TIS were conducted, it would show multiple instances at multiple times during the day where the threshold level of service established by Sussex County is exceeded.

DelDot admits that it could be argued that its own regulations would call for a current TIS to assess intersections beyond those examined in 2006. The reason DelDot offers for ignoring its regulations is that the study would show that certain intersections could not be improved to meet level of service requirements. DelDot does not cite, however, any exception for doing a TIS because the TIS would show that certain intersections would fail and could not be cured . DelDot points out that the MOU provides if a traffic impact study shows that a rezoning could cause the threshold level of service to be exceeded, the County will not rezone the property unless the developer takes appropriate measures to maintain operations at the threshold level. DelDot states that the developer has already built some improvements at the Gills Neck Road intersection and that those may be “sufficient but if not, we can require more work there”. However, what DelDot does not say is that this current or future work will result in maintaining level of service D. In fact, it is inferred that it will not, and without an adequate TIS a determination cannot be made. The same can be said with respect to the Clay Road intersection. Of course, DelDot mentions that it is not practically feasible to improve the level of service in the town of Lewes nor at the intersection of Dartmouth Drive and Kings Highway. Even the work that DelDot has committed to do to help the developer, realignment of Old Orchard Road, is not scheduled for completion until fiscal year 2023. Of course, the answer to this is not to give the developer a pass on a project that DelDot admits will cause failures in the level of service. The answer is to deny the rezoning

request unless its size is limited and relocated it to an area where it will not impact city water wells. It has been more than adequately demonstrated that you do not need a 75,000 square foot shopping center to satisfy the needs of Gills Neck residents for a walkable, livable community which the developers claim is their goal despite compelling evidence to the contrary. In any event the MOU specifically provides that Council will not approve a rezoning unless the developer takes appropriate measures to maintain operations at the threshold level and that has not and cannot be demonstrated.

In closing, I wish to point out that DelDot's contention that it does not wish to spend \$15,000 to \$35,000 on a TIS review is reprehensible. Newspaper stories have documented millions of dollars of taxpayers' money wasted by DelDot owing to cronyism and grossly poor judgments. Moreover, approval of projects like the current one will expose Lewes residents and other taxpayers to millions of dollars of expense owing to lost time on congested roads, excessive fuel consumption, adverse health effects, and potential contamination of our irreplaceable water.

Joe Kelly

## Robin Griffith

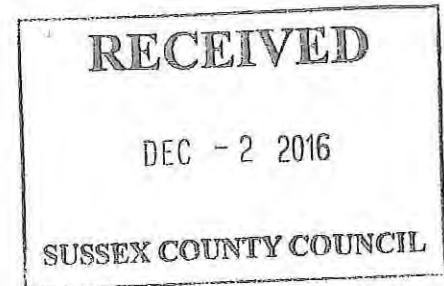
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**From:** webmaster@sussexcountyde.gov on behalf of Chester Poslusny via Sussex County  
<webmaster@sussexcountyde.gov>  
**Sent:** Friday, December 02, 2016 3:20 PM  
**To:** Robin Griffith  
**Subject:** Form submission from: Contact County Council

Submitted via the Sussex County website.

Submitted on Friday, December 2, 2016 - 3:19pm

Name: Chester Poslusny  
Email: chetpos@yahoo.com  
Phone Number: 3026441965  
Subject: DELDOT Recommendation RE 2006 traffic study



**Message:**

As per a recent Gazette article , DELDOT suggested that the 2006 Traffic Study is sufficient for the Council to make a decision on the Lingo Shopping Center rezoning request for the property near the Cape Henlooen High School. That finding is irresponsible, ignores reality of 10 years of growth and corresponding traffic demands on this over used road, and leaves a critical input to the council decision process with worthless, inaccurate, and faulty data! I strongly recommend that the council demands an updated traffic study be completed at low and high demand periods. It needs to be performed by an unbiased organization and made public before the decision process can be completed. To use the 2006 data as input would likewise be irresponsible and irrational for the Council.

I hereby request that this comment be promptly provided to each member of the Council.

Sincerely  
Chester Poslusny  
35739 Tarpon Drive  
Lewes DE  
19958

Council was seeking answers to why an updated traffic impact study was not needed; DeIDOT used data from a 2006 study. The letter also states DeIDOT has no current traffic count for intersections adjacent to the site.



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DEC - 2 2016

SUSSEX COUNTY COUNCIL

16636 Shoal Road  
Lewes, Delaware 19958  
November 27, 2016

Sussex County Council  
2 The Circle  
Georgetown, DE 19947

Dear Members of the Sussex County Council:

I am writing in regard to the November 3, 2016 Memorandum from Mr. Lawrence Lank, Director, Planning and Zoning to Mr. Todd Lawson, County Administrator; Reference: "Old Business Item, Change in Zone No 1802—J.G.. Townsend, Jr. & Co.

The aforementioned communication included Email attachments from DeDOT and DNREC purported to answer serious questions from Council members specific to the application for a zoning change at Kings Highway and Gills Neck Road. The zoning change would impact Lewes and its communities.

I applaud you as conscientious members of our Sussex County Council in wanting complete, up-to-date, information before making a critical decision. Your questions to State Agencies targeted the potential impact on water availability, water adequacy, water purity, traffic congestion, traffic flow, etc. resulted in questions to DeDOT and DNREC Officials such as:

- *Why is the current Traffic Impact Study of 2006 sufficient for considering this 2016 application?*
- *Why is current information not required?*
- *When was the Delaware Source Water Protection Area map updated?*
- *Has the Well Head Protection Areas surrounding the Board of Public Works wells changed in size?*

As a Lewes, resident, I have a vested interest in the Sussex County Council decision regarding the application for a zoning change from AR-1 to B-1 at Kings Highway and Gills Neck Road. As a citizen, voter, and taxpayer I appreciate your effort to gather all the facts in order to thoroughly and comprehensively consider the zoning request application prior to making a decision.

Now, with the DeDOT and DNREC Email responses in hand, there are still no clearly-stated, up-to-date, facts. Personally, I find the responses by State Officials to be evasive, unclear, wordy, and confusing. With concerns about potential and irrevocable problems for the 19958 zip code associated with a zoning change you, as Council members, posed questions expecting clear, well documented answers. I don't feel the written responses provided lead to an unequivocal path forward do you? Whatever happened to a straight forward answer to a straight forward question?

Sincerely,

  
Pam Meador

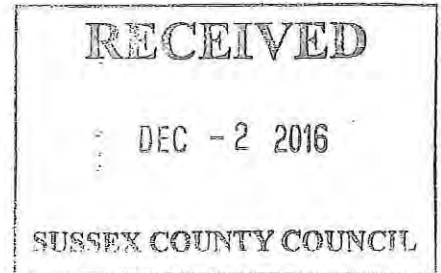


**Robin Griffith**

---

**From:** Judith Carpenter <carmills2@comcast.net>  
**Sent:** Friday, December 02, 2016 11:19 AM  
**To:** Robin Griffith  
**Subject:** Rezoning request for Village Center

December 2, 2016



TO: Members of the Sussex County Council  
2 The Circle. P.O. Box 589  
Georgetown, DE 19947

FROM: Judith L. Carpenter  
16873 Ketch Court  
Lewes, DE 19958

SUBJECT: Rezoning for the Village Center

I am writing once again to plead for disapproval of the request to rezone the tract of land proposed for the Village Center in Lewes. You have raised many good questions of DELDOT to help you make this decision, however, their answers were far from satisfactory. They did not respond to the intent of your questions, they side-stepped crucial issues, and provided only bureaucratic nonsense.

There are many, many important issues involved, which have been debated time and again for years. However, the most important question remains unanswered, that is, what will be the impact of the proposed development on the aquifer. In the face of this grave uncertainty, the Council should deny the rezoning, or at least delay a Council decision until further study can fully satisfy the Council and all Lewes area residents that the aquifer will be fully protected.

## Robin Griffith

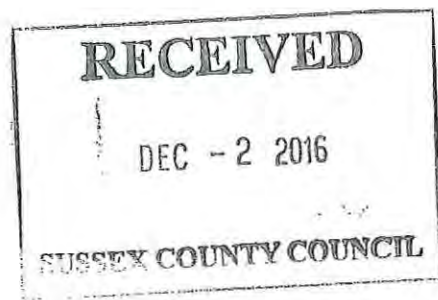
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**From:** webmaster@sussexcountyde.gov on behalf of David L. Greer via Sussex County <webmaster@sussexcountyde.gov>  
**Sent:** Thursday, December 01, 2016 6:11 PM  
**To:** Robin Griffith  
**Subject:** Form submission from: Contact County Council

Submitted via the Sussex County website.

Submitted on Thursday, December 1, 2016 - 6:10pm

Name: David L. Greer  
Email: wdlgreer@gmail.com  
Phone Number: (302) 645-6747  
Subject: Village Center



Message:  
Village Center Opposed

Lewes area residents are once again confronted by those who would defile the land for private profit and the bureaucracy that is poised to let them do it.

That the Village Center is not needed and not wanted has been established since 2007; its size is not the main issue.

We don't need a further threat to our water supply. The entire excellent recharge area that once existed on both sides of Gills Neck Road no longer exists, and the proximity of a number of pollution sources adjacent to the Lewes wells already threatens the quantity and purity of our water. The thought of locating the shopping center near this well head location would be laughable if it were not so serious.

As to the issue of traffic, the principle problem is at the Route 1 intersection, and that is where a traffic study is needed. This problem has no simple or inexpensive solution, only the certainty that a shopping center on Kings Highway would not help—and that if a solution is found, the taxpayers will foot the bill.

And a question remains; what is planned for the rest of the 68-acres that was proposed for development in 2007? A reasonable guess would be more commercial buildings—once the precedent setting 12-acre Village Center has been established.

As I have previously pointed out ("Constituents' views must take precedent"; Gazette letter; 8/26/16), rezoning is not a landowner's right, and if a rezoning request is opposed by the majority of citizens, as in the present case, the peoples representatives must withhold their approval.

David L. Greer, 310 W. Fourth St., Lewes, DE 19958 (302) 645-6747.  
12/01/2016



# The City of Lewes



December 2, 2016

**RECEIVED**

DEC - 2 2016

**SUSSEX COUNTY COUNCIL**

Sussex County Council  
Georgetown, Delaware

Dear Councilpersons

The Mayor & City Council of the City of Lewes have reviewed the responses from DelDOT and DNREC to the questions Sussex County Council submitted to these agencies regarding the Lingo Townsend Village Center application. We find these responses to be inadequate and unresponsive to the questions that had been asked. These responses completely neglected the changes that have taken place in the area over the past eight or more years.

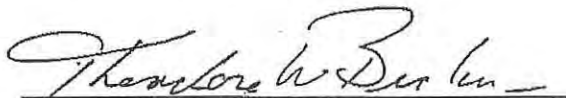
City Council remains gravely concerned about the intersections that will fail according to DelDOT itself. We are further concerned that the County Council is being asked to rely on obsolete data as it considers action on the Village Center.

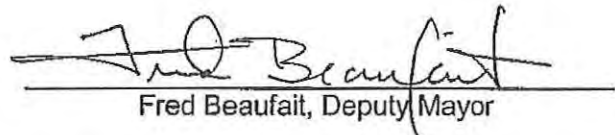
We are also alarmed that the proposed development of the Village Center is located on land that is within the prime recharge area of our water well field. We urge that County Council require the location of the Village Center be relocated outside of the recharge area and that no new construction be allowed within this area.

We have attached a memo which provides a more detailed analysis of the DelDOT response for your further consideration.

We ask this letter and the attachment be incorporated into the official record.

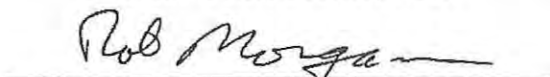
Respectfully submitted,

  
Theodore W. Becker, Mayor

  
Fred Beaufait, Deputy Mayor

  
Bonnie Osler, Councilperson

  
Dennis Reardon, Councilperson

  
Rob Morgan, Councilperson

The First Town in the First State

P.O. Box 227  
Lewes, Delaware 19958

(302) 645-7777  
Fax (302) 645-6406

Website: [www.ci.lewes.de.us](http://www.ci.lewes.de.us)

To: Sussex County Council  
Date: December 2, 2016  
From: Lewes Mayor & City Council  
Re: DeIDOT's Answers to Council's Questions on Application No. 1802 for Change in Zone for Proposed Village Center

Sussex County Council asked DeIDOT three questions about why DeIDOT is not requesting a new traffic impact study ("TIS"), and two questions about the Level of Service ratings ("LOS") for Kings Highway and Gills Neck Road.

### Summary

DeIDOT's answers to the TIS questions show that the County's criteria for approving a rezoning have simply not been met, and that a new TIS is needed. DeIDOT says it cannot answer the LOS questions without doing a new traffic count. Council needs the missing information in order to make an informed decision.

#### A. Why is DeIDOT not requesting a new TIS?

##### 1. The County's Criteria for Approving a Rezoning

The County's agreement with DeIDOT identifies LOS D as the "threshold level of service" that should not be exceeded unless one of two criteria is met.

DeIDOT addresses only one criterion – met if "the developer takes appropriate measures to maintain operations at the threshold level". DeIDOT does *not* conclude that the developer is taking such measures, but only that "the written record is sufficient" for the County to so find. DeIDOT's discussion of the record contradicts even that cautious conclusion.

##### 2. The Developer is Not Taking "Appropriate Measures" at Two Intersections Projected to Fail

The "written record" discussed by DeIDOT comprises (a) the 2006 TIS, (b) a 2008 review, and (c) a 2016 Wescoats Road Analysis.

Both the 2006 TIS and the 2008 review analyzed 11 intersections. The 2008 review found that four of them would fail. Under the developer's letter agreement with DeIDOT, the developer is improving two of the intersections projected to fail, while "DeIDOT is responsible" for the other two. Then is DeIDOT taking the "appropriate measures" for the other two if the developer is not?

DeIDOT says it will improve one intersection (Savannah and Old Orchard) with a project "scheduled for completion in FY 2023." The 2016 Wescoats Analysis "confirmed the need to improve" this intersection. As to the other – Kings Highway at Dartmouth Drive – "DeIDOT does not presently have an active project to improve the Kings Highway intersection but we acknowledge the need for us to initiate one there in the future."

So at two busy intersections projected to fail, the developer is taking no measures while DeIDOT says it will improve one of them in six years and the other maybe someday.

The developer's side agreement with DeIDOT does not bind the Council. What should concern the Council is whether its criteria are met – whether the developer is taking appropriate measures to keep the intersections from failing – and clearly the developer is not.

##### 3. DeIDOT Gives Up on Two More Intersections

As to Dartmouth Drive at Route 1, DeIDOT throws up its hands: since congestion along Route 1 "is unavoidable, we believe there is little room for further improvement there."

As to Kings Highway at Freeman Highway, DeIDOT believes improvement would be possible, "but it would run counter to the Corridor Management Plan . . . and the associated Master Plan."

So DeIDOT will not ask for "appropriate measures" to keep these intersections from failing because the measures might be too expensive, or conflict with the CMP? This is a question for the County Council to address, with a new TIS.

4. DeIDOT Also Gives Up on Problems in a Wider Area

DeIDOT points out that its current regulations could require a new TIS to study a wider area. Why, then, not request a new TIS?

Because in downtown Lewes "even relatively minor intersection widenings" would have great "social, economic, and environmental consequences", while in the Route 1 corridor further improvements would be too expensive for the developer.

So DeIDOT isn't requesting a wider TIS because DeIDOT would just let the intersections fail anyway?

That is not DeIDOT's call. As DeIDOT has pointed out, the Council can approve the rezoning only if the developer takes appropriate measures to keep intersections from failing. A new TIS would show whether, and how badly, the Village Center would cause intersections to fail, and the Council needs that information to decide what measures are appropriate.

Moreover, DeIDOT is approaching the question backwards. DeIDOT assumes that the current project will be approved, and then asks whether resulting traffic would justify "appropriate measures". The issue before the Sussex County Council is *whether* to approve the project in its current form; a big part of that decision is what the traffic will be; a new TIS is crucial.

**B. What are the current and future LOS ratings for Kings Highway and Gills Neck Road?**

1. What Are the Current Ratings?: DeIDOT says it isn't clear what the Council is asking, but "our answer would likely be that we don't know . . . because DeIDOT has not counted traffic" there "for some time," but if the Council approves the rezoning DeIDOT will update the counts. This too is backwards. The Council should know how intersections are doing now, before it approves a rezoning that will stress them.
2. Will the LOS change due to work done by the developer?: DeIDOT says again it isn't clear what the Council is asking, but that DeIDOT would need to know the current LOS before it could reliably answer. Then the Council should ask DeIDOT to determine the current LOS so it can answer.

### Conclusion

Sussex County's criteria for approving a rezoning have not been met, as DeIDOT's answers show. The Council is entitled to a new TIS and LOS and, if the TIS projects certain intersections to fail, "appropriate measures" to improve them.

We respectfully refer the Council also to three submissions already part of the record: Our letter of August 29<sup>th</sup> pointing out among other things that a new TIS should take into account the plan for the remaining 53+ acres of the same parcel; our Resolution of July 11<sup>th</sup> exploring traffic and other issues in more detail; and the *City of Lewes Area Traffic Study* dated June 2<sup>nd</sup> by a traffic consultant.

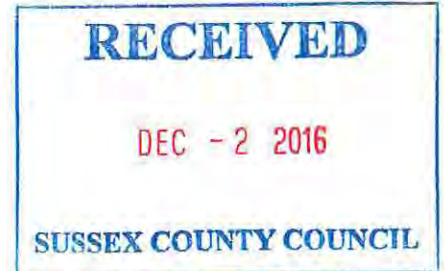
We respectfully urge the Sussex County Council to take a prudent, conservative course before taking a virtually irrevocable step with currently unforeseen consequences.





December 1, 2016

Sussex County Council  
Georgetown, Delaware



Dear Councilpersons

The Lewes Board of Public Works (BPW) has reviewed the Delaware Department of Natural Resources and Environmental Control's (DNREC) response to the County Council's questions regarding the site of the proposed Village Center project, which were contained in the email correspondence from DNREC Hydrologist, Anne Mundel dated October 31, 2016.

DNREC's response, as contained in their emails and the referenced wellhead protection map (FirstMap) ([\\*http://firstmap.gls.delaware.gov./](http://firstmap.gls.delaware.gov/)), supports the facts the BPW and others have previously presented to County Council. Most notably is the fact that 93% of the Village Center current parcel is directly over the BPW's prime recharge area.

The email shows that although DNREC has made some recent updates to their rough mapping of the wellhead protection areas, they have not up-dated their modeling of this area since 2003. Prior to rezoning this site for commercial development, every effort should be made to have accurate information on its potential impact on the community ground water sources. DNREC has been able to determine that, "Recent draft model runs of the regional model indicate that the increased volume of pumping in the last 5 years at the Lewes wellfield shows the existing capture zone has extended to meet and in some areas exceed beyond the current delineation." This indicates the area for potential adverse impact is even greater than the 2003 mapping. For these reasons, and others we have previously noted, we feel this site is not well suited for the proposed commercial development zoning.

DNREC's information confirms the conclusion that any future development of this site must not adversely impact the water quantity or quality of the Lewes water supply. We appreciate your efforts to thoroughly understand the critical issues related to this proposed rezoning's impacts on the drinking water for the City of Lewes and surrounding County communities we serve.

Respectfully,

The Lewes BPW Board  
E.M.



Jack  
**LINGO**  
ASSET MANAGEMENT

December 2, 2016

Sussex County Council  
2 The Circle  
Georgetown, DE 19947

RE: Gills Neck Village Center

Members of the Council:

On behalf of the Applicant, I'm writing to communicate our position regarding the additional information you requested and the answers you received from the Delaware Department of Transportation (DelDOT) and the Department of Natural Resources and Environmental Control (DNREC) regarding the proposed Gills Neck Village Center B-1 rezoning.

Regarding traffic, it is of paramount importance to note that DelDOT clearly confirmed its prior testimony from the public hearing: DelDOT states no additional TIS is required, the Letter Agreement between DelDOT and the Applicant/Developer is binding and all parties continue to abide by its requirements, and a TOA will be completed during the plan review process – just like every other commercial and large-scale residential project in Sussex County. While DelDOT does discuss potential differences if an APFO\* were in place (interestingly, as you know, the County and DelDOT have discussed a potential Transportation Improvement District as the preferred method for addressing future traffic improvements – not an APFO), the County does not have an APFO and that has no implications on the application before you. DelDOT, the designated authority on all traffic matters, reiterates their prior testimony that “the developer is taking the appropriate measures” in terms of traffic.

In addition, Sussex County nominated Kings Highway / Dartmouth Drive in the September 28, 2016 CTP hearing, Sussex County Capital Transportation Program Request, and DelDOT adopted the Kings Highway and Gills Neck Road Master Plan in September 2016.

Turning to the matters asked of DNREC, the agency confirmed that, together, the wellhead protection area map and Delaware Geological Survey maps of excellent groundwater recharge areas comprise source water protection areas for Sussex County – which we note are protected by the County's existing Source Water Protection Ordinance, and as stated on the record, any developer must comply with these protections as part of the development of this land. DNREC also confirms that, based on the only available sample data, there has been no change in water quality and no new contaminants/pollutants were identified over the last 5-10 years.

Continuing the matter of the wellheads, we also believe the perspective offered by Kevin Burdette (a long-established licensed well driller in southern Delaware) in a recent letter to the editor of the Cape

\*While no Adequate Public Facilities Ordinance (APFO) has ever existed in Sussex County, JG Townsend, Jr & Co. has made noteworthy contributions to public facilities including, but not limited to: Several thousand acres of Redden State Forest, several hundred acres of Cape Henlopen State Park, land for two Cape Henlopen School District schools, Delaware State Police Troop 7, Sussex County Paramedics, numerous Sussex County sewer pump stations, sewer headworks from the Wolfe Neck sewer treatment plant to Gills Neck Rd, significant portions of the Breakwater Junction Trail, 20 acres for Beebe medical use on Route 24, significant Right of Way dedications for major and minor roads throughout the county, and substantial financial support for Beebe Hospital, Lewes Library, Canalfront Park, Lewes and Rehoboth Fire Departments, and countless other community organizations.

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SUSSEX COUNTY COUNCIL

Gazette provides additional relevant information. We have included a copy of that letter for your reference.

In closing, it is clear that in their responses to your request for additional information, both DeIDOT and DNREC confirm that the existing testimony and public record are accurate and complete regarding the matters regulated by each agency.

Regards,

A handwritten signature in black ink, appearing to read 'N. Hammonds', with a large, sweeping flourish extending to the right.

Nick Hammonds  
Jack Lingo Asset Management, LLC  
On behalf of JG Townsend, Jr & Co.



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## LETTERS TO THE EDITOR

### Different perspective on development and the Lewes well field

November 24, 2016

Let me first state that I am probably more concerned with our groundwater aquifers and potable drinking water than most.

I have been a licensed well driller for over 30 years and am the first public potable water operator ever licensed in the State of Delaware. I am very familiar with the Lewes Board of Public Works Well Field and the proximity to the Lingo Townsend proposed Gills Neck Village Center.

I would like to offer some thoughts from a different perspective.

The Wellhead Protection Area established by the State of Delaware is based on a five-year travel time for the groundwater to reach the well field, plus an additional 328 feet to protect the quality of water entering the wells.

Within the WPA, there are numerous existing properties, including 200 residential lots, approximately 12 commercial lots including the Cape High School and District Office, and portions of Kings Highway, Clay Road and Savannah Road. All of which have a potential of providing contamination into the aquifer utilized by the Lewes wells.

The 200 residential lots to the west were originally on septic tanks (some failing) before they were connected to the county sewer system. The Cape High School and District Office, immediately adjacent to the well field, displace all of their stormwater runoff from the parking lots, bus storage lot, buildings and sports fields to an area for infiltration directly into the aquifer. There are no restrictions on any of them for the amount of fertilizers, pesticides or herbicides that they install or apply on their property.

Most likely if the LV Village Center is not approved, the land will be developed with houses, creating potentially multiple points of unregulated contamination. Common sense and hydraulics confirm that it is easier to treat from a single source contaminant than from multiple sources.

The development of the Village Center could be mandated to be a Single Point of Aquifer Recharge. That single point could be easily monitored by the LBPW for any potential contaminants. As well, with the development of the Village Center, an existing 17,500,000 gallons per year irrigation well will be eliminated and abandoned.

This reduction in pumpage could be significant in not drawing contaminants into the Lewes wells from the

existing development to the west. For these reasons, I believe that the LT Village Center may be a wise use for the development of this parcel.

**Kevin E. Burdette**  
Delaware Well Driller #347  
Delaware Water Operator #0001

A letter to the editor expresses a reader's opinion and, as such, is not reflective of the editorial opinions of this newspaper.

To submit a letter to the editor for publishing, send an email to [newsroom@capegazette.com](mailto:newsroom@capegazette.com) (<mailto:newsroom@capegazette.com>). Letters must be signed and include a telephone number for verification. Please keep letters to 650 words or fewer. We reserve the right to edit for content and length.

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- Francisco F. Rancho Palos Verdes, CA

**SolarCity**

GO SOLAR & SAVE



To: Sussex County Council  
From: Nicholas Hoogs, Lewes, DE  
Re: Proposed 'Village Center' Rezoning  
Date: November 17, 2016

I am writing in reference to the proposal by J.G. Townsend Jr. & Co. to rezone B-1 the acreage along Kings Highway near the Clay Road intersection, so as to accommodate the developer's proposed 75,000 square foot shopping center known as the 'Village Center.' After extensive hearings, the County Council has asked for clarification on several crucial questions put to DelDOT and DNRec. In reading the DelDOT response about a new TIS study on the traffic impact of the proposed rezoning, I was amazed. In what can only be described as a grotesque exercise in legalistic obfuscation, DelDOT appears to be denying that any new TIS is necessary, despite the obvious increase in daily traffic (in all seasons) through the same area over the past decade or more since the last TIS was done. DelDOT's lawyers seem to be taking pains to cherry-pick various rules and criteria from the agency's bloated 306-page 'DelDOT Development Coordination Manual,' ignoring obvious realities like the growing traffic gridlock along the Kings Highway/Gills Neck Road corridor.

In DelDOT's own assessment, the Level of Service at a number of the affected intersections was, when last measured, at absolute minimal levels, close to failing. In fact, in response to the question about Level of Service along Kings Highway and Gills Neck, the agency has the temerity to respond:

*"... we would need some clarification to properly answer the Level of Service question. However, our answer would likely be that we don't know. That is because De!DOT has not counted traffic on either road or at the intersection of the two roads for some time."*

DelDOT and the Townsend developer's continued reliance on a 2009 letter of understanding almost defies common sense: **the developer has agreed, basically, to build a few extra lanes to supply easier access to its own proposed development** — these are funds that primarily benefit the developer, not the public, which would be better served by a smaller shopping center. As an aside, I wonder why a state agency should be permitted to approve a developer's impact on public traffic without public input, or for that matter, legislative input. Such an arrangement presumes a much higher level of confidence in the integrity of DelDOT than I for one believe exists.

Finally, according to the transportation agency's own Coordination Manual, whether to perform a TIS is not entirely DelDOT's decision (a lucky thing for the public):

*'A Traffic Impact Study (TIS) can be required by DelDOT, by a local government, or by both. ...*

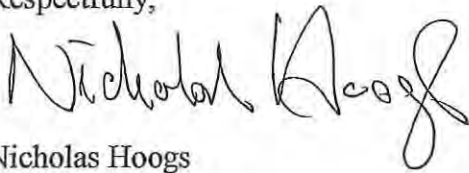


*... most local governments that require a TIS do so in the context of regulating land use. They require that area transportation facilities be demonstrated to operate adequately as a condition for land use approvals.*

*... A TIS may be initiated by DelDOT, the applicable land use agency, or by the Applicant in anticipation of submission of a subdivision or land development proposal for review.' (Emphasis added.)*

When the Council finally votes, hopefully to deny or request major revisions, on the current rezoning request, I respectfully ask that newly elected Councilman I. G. Burton be recused from the vote. As a member of the Planning and Zoning Commission when the current rezoning measure came up, he was unqualifiedly in favor of it, without, it should be pointed out, taking into account the many inadequacies in the proposal cited by the Lewes city government and a multitude of citizens, who raised the enormously serious traffic issues discussed here. Importantly, Mr. Burton missed the extensive Council hearing at which the developer, Lewes city representatives, and the public weighed in with key evidence; he should surely take himself out of the decision-making process at this point.

Respectfully,



Nicholas Hoogs  
Lewes, DE

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NOV 22 2016

**PLANNING & ZONING  
COMM. OF SUSSEX COUNTY**

Copy: Secretary Jennifer Cohan  
The Cape Gazette

## Lawrence Lank

---

**From:** Jane Lord <jtlord1@yahoo.com>  
**Sent:** Sunday, November 27, 2016 1:23 PM  
**To:** Michael H. Vincent; Samuel R Wilson Jr; Joan R. Deaver; George Cole; Rob Arlett; Todd F. Lawson; Lawrence Lank; Janelle Cornwell  
**Subject:** Village Center Application for Zoning Change

Dear Members of Sussex County Council:

DelDOT's reply to County Council's questions regarding the rezoning application for "The Village Center" clearly does not provide any good reason to approve the application. Rather, the letter raises more questions—questions that would more logically lead to denial of the application. Despite the excruciating detail of DelDOT's reply, County Council still faces several dilemmas:

- Lacking reliable data on current traffic conditions, how can County Council possibly make an informed, well-reasoned decision on an application that, by design, would draw significantly more traffic to the area?
- Can County Council, in good conscience, rely on statistical manipulations of 10-year-old data as a valid basis for approval? (A lesson learned from the recent presidential election is that statistical projections cannot be relied upon to demonstrate conditions on the ground.)
- Does it make any sense to approve the application based on the promise that a Traffic Operational Analysis will be done *after* the decision to rezone is made? (Deciding to attract more traffic to the site before determining current traffic conditions is to put the cart before the horse.)
- Should County Council feel obligated to approve the business zone because of road work already done in conjunction with the applicant's residential development? (The ethical answer is "no.")
- Is the required road work at the intersections of Clay Road and Kings Highway and Gills Neck Road and Kings Highway really "sufficient," when bottlenecks will inevitably remain at SR1 and Dartmouth Drive on one end and at Kings Highway and Freeman Highway on the other end? (DelDOT admits that neither of these bottlenecks is likely to be remedied.)

- Whereas the developer is only required “to take appropriate measures to maintain operations at the threshold level,” *will County Council settle for a grade of D?* (DelDOT defines “threshold level” as a Level of Service rating of D, on a scale from A-F.)

Bottom line, DelDOT does not provide any solid ground for approving the rezoning application, and County Council still has no evidence that the roads in question—even with improvements—will ever be adequate to accommodate increased traffic generated by a business zone. Settling for a grade of D would be a discredit to our elected officials as well as to the people of Sussex County. Affirming that County Council’s primary responsibility is to promote the safety and well-being of residents, denying the rezoning request is the right thing to do.

Best regards,  
Jane Lord

Dr. Jane T. Lord  
35060 Cadbury Circle E.  
Lewes, DE 19958  
jtlord1@yahoo.com  
Phone: 302-827-2299





# SUSSEX COUNTY GOVERNMENT

## GRANT APPLICATION

### SECTION 1 APPLICANT INFORMATION

ORGANIZATION NAME: MASON VIXON WOODWORKERS, INC.

PROJECT NAME: CHRISTMAS TOY PROGRAM

FEDERAL TAX ID: 16-1697546 NON-PROFIT:  YES  NO

DOES YOUR ORGANIZATION OR ITS PARENT ORGANIZATION HAVE A RELIGIOUS AFFILIATION?

YES  NO \*IF YES, FILL OUT SECTION 3B.

ORGANIZATION'S MISSION:

ADDRESS:

P.O. Box 103

Delmar  
(CITY)

DE  
(STATE)

19940  
(ZIP)

CONTACT PERSON:

PATRICK LEMLEY

TITLE:

FUND RAISING CHAIRMAN

PHONE:

410 742 3863 EMAIL: ~~DP~~ DP.LEMLEY@GMAIL.COM

TOTAL FUNDING REQUEST: \$1,100

Has your organization received other grant funds from Sussex County Government in the last year?  YES  NO

If YES, how much was received in the last 12 months? Received \$1,100  
from S.C. Council about 11/13/15

If you are asking for funding for building or building improvements, do you own the building in which the funding will be used for? N/A  YES  NO

Are you seeking other sources of funding other than Sussex County Council?  YES  NO

If YES, approximately what percentage of the project's funding does the Council grant represent? 7%

## SECTION 2: PROGRAM DESCRIPTION

### PROGRAM CATEGORY (choose all that apply)

- |  |   |                                      |
|--|---|--------------------------------------|
| <input type="checkbox"/> Fair Housing                | <input checked="" type="checkbox"/> Health and Human Services | <input type="checkbox"/> Cultural    |
| <input type="checkbox"/> Infrastructure <sup>1</sup> | <input type="checkbox"/> Other                                | <input type="checkbox"/> Educational |

### BENEFICIARY CATEGORY

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Disability & Special Needs | <input type="checkbox"/> Victims of Domestic Violence                   | <input type="checkbox"/> Homeless         |
| <input type="checkbox"/> Elderly Persons            | <input checked="" type="checkbox"/> Low to Moderate Income <sup>2</sup> | <input checked="" type="checkbox"/> Youth |
| <input type="checkbox"/> Minority                   | <input type="checkbox"/> Other  |   |

### BENEFICIARY NUMBER

Approximately the total number of Sussex County Beneficiaries served annually by this program:

750

## SECTION 3: PROGRAM SCOPE

- A. Briefly describe the program for which funds are being requested. The narrative should include the need or problem to be addressed in relation to the population to be served or the area to benefit.

SEE ATTACHED LETTER + LIST OF BENEFICIARIES.



B. IF RELIGIOUS AFFILIATION WAS CONFIRMED ABOVE IN SECTION 1, PLEASE FILL OUT THE FOLLOWING SECTION. IF RELIGIOUS AFFILIATION WAS NOT CHECKED IN SECTION 1, THIS SECTION MAY BE LEFT BLANK.

A faith-based nonprofit organization is eligible to receive and apply for a grant on the same basis as other nonprofit organizations, with respect to programs which are eligible. In the selection of grantees, the County will not discriminate for or against an organization on the basis of the organization's religious characterization or affiliation. However, certain requests to utilize funding for programs with religious purposes may not be eligible due to constitutional principles of the United States and/or the State of Delaware.

Briefly describe the components of the program that involve religious purposes and the components that involve secular purposes, or non-religious purposes. If both non-religious and religious purposes are involved in the program, this narrative must include the specific actions that will be implemented in order to ensure that the funding is solely used for non-religious purposes and will not be used to advance or inhibit religious or faith-based activities.

After the awarded funds have been made, receipts of the non-religious purchases shall be submitted in accordance with Section 5 below before funds will be disbursed.

N/A .

### SECTION 4: BUDGET

<b>REVENUE</b>	
Please enter the current support your organization receives for this project (not entire organization revenue if not applicable to request)	
<b>TOTAL REVENUES</b>	15,000 +/-
<b>EXPENDITURES</b>	
Please enter the total projected budget for the project (not entire organization expense if not applicable to request). Example of expenditure items: PERSONNEL-one lump sum that would include benefits, OPERATING COSTS-supplies, equipment, rent/lease, insurance, printing telephone, CONSTRUCTION/ACQUISITION-acquisition, development, rehab hard cost, physical inspections, architectural engineering, permits and fees, insurance, appraisal. <b>(Put amounts in as a negative)</b>	
	15,000 +/-
<b>TOTAL EXPENDITURES</b>	\$ 0.00
<b>TOTAL DEFICIT FOR PROJECT OR ORGANIZATION</b>	\$ 0.00

### SECTION 5: STATEMENT OF ASSURANCES

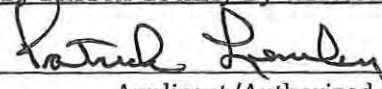
If this grant application is awarded funding, the MASCO Dixon Woodworks, Inc. agrees that:  
 (Name of Organization)

- 1) For non-religious organizations, all expenditures must have adequate documentation and must be expended within one (1) year of receipt of award funds. The funding awarded to the organization must be used in substantial conformity with the anticipated expenditures set forth in the submitted application. All accounting records and supporting documentation shall be available for inspection by Sussex County within thirty (30) days after the organization's expenditure of the awarded funding, or within one year after the receipt of the awarded funds, whichever first occurs.
- 2) For religious organizations, all accounting records and supporting documentation shall be provided for inspection by Sussex County after the award has been made by County Council but before the funding is released.
- 3) No person, on the basis of race, color, or national origin, should be excluded from participation in, be denied the benefit of, or be otherwise subjected to discrimination under the program or activity funded in whole or in part by these Grant funds.

5/

**SECTION 5: STATEMENT OF ASSURANCES (continued)**

- 4) All information and statements in this application are accurate and complete to the best of my information and belief.
- 5) All funding will benefit only Sussex County residents.
- 6) All documents submitted by the applicant are defined as public documents and available for review under the Freedom of Information Act of the State of Delaware.
- 7) All funding will be used exclusively for secular purposes, i.e., non-religious purposes and shall not be used to advance or inhibit religious purposes.
- 8) **In the event that the awarded funding is used in violation of the requirements of this grant, the awarded funding shall be reimbursed to Sussex County within a timeframe designated by Sussex County by written notice.**

  
\_\_\_\_\_  
Applicant/Authorized Official

11/30/2016  
Date

  
\_\_\_\_\_  
Witness

11/30/2016  
Date

Completed application can be submitted by:

Email: [gjennings@sussexcountyde.gov](mailto:gjennings@sussexcountyde.gov)

Mail: Sussex County Government  
Attention: Gina Jennings  
PO Box 589  
Georgetown, DE 19947





**SUSSEX COUNTY COUNCIL NON-PROFIT GRANT PROGRAM**  
**GUIDELINES FOR SUBMITTAL AND AFFIDAVIT OF UNDERSTANDING**

The Sussex County Council makes available a limited amount of funding to non-profit organizations that serve the citizens of Sussex County. Each application for funding shall be evaluated by Sussex County administrative staff and shall be subject to final approval from Sussex County Council.

In the attached application, each organization must outline its intended uses for the awarded funding and provide a detailed breakdown of the expenses and costs for such uses. Any funding awarded to the organization must be used in substantial conformity with anticipated expenditures of the submitted application.

All expenditures must have adequate documentation and must be expended within one (1) year of award of funds.

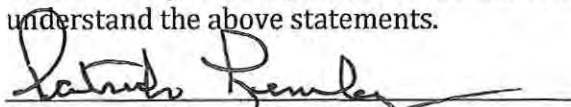
For non-religious organizations, all accounting records and supporting documentation shall be available for inspection by Sussex County within thirty (30) days after the organization's expenditure of the awarded funding, or within one year after the receipt of the awarded funds, whichever first occurs.

For religious organizations, all accounting records and supporting documentation shall be provided for inspection by Sussex County after the award has been made by County Council but before funding is released. Grant is relinquished if supporting documentation is not provided within one year of County Council award.

Certain programs are not eligible for funding pursuant to United States Constitution and State of Delaware Constitution. Those constitutional principles prohibit the use of funding to advance or inhibit religious activities. By signing below, the organization acknowledges that the funding shall be used exclusively for secular purposes, i.e., non-religious purposes and shall not be used to advance or inhibit religious activities.

In the event that such funding is used in violation of the requirements and assurances contained in this grant application, the awarded funding shall be reimbursed to Sussex County within a timeframe designated by Sussex County by written notice.

I acknowledge and represent on behalf of the applicant organization that I have read and understand the above statements.

  
Applicant/Authorized Official

FUND RAISING CHAIRMAN  
Title

  
Witness

11/30/2016  
Date



# SUSSEX COUNTY GOVERNMENT

## GRANT APPLICATION

### SECTION 1 APPLICANT INFORMATION

ORGANIZATION NAME: The Rehoboth Beach Historical Society

PROJECT NAME: Capital Campaign - Second floor

FEDERAL TAX ID: 51 0203755 NON-PROFIT:  YES  NO

DOES YOUR ORGANIZATION OR ITS PARENT ORGANIZATION HAVE A RELIGIOUS AFFILIATION?  
 YES  NO \*IF YES, FILL OUT SECTION 3B.

ORGANIZATION'S MISSION: The Rehoboth Beach Historical Society is a non-profit organization dedicated to encouraging and promoting public knowledge of and participation in the preservation of the history, culture, architecture and special character of Rehoboth Beach.

ADDRESS: 511 Rehoboth Avenue

Rehoboth Beach DE 19971  
(CITY) (STATE) (ZIP)

CONTACT PERSON: Nancy Alexander

TITLE: Director

PHONE: (302) 227-7310 EMAIL: director@rehobothbeachmuseum.org

**TOTAL FUNDING REQUEST: \$5,000**

Has your organization received other grant funds from Sussex County Government in the last year?  YES  NO

If YES, how much was received in the last 12 months? \$2,500

If you are asking for funding for building or building improvements, do you own the building in which the funding will be used for?  YES  NO

Are you seeking other sources of funding other than Sussex County Council?  YES  NO

If YES, approximately what percentage of the project's funding does the Council grant represent? 1%



## SECTION 2: PROGRAM DESCRIPTION

### PROGRAM CATEGORY (choose all that apply)

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Fair Housing                | <input type="checkbox"/> Health and Human Services | <input checked="" type="checkbox"/> Cultural |
| <input type="checkbox"/> Infrastructure <sup>1</sup> | <input type="checkbox"/> Other                     | <input type="checkbox"/> Educational         |

### BENEFICIARY CATEGORY

- |   |  |                                   |
|---|--|-----------------------------------|
| <input type="checkbox"/> Disability & Special Needs | <input type="checkbox"/> Victims of Domestic Violence  | <input type="checkbox"/> Homeless |
| <input type="checkbox"/> Elderly Persons            | <input type="checkbox"/> Low to Moderate Income <sup>2</sup>   | <input type="checkbox"/> Youth    |
| <input type="checkbox"/> Minority                   | <input checked="" type="checkbox"/> Other <small>museum is free of charge - all visitors are welcome</small> |                                   |

### BENEFICIARY NUMBER

Approximately the total number of Sussex County Beneficiaries served annually by this program:  
4,000

## SECTION 3: PROGRAM SCOPE

- A. Briefly describe the program for which funds are being requested. The narrative should include the need or problem to be addressed in relation to the population to be served or the area to benefit.

The Rehoboth Beach Historical Society will complete construction of the second floor of its building, including storage, exhibit and library spaces. The first floor is complete. The purpose of the project has four benefits: The construction will increase our exhibit space, attract more visitors and increase our admissions income. The construction will increase our storage space, allowing us to store permanent collections items on-site as we grow our collection, saving us the cost of renting off-site space. The construction will allow us to accommodate more people for our lectures and other programs, increasing participation, donations, and the potential number of program participants who may become society members. Finally, the construction will allow us increase the size of groups for rentals and increase our rental income.

The Society has approximately three-quarters of the money needed to complete the project. We expect to raise the remaining funds by Fall of 2017 and begin construction shortly thereafter. We have a contract with an architect, and we have received approval from the City of Rehoboth Beach. The architect will manage the formal bid process, however, we have a preliminary estimate of \$500,000 from the architect. This amount includes exhibit design and display cases.

Nearly 4,000 people visit the museum annually or take part in one of our off-site tours or programs, including the historic Anna Hazzard House, which we manage for the city. Visitors range from young children to seniors. We have annual visits from senior and CHEER centers, low-income and disabilities groups, and students from Rehoboth Elementary School. Lectures and other programs draw from local and visitor populations. Admission is by donation. No one is turned away for lack of ability to pay.

B. IF RELIGIOUS AFFILIATION WAS CONFIRMED ABOVE IN SECTION 1, PLEASE FILL OUT THE FOLLOWING SECTION. IF RELIGIOUS AFFILIATION WAS NOT CHECKED IN SECTION 1, THIS SECTION MAY BE LEFT BLANK.

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After the awarded funds have been made, receipts of the non-religious purchases shall be submitted in accordance with Section 5 below before funds will be disbursed.



### SECTION 4: BUDGET

<b>REVENUE</b>	
Please enter the current support your organization receives for this project (not entire organization revenue if not applicable to request)	
<b>TOTAL REVENUES</b>	500,000.00
<b>EXPENDITURES</b>	
Please enter the total projected budget for the project (not entire organization expense if not applicable to request). Example of expenditure items: PERSONNEL-one lump sum that would include benefits, OPERATING COSTS-supplies, equipment, rent/lease, insurance, printing telephone, CONSTRUCTION/ACQUISITION-acquisition, development, rehab hard cost, physical inspections, architectural engineering, permits and fees, insurance, appraisal. <b>(Put amounts in as a negative)</b>	
Walls, Doors, Framework, Ceilings, Glass fire doors	-\$ 104,875.00
Painting and Cabinetry	-\$ 39,410.00
Elevator	-\$ 85,000.00
HVAC	-\$ 85,050.00
Plumbing, Sprinkler system	-\$ 28,087.00
Electrical, Fire Alarm, Voice and Data	-\$ 63,785.00
Contractor, architect, permits, design fees	-\$ 126,756.00
Exhibit design and installation, exhibit furniture	-\$ 47,000.00
<b>TOTAL EXPENDITURES</b>	<b>-\$ 579,963.00</b>
<b>TOTAL DEFICIT FOR PROJECT OR ORGANIZATION</b>	<b>-\$ 79,963.00</b>

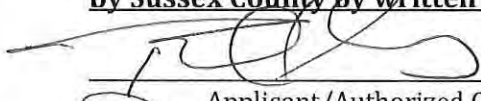
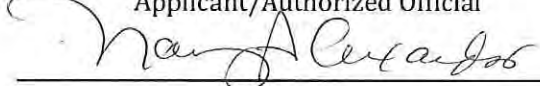
### SECTION 5: STATEMENT OF ASSURANCES

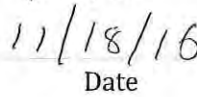
If this grant application is awarded funding, the Rehoboth Beach Historical Society agrees that:  
(Name of Organization)

- 1) For non-religious organizations, all expenditures must have adequate documentation and must be expended within one (1) year of receipt of award funds. The funding awarded to the organization must be used in substantial conformity with the anticipated expenditures set forth in the submitted application. All accounting records and supporting documentation shall be available for inspection by Sussex County within thirty (30) days after the organization's expenditure of the awarded funding, or within one year after the receipt of the awarded funds, whichever first occurs.
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- 3) No person, on the basis of race, color, or national origin, should be excluded from participation in, be denied the benefit of, or be otherwise subjected to discrimination under the program or activity funded in whole or in part by these Grant funds.

**SECTION 5: STATEMENT OF ASSURANCES (continued)**

- 4) All information and statements in this application are accurate and complete to the best of my information and belief.
- 5) All funding will benefit only Sussex County residents.
- 6) All documents submitted by the applicant are defined as public documents and available for review under the Freedom of Information Act of the State of Delaware.
- 7) All funding will be used exclusively for secular purposes, i.e., non-religious purposes and shall not be used to advance or inhibit religious purposes.
- 8) **In the event that the awarded funding is used in violation of the requirements of this grant, the awarded funding shall be reimbursed to Sussex County within a timeframe designated by Sussex County by written notice.**

  
\_\_\_\_\_  
Applicant/Authorized Official  
  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date

Completed application can be submitted by:

Email: gjennings@sussexcountyde.gov

Mail: Sussex County Government  
Attention: Gina Jennings  
PO Box 589  
Georgetown, DE 19947

**SUSSEX COUNTY COUNCIL NON-PROFIT GRANT PROGRAM**  
**GUIDELINES FOR SUBMITTAL AND AFFIDAVIT OF UNDERSTANDING**

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All expenditures must have adequate documentation and must be expended within one (1) year of award of funds.

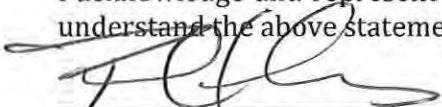
For non-religious organizations, all accounting records and supporting documentation shall be available for inspection by Sussex County within thirty (30) days after the organization's expenditure of the awarded funding, or within one year after the receipt of the awarded funds, whichever first occurs.


For religious organizations, all accounting records and supporting documentation shall be provided for inspection by Sussex County after the award has been made by County Council but before funding is released. Grant is relinquished if supporting documentation is not provided within one year of County Council award.

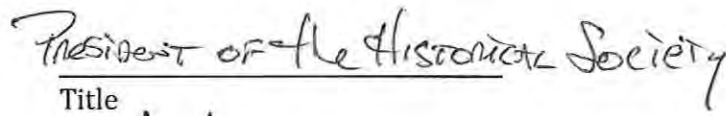
Certain programs are not eligible for funding pursuant to United States Constitution and State of Delaware Constitution. Those constitutional principles prohibit the use of funding to advance or inhibit religious activities. By signing below, the organization acknowledges that the funding shall be used exclusively for secular purposes, i.e., non-religious purposes and shall not be used to advance or inhibit religious activities.

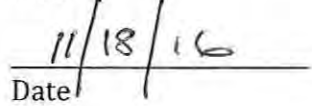
In the event that such funding is used in violation of the requirements and assurances contained in this grant application, the awarded funding shall be reimbursed to Sussex County within a timeframe designated by Sussex County by written notice.

I acknowledge and represent on behalf of the applicant organization that I have read and understand the above statements.

  
\_\_\_\_\_  
Applicant/Authorized Official

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Date





# SUSSEX COUNTY GOVERNMENT

## GRANT APPLICATION

### SECTION 1 APPLICANT INFORMATION

ORGANIZATION NAME: Seaford Volunteer Fire Department, Inc.  
PROJECT NAME: Trailer for Kubota RTV-X 1120  
FEDERAL TAX ID: 51-60165551 NON-PROFIT:  YES  NO

DOES YOUR ORGANIZATION OR ITS PARENT ORGANIZATION HAVE A RELIGIOUS AFFILIATION?

YES  NO \*IF YES, FILL OUT SECTION 3B.

ORGANIZATION'S MISSION: Provide fire and EMS services to Seaford and the surrounding communities.

ADDRESS: 302 E. King St.  
P.O. Box 87  
Seaford DE 19973  
(CITY) (STATE) (ZIP)

CONTACT PERSON: JC Willin  
TITLE: Past President  
PHONE: 302-245-7400 EMAIL: jcwillin87@yahoo.com

**TOTAL FUNDING REQUEST: \$1,950.00**

Has your organization received other grant funds from Sussex County Government in the last year?  YES  NO

If YES, how much was received in the last 12 months? \_\_\_\_\_

If you are asking for funding for building or building improvements, do you own the building in which the funding will be used for?  YES  NO

Are you seeking other sources of funding other than Sussex County Council?  YES  NO

If YES, approximately what percentage of the project's funding does the Council grant represent? \_\_\_\_\_

## SECTION 2: PROGRAM DESCRIPTION

### PROGRAM CATEGORY (choose all that apply)

- |  |  |                                      |
|--|--|--------------------------------------|
| <input type="checkbox"/> Fair Housing                | <input type="checkbox"/> Health and Human Services           | <input type="checkbox"/> Cultural    |
| <input type="checkbox"/> Infrastructure <sup>1</sup> | <input checked="" type="checkbox"/> Other Fire & EMS Support | <input type="checkbox"/> Educational |

### BENEFICIARY CATEGORY

- |   |  |                                   |
|---|--|-----------------------------------|
| <input type="checkbox"/> Disability & Special Needs | <input type="checkbox"/> Victims of Domestic Violence        | <input type="checkbox"/> Homeless |
| <input type="checkbox"/> Elderly Persons            | <input type="checkbox"/> Low to Moderate Income <sup>2</sup> | <input type="checkbox"/> Youth    |
| <input type="checkbox"/> Minority                   | <input checked="" type="checkbox"/> Other Whole Community    |                                   |

### BENEFICIARY NUMBER

Approximately the total number of Sussex County Beneficiaries served annually by this program:

## SECTION 3: PROGRAM SCOPE

- A. Briefly describe the program for which funds are being requested. The narrative should include the need or problem to be addressed in relation to the population to be served or the area to benefit.

The Seaford Volunteer Fire Department (SVFD) has aquired a Kubota RTV-X 1120 UTV (Utility Task Vehicle) that is capable of fire suppression in areas that are hard to reach with normal vehicles (capable of carrying water and fire fighting equipment into woods, narrow access areas, and areas too soft for normal fire fighting equipment). Along with fire suppression, the vehicle is capable of EMS support in carrying a stretcher to similar areas.

This vehicle needs to be transported to the emergency via trailer that is towed by the SVFD utility pickup. This trailer is the item for which SVFD is requesting funding. It is a 6'x16' trailer with 5,000 pound capacity from Weller's Utility Trailers in Bridgeville, DE. Weller's is offering the trailer to SVFD at their cost of \$1,950.



B. IF RELIGIOUS AFFILIATION WAS CONFIRMED ABOVE IN SECTION 1, PLEASE FILL OUT THE FOLLOWING SECTION. IF RELIGIOUS AFFILIATION WAS NOT CHECKED IN SECTION 1, THIS SECTION MAY BE LEFT BLANK.

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After the awarded funds have been made, receipts of the non-religious purchases shall be submitted in accordance with Section 5 below before funds will be disbursed.

### SECTION 4: BUDGET

<b>REVENUE</b>	
Please enter the current support your organization receives for this project (not entire organization revenue if not applicable to request)	
<b>TOTAL REVENUES</b>	0.00
<b>EXPENDITURES</b>	
Please enter the total projected budget for the project (not entire organization expense if not applicable to request). Example of expenditure items: PERSONNEL-one lump sum that would include benefits, OPERATING COSTS-supplies, equipment, rent/lease, insurance, printing telephone, CONSTRUCTION/ACQUISITION-acquisition, development, rehab hard cost, physical inspections, architectural engineering, permits and fees, insurance, appraisal. <b>(Put amounts in as a negative)</b>	
6' x 16' - 5,000 lb Utility Trailer	-\$ 1,875.00
Tag and Titling Costs	-\$ 75.00
<b>TOTAL EXPENDITURES</b>	-\$ 1,950.00
<b>TOTAL DEFICIT FOR PROJECT OR ORGANIZATION</b>	-\$ 1,950.00

### SECTION 5: STATEMENT OF ASSURANCES


If this grant application is awarded funding, the Seaford Volunteer Fire Department, Inc. agrees that:  
(Name of Organization)

- 1) For non-religious organizations, all expenditures must have adequate documentation and must be expended within one (1) year of receipt of award funds. The funding awarded to the organization must be used in substantial conformity with the anticipated expenditures set forth in the submitted application. All accounting records and supporting documentation shall be available for inspection by Sussex County within thirty (30) days after the organization's expenditure of the awarded funding, or within one year after the receipt of the awarded funds, whichever first occurs.
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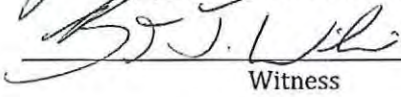


**SECTION 5: STATEMENT OF ASSURANCES (continued)**

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\_\_\_\_\_  
Applicant/Authorized Official

12-5-16  
Date

  
\_\_\_\_\_  
Witness

12-5-2016  
Date

Completed application can be submitted by:

Email: gjennings@sussexcountyde.gov

Mail: Sussex County Government  
Attention: Gina Jennings  
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**GUIDELINES FOR SUBMITTAL AND AFFIDAVIT OF UNDERSTANDING**

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I acknowledge and represent on behalf of the applicant organization that I have read and understand the above statements.

*[Signature]* SUPD, Inc  
Applicant/Authorized Official

*PAST PRESIDENT*  
Title

*[Signature]*  
Witness

12-5-16  
Date