

**FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
BOARD OF DIRECTORS MEETING**

LOCATION:
Grass Dale Center
Delaware City, DE 19706
February 13, 2019
8:30 a.m.

Meeting Minutes

Board Members:

Bert Scoglietti, Courtney Stewart, Dale Slotter, Michael Morton, Danny Episcopo, Tim Diliplane
Shawn Garvin

Advisory Council Members:

Paul Parets

Staff:

Jeff Randol, Executive Director
Peggy Thomas, Accounting/Site Manager
Max Walton, Connolly Gallagher

Members of the Public:

Bob Malinowski, Billie Travalini, David Baylor, Chris Castagno, Andy Roy, Stanley Green, Tim Konkus

I. Call to Order

Mr. Scoglietti, acting on behalf of Ms. Frank, called the Fort DuPont Redevelopment and Preservation Corporation Board of Directors meeting to order at approximately 8:30 a.m.

II. New Board Member Introduction – Mr. Diliplane has been appointed to the Board by Delaware City. He replaces Ms. Houck, former Delaware City Town Manager, who resigned her position on the Board due to a job relocation.

III. Minutes

Mr. Scoglietti asked if there were any questions or comments regarding the December 2018 meeting minutes. No questions were presented, and a motion was made to approve the minutes of the December meeting by Mr. Morton, seconded by Mr. Episcopo. Motion carried.

IV. Treasurer's Report

A. Financial Statement.

Mr. Scoglietti provided a review of the financial report with the following highlights:

Page 1, General Ledger Revenue, line 4100 - Rental Income has been broken out by building or agency. Line 4130 - CAM Revenue has been broken out to show maintenance revenue and tenant reimbursements. Line 4131 and 4132 are rental fees received from state agencies in the amount of \$95,925.70. On Line 4200, Real Estate Sales, Mr. Randol stated one lot on Officers Row closed in January with Rockwell, for \$115,000. Rockwell has an option to purchase a second lot on Officers Row which is scheduled to close by the end of June 2019. Three sales are expected on Officers Row this fiscal year, for revenue of \$345,000. Line 4203 shows \$640,000 which are projected funds associated with the sale of lots in the Canal District. Rockwell is on target to complete their five closings by June 30th, 2019, as outlined in their agreement.

Page 2, General Ledger line 4500 – The Corporation has not yet received any HTC dollars, however, the application for Building 25 was submitted to SHPO on 1/25/19 and closing is expected in mid-March. The HTC request for building 45 will be submitted in April. A buyer has been secured for the tax credits and closing the transactions will happen as soon as the paperwork is processed by SHPO.

Page 3 shows ongoing capital project expenses for each building. Line item 7606 – Building 15 will be put on hold. Line item 6734 - The Guard House is a new budget item with a potential tenant moving in this year.

Page 4 – Line item 7205 P & I Applied Bank – This is the original loan for improvements on Officers Row. When Lot 14 was sold, a payment of \$100,000 was made to Applied Bank to pay down the loan. As lots are sold on Officers Row, partial proceeds will be applied to pay down this loan as scheduled.

Mr. Slotter expressed concern that Fortify Festival was not financially successful and suggested the board consider hiring a promoter to manage the event. Mr. Randol noted that the festival was not expected to be profitable in its first year, comments were positive, a promoter was engaged to assist in managing the event, and that the festival was also designed to be a marketing and promotional tool for the site. Planning has already begun on this year's event.

A motion to approve the Treasurer's Report was made by Ms. Stewart and seconded by Mr. Morton. Motion carried.

B. Budget Update.

Mr. Scoglietti provided a budget update and state that the Governor has issued his recommended bond bill, which includes an appropriation to the Corporation for \$2,250,000. Two additional requests for funding were made: \$500,000 for improvements to the planned roundabout and a request for up to \$3,000,000 for funding of the levee. No funds were allocated for those two

requests. The Bond Bill Committee will be holding hearings at the beginning of April with FDRPC being scheduled on April 4th at 10:30 am in Legislative Hall.

V. Legal

Mr. Walton reported as follows:

A. Completion of New Castle County Blanket Sewer Easement. The easement has been completed and recorded.

B. DNREC Lease. The lease with DNREC has been completed.

C. Fish & Wildlife Agreement. The boat ramp has been carved out of the DNREC agreement and will be negotiated separately. This is due in part to the pending transfer of lands from the USACE, which owns the land upon which the boat ramp is located.

D. City Sign Ordinance. Delaware City is looking to amend the HPR sign ordinance so that the HPR District is consistent with other commercial and mixed use districts within the City. The amendment was introduced at the January Delaware City Council meeting, passed by the Planning Board on Monday, February 11th and will be sent to the Council for a vote at their February meeting.

Mr. Slotter asked what some of the points of the sign ordinance are and Mr. Walton stated that the fort has both residential and commercial space, so the revised code allows residential areas to follow residential standards and in commercial areas, the commercial standards would apply. This change would be more in line with the intent of the sign ordinance. Currently the city's sign ordinance restricts HPR signs to the guidelines governing Residential Districts.

VI. Executive Director's Report

Mr. Randol commented as follows:

A. Canal District. The Parke Bank closing and Lot 14 were addressed during the financial report as noted above.

B. Marina Village. Mr. Randol has signed a Letter of Intent with a developer/investor to build apartments. The LOI is contingent on the developer's market analysis. If the market study meets with the developer's satisfaction, then the Corporation would be presented with an agreement. The current LOI is for 200+ apartments. Mr. Slotter asked if FDRPC has provide the developer with any criteria for rent or square footage of apartments and Mr. Randol stated those criteria will be determined by the developer's market analysis. Mr. Diliplane asked if there would be a single building and Mr. Randol stated that there are four apartment buildings under the current design. Mr. Scoglietti asked about the next steps and Mr. Randol explained that once FDRPC enters into an agreement, the developer would proceed with site planning, building designs, planning commission approval and then closing on the property.

C. Branch Canal Transfer. Mr. Randol provided an overview and handout that summarized efforts underway to transfer the Branch Canal to FDRPC. The Army Corp of Engineers is divesting itself of the three parcels which impacts the city dock, the Marina Village, and DNREC property along the canal. Secretary Garvin gave an overview of where DNREC is in the process. Mr. Diliplane asked if dredge spoils from the City Dock area could be used to build the levee. Mr. Randol explained the dredge material would be too wet for the levee constructions, but could be used in restoration of the shoreline. Mr. Scoglietti asked if the LOI from the developer is contingent on the transfer of canal to FDRPC. Mr. Randol stated that the alternative to ownership, that the corporation could enter into a long term lease with the USACE, but that would make financing for the developer more difficult. Mr. Slotter asked if Mr. Randol was leaning towards a subsequent transfer to Delaware City with a boundary down the middle of the canal. Mr. Randol stated that in the path forward, FDRPC and the City should come to an agreement on what portion of the USACE property should be transferred from the Corporation to the City.

D. Overview on Development. Mr. Randol provided the Board with an overview of issues facing development of the site. The overview identified 5 areas of concern as follows:

- i. Flood Plain Management. The cost of constructing in a flood plain is more complicated, and costly, which makes sourcing investors and capital a challenge due to the ongoing risk of flooding. FDRPC has addressed this issue so far by raising fill in the area between Old Elm to the Branch Canal. Everything south of Old Elm, where most historic buildings are located, remains in the flood plain and presents a challenge because the ground can't be raised. The cost to build the levee is estimated at \$3,000,000.
- ii. Traffic Impact. The Traffic Impact Study requires mitigation measures at the main entrance to Fort DuPont. DelDot has recommended a roundabout. Estimates from the engineering firm suggests a cost of \$500,000.
- iii. Transfer of the Branch Canal. As previously discussed is necessary for development of the Marina and Marina Village.
- iv. NCC WWTP. The WWTP's current location is a detriment to development of the Marina Village. The County is supportive relocating the plant in order to further economic development, but the cost of relocation must be covered by the proposed development. Concept planning is underway on the plants relocation, which is estimated to cost between \$8 and \$10 million. Sale of the existing WWTP site for development of a Hotel/Conference Center and Condo complex should cover the cost to relocate the facility.
- v. Preservation of Historic Structures. The six duplexes along Old Battery Lane are in extremely poor condition. Demolishing the buildings could put the fort's historic district at risk, which could prevent FDRPC from receiving future HTCs and potentially require the Corporation to repay those already received. Mr. Diliplane asked if anyone could answer how many buildings could be demolished without risking tax credits and Mr. Randol stated that question is currently before the National Park Service which manages historic districts. Mr. Garvin asked if the duplexes could be partially renovated by FDRPC and allow for a third party to complete the restorations. Mr. Randol said that could be done and something to consider.

E. Leasing update. Ms. Thomas provided an overview of leasing and tenant demographics. The mix of housing consists of four duplexes and one single family home for a total of nine units. Seven of the units are presently occupied, there is a lease commitment for one of the units in Building 45, which is not completed. That leaves one remaining available unit in Building 45. Rental units have been consistently occupied since coming online. Zillow and word- of-mouth are the primary sources for marketing rental units. Rental rates range from \$1350 to \$2000 per month.

VII. Committee Reports

A. Economic Development - No updates to report

B. Project Funding – No updates to report.

C. Historic Preservation – No updates to report.

D. Personnel – No update to report

E. Governance Committee – Mr. Scoglietti stated HB 40, the governance bill that changes the structure of the board was passed by the House on January 22nd and is currently in the Senate Environmental Committee and scheduled to be on March 6th.

VIII. New Business – No new business was presented.

IX. Public Comment: Mayor Green brought to the Board’s attention that Mr. Parets’ comments from the December meeting were not noted in the approved December meeting minutes. He asked if Mr. Parets could restate his concerns. Mayor Green also added that it is extremely important to him and the citizens of Delaware City that resident board members be a very positive part of the Fort DuPont project and to have their concerns heard as well. Since the December meeting minutes were already been approved earlier in the meeting, Mr. Walton recommended Mr. Parets make his statement and that it be included in the current meeting minutes.

Mr. Parets said that at the December meeting he stated that he felt it was important that any expansion of the Board should also take into consideration the expansion of the current four seats held by town residents and that he still feels that way.

IV. Adjourn - There being no additional business or comments, Mr. Episcopo made a motion to adjourn the meeting, seconded by Mr. Slotter. Motion carried.