

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
BOARD OF DIRECTORS MEETING

The Fort Dupont Redevelopment and Preservation Corporation Board of Directors meeting was held on August 14, 2024 at the Delaware City Fire Hall, 815 5th Street, Delaware City, with Chair John McMahon presiding.

CALL TO ORDER

Chair McMahon called the Fort DuPont Redevelopment and Preservation Corporation (FDRPC) Board of Directors meeting to order at 9:30 a.m.

BOARD MEMBERS PRESENT

Mr. Rony Baltazar-Lopez (Secretary of State)
Mr. David Edgell (Office of State Planning Coordination)
Mr. Kurt Foreman (Delaware Prosperity Partnership)
Mr. Steve Williams (designee of Secretary Shawn Garvin, Department of Natural Resources and Environmental Control (DNREC))
Mr. Michael Graci (Fort DuPont Resident)
Ms. Winvenia Graham (Delaware City Resident)
Ms. Britney Loveland (Interim Delaware City Manager)
Senator Spiros Mantzavinos (Chair, Bond Bill Committee) (arrived at 9:37 a.m.)
Ms. Ruth Ann Miller (Controller General of the State of Delaware)
Ms. Wendy Rogers (Fort DuPont Resident)

BOARD MEMBERS ABSENT

Mr. Doug Eriksen (Delaware City Resident)
Representative Sean Matthews (Co-Chair, Bond Bill Committee)
Dr. Courtney Stewart (Office of Management and Budget)

STAFF MEMBERS PRESENT

Mr. Tim Slavin, FDRPC Executive Director
Ms. Janice Moturi, FDRPC Deputy Director/Controller
Mr. Bert Scoglietti, Treasurer
Mr. Richard Forsten, Saul Ewing Arnstein and Lehr LLP.
Ms. Crystal Pini-McDaniel, FDRPC Operations Manager

OTHERS PRESENT

Mr. George Fournaris, Belfint, Lyons & Shuman, P.A.

APPROVAL OF MINUTES – FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION (FDRPC) BOARD MEETING OF JULY 10, 2024

Mr. Graci moved for approval of the FDRPC Board meeting minutes of July 10, 2024. The motion was seconded by Mr. Edgell and unanimously carried.

FY 2023 AUDIT REPORT (GEORGE FOURNARIS OF BELFINT, LYONS & SHUMAN, P.A.)

Mr. George Fournaris of Belfint, Lyons & Shuman, P.A. reviewed a presentation of the highlights of the audit (Exhibit 1). He noted that the qualified opinion relates to the capital assets that were originally donated by the state of Delaware being presented using insurance values and assessed values that are used for real estate tax purposes. GAAP requires presentation under the acquisition value, which would require appraisals and a lot of costs. Management agreed that it would be an efficient use of time to have the qualified opinion rather than spending a whole lot of money getting appraisals just to say that the financial statements are presented in accordance with GAAP. Under that qualified opinion, the value is approximately \$56 million.

Mr. Richard Forsten, FDRPC legal counsel of Saul Ewing Arnstein and Lehr LLP, asked about the impact of New Castle County's reassessment of property values. He noted that the county has historically used values estimated as of July 1, 1983, but this fall, they will reassess properties based on their values as of July 1, 2024. Given that property values will increase and tax rates will likely decrease as a result, Mr. Forsten asked whether these new assessed values will be incorporated into future evaluations or decisions.

Responding, Mr. Fournaris advised that they should look at them, which could possibly lead to a change. If the information is adequate for the GAAP purposes, they may make a restatement of the financial statements. He noted that the assessors and the county do not pay as close attention to governmental and non-profit properties, because they do not provide any tax dollars.

Responding to Mr. Bert Scoglietti, FDRPC Treasurer, Mr. Fournaris clarified that cash transactions in the context of the audit are electronic transactions. He noted that most of the bill payments are either check or electronic transfers, and most of the money coming in, including most of the rents, are also electronically transferred to FDRPC accounts.

Mr. Tim Slavin, FDRPC Executive Director, advised, for context—not as an excuse—that they fully acknowledge these audit findings. However, it is important to remember that this fiscal year began two years ago, which coincides with when he first took on the role of executive director. The initial six months were particularly challenging as they worked to establish the necessary systems. Mr. Slavin stated that he believes that is where some of the documentation issues arose.

Mr. Foreman moved for acceptance of the FY 2023 Audit Report. The motion was seconded by Mr. Graci and unanimously carried.

ENGAGEMENT LETTER FOR FY 2024 AUDIT

Mr. Tim Slavin, FDRPC Executive Director, advised that audit engagement letter being considered is for the fiscal year that just ended on June 30, 2024. Staff is recommending approval of the engagement letter with Belfint, Lyons & Shuman, P.A. He noted that they have had a great relationship with them. Mr. Slavin noted that they highly value the work they do, and they would like to extend their services for another year of audits.

Mr. Graci moved for acceptance of the engagement letter for the FY 2024 audit. The motion was seconded by Mr. Foreman and unanimously carried.

FY 2025 OPERATING AND CAPITAL BUDGET APPROVAL

Mr. Bert Scoglietti, FDRPC Treasurer, reviewed the FY 2025 Operating and Capital Budget – Budget vs. Actuals: Budget FY25 P&L – FY25 P&L July 2024 – June 2025 and noted the following:

- The Fiscal Year 2025 Operating Budget provided will suffice as the document for the Treasurer’s Report.
- The draft budget presented at the previous meeting has been fine-tuned and adjusted based on experience, FY24 expenditures, plus any anticipated increases such as insurance and payroll.
- It is a conservative budget because they have only assumed one property sale, which is the lot on Officers Row.
- The report is structured a little bit differently, showing two columns of history - the actual for FY23 and the actual for FY24. The actual for FY24 has not yet been finalized; however, it should be completed by August 15, 2024.
- 4010 State Appropriation - This line item has been finalized with a \$2.25 million appropriation; the same amount received in 2024.
- 4100 Rental Income Residential - This line item has been maintained at the FY24 level, which was actually higher than what was budgeted.
- 4101 Old Battery Lane Duplexes - This is a new line item budgeted at an estimated rental income of \$80,000 for six months.
- 4200 Real Estate Sales - This line item represents the lot on Officers Row at an estimated price of \$125,000, which is the only real estate sale assumed for the budget.
- 4500 Housing Tax Credits - The HTC’s were originally budgeted to be received in FY24 as a result of the planned renovations on the duplexes. Since those renovations are taking place this year, those funds are now expected to be received in the current fiscal year.
- The total proposed income for FY25 is \$3,062,614.29.
- Expenses have been budgeted based on the FY24 numbers.
- 6525R Professional Fees - Accounting - These fees are a little lower than what was spent in FY24 due to the expectation that less effort will be required for some audit and accounting functions.
- 6700 Improvements - \$700,000 has been estimated for improvements during the year. The number is certainly conservative and tracks with some of the projects that have gone online.
- 7500 Marketing Expenses - This line item reflects a large increase over both budget and actual for FY24 due to a coding issue. In FY24, some marketing dollars were coded as item 7030 (Utilities Office), so it is just a correction.
- 7740 Total Salaries and Wages - This represents the best estimate this year, including projected increases.
- 7850 Insurance - The insurances we rebid this year and the estimate is represented.
- Total expenses are \$33,058,491.45, which represents a small surplus of about \$4,000.

Mr. Scoglietti advised that there will be some slight adjustments as they do a final closing on the numbers. He noted that if there were any large discrepancies, they would be presented at the next board meeting.

Mr. Graci moved for approval of the FY 2025 Operating and Capital Budget, seconded by Mr. Edgell and unanimously carried.

FUNDING REQUEST FY 26 GOVERNOR'S RECOMMENDED BUDGET

Mr. Tim Slavin, FDRPC Executive Director, advised that this is the funding request for Fiscal Year 2026 for the Governor's recommended budget, which has been transmitted to the Office of Management and Budget.

Mr. Slavin noted that the request for FY26 is \$13.9 million, which addresses the significant issues related to infrastructure replacement, deferred maintenance, and some planned enhancements. This is a substantial increase compared to the \$2.25 million that was previously appropriated; however, it should be consistently conveyed that this is the true cost of the planned campus improvements. All of the projects outlined in the Governor's letter, which was included in the packet to the OMB, are aligned with the capital investment program in the budget.

Mr. Graci moved for approval of the funding request, seconded by Mr. Edgell and carried with Senator Mantzavinos and Ms. Miller recusing themselves.

APPOINTMENTS TO BOARD OF DIRECTORS OF FRIENDS OF FORT DUPONT

Mr. Tim Slavin, FDRPC Executive Director, advised that the strategic plan called for them to enact a private 501c3 organization that would run in tandem with the corporation, but have an arm's length from the corporation. The shell of that 501c3 was previously set up, but no board appointments had been made.

Mr. Slavin noted that earlier this year, a study on the scope and activities of the Friends group was conducted, including board composition and revised bylaws. Based on these recommendations, the initial slate for the founding board is being presented. The goal is to have between nine and twelve members, so more members will be added in the future.

Mr. Slavin stated that the FDRPC is appointing the initial board for the Friends group, after which the Friends board will adopt its bylaws and manage its own nominations. The initial appointments include one ex-officio voting member from the FDRPC board, Ms. Graham, and the FDRPC executive director in an ex-officio role. The other candidates are Michael Lutz, a resident of the Canal District at Fort DuPont who has been active on the Land Use Planning Committee; Corey Ford, president of the Reedy Point Players, the resident community theater group in Delaware City; Laura Lee, a former FDRPC board member and Delaware State Parks employee who was assigned to Fort DuPont for many years and is the historian of Fort DuPont; and Jane Gracie, a senior business administrator at the University of Delaware.

Mr. Slavin advised that the initial appointments were for three years and then staggered going forward.

Ms. Rogers moved for approval of the appointments to the board of directors of Friends of Fort DuPont. The motion was seconded by Mr. Foreman and carried with Mr. Graci recusing himself.

LAND USE PLANNING COMMITTEE PRESENTATION

Mr. David Edgell, Chair of the FDRPC Land Use Planning Committee, advised that the committee had been meeting since late last year, holding six sessions. The plan has been presented to the Delaware City Council, Planning Commission, and at a recent community meeting.

Mr. Edgell noted that the committee was tasked with reviewing and updating the old campus plan. He advised that instead of focusing on specific buildings, the committee took a broader view, considering the overall opportunities for the campus. Mr. Edgell stated that the new land use map will replace the old plan

and will guide Fort DuPont moving forward. A companion document, detailing these recommendations, will be shared at the next FDRPC meeting.

Mr. Edgell reviewed the map depicting the committee's recommendations (Exhibit 2) and noted the following:

- Existing Features to Remain Unchanged (depicted in white): Key elements like the New Castle County wastewater treatment plant, National Guard facility, and DNREC boat ramp will remain unchanged. Open spaces, such as the parade ground and recreational areas, will be preserved.
- Open Space Recreation (depicted in light green): These areas include floodplains, wetlands, and woodlands along the river, all protected by environmental regulations. These areas will serve as recreational assets while preserving the natural environment of the campus. The parade ground, as the central open space and defining feature of the campus, will remain unchanged. The committee agreed it should continue to be the heart of the campus. Additionally, the DNREC boat ramp will remain a permanent asset to the campus for the foreseeable future, barring any changes due to funding or other factors.
- Residential Areas (depicted in yellow): These areas are existing communities or lots for sale and includes the Canal District, Officers Row and Marina Village. There is ongoing due diligence for Marina Village's development.
- Mixed-Use/Central Core of the Campus (depicted in purple): This area represents the historic core of the campus, containing many of its older buildings. The primary goal is to promote adaptive reuse and preservation of these historic structures, as they are central to the campus's identity and appeal. Infill development should be encouraged where possible. There is space for new duplexes in this area, which should be designed in accordance with the architectural style of the campus.

While the older buildings present redevelopment challenges, they also offer significant opportunities to create unique and appealing spaces. Each building will need time to find its best use, which could include residential, commercial, office, or other purposes.

- Opportunity Areas: Six opportunity areas have been identified for future development:
 1. Marine Mixed Use (depicted in pink): This area was identified as a very ambitious, full-scale marina and a commercial marine district in the original plan. The committee, as well as the community, envision this area as a community asset for all of Delaware City with a marina or other water-access uses and possibly commercial and residential components. The land is currently owned by the Army Corps of Engineers, but efforts are underway to transfer ownership to Fort DuPont. This is the site of a dredge spoil pile.
 2. Marina Village/Residential (depicted in yellow): This is the area for Marina Village, the subdivision plan for 130 stack townhomes. The project is working its way through the due diligence and approval processes. The committee recommended that this area remain residential, should Marina Village not proceed, with the caveat that view sheds and open space components in future development be considered more in the design.

3. Active Recreation (depicted in dark green): A central area for recreational facilities like parks and trails. There are schematic plans for park amenities like playing courts, gazebos, amphitheaters, a dog park, trails, and pathways. This area is envisioned as a central hub for active recreational uses on the campus. The elevated bicycle and pedestrian trail, included in the capital plan and budget request, would be a trail head connecting the campus and providing flood protection for added resiliency.
4. Parade Ground Frontage/Mixed-Use Development (depicted in purple): The original plan showed this piece of land with a building about the size of the Painter Building, which could be a multi-story, mixed-use building with architecture matching the existing buildings. Since this area is a low point on the campus, stormwater and environmental issues need to be considered before any large building is constructed.
5. Light Industrial District (depicted in light grey): This is the location of the food storage warehouse currently leased by Government Support Services. They will vacate the space in 2026, after which the warehouse will remain an asset of the FDRPC. It is expected to be leased to another tenant, with the intent to continue its use in that location. Additional land in this block is available for other purposes, such as light warehousing, parking, or other activities that could generate jobs or economic activity on the campus. Consideration should be given to ensuring that these uses are architecturally consistent with the campus. The committee recommended against heavy industrial uses that would cause smoke, dust, or excessive truck traffic. Concentrating light industrial uses in this part of the campus will help limit truck traffic throughout the area.
6. Southfield (depicted in purple): A potential mixed-use development area, similar in size to the Marina Village area, with both residential and commercial possibilities. This land is currently under 6F protections and will not be wholly available until adjustments are made to 6F. The committee's sentiment was that this should be a mixed-use development that matches the style and scale of the area, offering both residential and commercial spaces, as well as promoting walkability and enhancing the campus core. There are developers actively engaged in these kinds of projects, so this is not an unattainable vision.

Mr. Baltazar-Lopez moved for approval of the Land Use Plan, seconded by Ms. Rogers and carried with Mr. Edgell recusing himself.

TREASURER'S REPORT

Mr. Graci moved for acceptance of the Treasurer's Report, seconded by Mr. Edgell and unanimously carried.

EXECUTIVE DIRECTOR'S REPORT

Mr. Tim Slavin, Executive Director, reviewed the Executive Director's Monthly Report for the period July 1, 2024, to July 31, 2024 and noted the following:

Bio Basin Project – Completion of the bio basins on the campus was scheduled for this summer. Bio Basin 2 is finished, and Bio Basin 3 is currently under construction. Once 3 is completed, work will continue on Basins 4 and 5. Basin 3 is the largest of the projects, and it involves quite a bit of excavation.

Branch Canal Revetment and Promenade Project – The revetment and promenade project is currently out for bid, with bids due Thursday, August 15th at 3 p.m. This project is running in tandem with some open permitting issues with the Army Corps of Engineers and DNREC. However, DNREC cannot issue their permit until the Army Corps of Engineers issues theirs.

Branch Canal Ownership Issue – We had a productive site visit with Senator Carper and staff from both his Delaware office and the Senate Committee on Environment and Public Works (EPW), which he chairs. The dialogue with the Army Corps of Engineers regarding the transfer of the upland parcel is ongoing, and they are moving into deeper discussions. Their chief concern is retaining areas for dredge material. Staff is exploring compromise solutions that would allow them to coexist in that space, should the Army Corps still require it for dredging purposes.

Old Battery Lane Duplexes – Mobilization has been delayed due to continued utility marking. This speaks to the issue of infrastructure. They are unable to locate some utilities on the site. Despite using maps, the site utility locator service has not been able to find them in the ground. One area of particular concern is the fiber optic line that the state installed, which needs to be located. They are bringing in ground-penetrating radar to map everything out. Once that is complete, they will be ready to proceed.

Mr. Foreman moved for acceptance of the Executive Director’s Report, seconded by Mr. Graci and unanimously carried.

COMMITTEE REPORTS

FDRPC Finance and Audit Committee Meeting of June 10, 2024

Mr. Foreman moved for acceptance of the FDRPC Finance and Audit Committee Report of June 10, 2024. The motion was seconded by Mr. Edgell and unanimously carried.

FDRPC Executive Committee Meeting of June 24, 2024

Mr. Foreman moved for acceptance of the FDRPC Executive Committee Report of June 24, 2024. The motion was seconded by Mr. Edgell and unanimously carried.

DELAWARE CITY UPDATES

Ms. Britney Loveland, interim Delaware City Manager, provided the following Delaware City Updates:

Starting September 9th, we will begin upgrading the street lights from across the street all the way down to the water.

September 24th, the city is holding a special election to fill a vacant council seat. The last day to apply to run as a candidate is August 26th. Applications are available at Town Hall or on the website at delawarecity.org.

The next mayor and council meeting is Monday, August 19th at 6:00 p.m.

The city has started cutting down the phragmites and tall grass along the canal. The plan is to develop an annual maintenance process to help with the regrowth.

Ongoing projects include the community center HVAC project, the ramp project at the library and the generator project.

On August 26th, the town will participate in the 'Turn the Town Teal' ovarian cancer awareness event. Volunteers are needed on the day of the event to hang teal bows around town and distribute information to local businesses. If anyone would like to help, they will begin at 10:00 a.m. on August 26th at Town Hall.

PUBLIC COMMENT

None.

RECESS INTO EXECUTIVE SESSION

Mr. Foreman moved to recess into Executive Session pursuant to 29 Del. C. §10004(b)(9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed, unless the employee or student requests that such a meeting be open. The motion was seconded by Mr. Edgell and unanimously carried.

The meeting recessed at 10:19 a.m. and reconvened at 10:23 a.m.

ACTIONS TO BE VOTED UPON FROM EXECUTIVE SESSION

Mr. Foreman moved for approval of the increase in the executive director's salary effective July 1, 2024. The motion was seconded by Mr. Graci and unanimously carried.

NEXT MEETING DATE

The next meeting is scheduled for September 11, 2024, at 9:30 a.m.

ADJOURNMENT

Mr. Edgell moved for adjournment, seconded by Mr. Graci and unanimously carried.

The meeting adjourned at 10:24 a.m.

APPROVED: October 9, 2024

Exhibits

Exhibit 1 – Presentation – Audit Highlights

Exhibit 2 – Map Depicting Land Use Committee Recommendations

Fort DuPont Redevelopment and Preservation Corporation

Presented by:

George G. Fournaris, CPA, CGFM (gfournaris@belfint.com)

Elizabeth Wyjadka, CPA (EWyjadka@belfint.com)

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Engagement

- Audit of the financial statements for the year ended June 30, 2023.
- Audits were performed under two sets of auditing standards:
 - Generally Accepted Auditing Standards and
 - *Government Auditing Standards*
- Fort DuPont Redevelopment and Preservation Corporation is a government entity, an Enterprise Fund, engaged in business-type activities and a component unit of the State of Delaware.



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Engagement Results and Deliverables

- Financial audit with a qualified opinion,
- Independent Auditor's Report under *Government Auditing Standards* with findings and recommendations.



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Financial Audits

Summary

- Comparative financial statements presented,
- Audited financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP applicable to governmental entities, except for the following matter,

Significant Audit Matters

- Qualified Opinion
 - Recorded the capital assets originally donated by the State of Delaware at insured and assessed values rather than acquisition value, required by GAAP.
 - Amount by which this departure would affect the assets, net position, and expenses of the Organization has not been determined.

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Financial Audits (cont.)

Significant Audit Matters (cont.)

- Estimates
 - Accounting estimates are an integral part of the financial statements,
 - Most sensitive estimate is allocated overhead costs that are capitalized which are based on historical experience.
- Disclosures
 - Most sensitive disclosure is of the Capital Assets disclosure (Note 4 to the financial statements). It is sensitive due to the significance of the balances disclosed and because of the departure from GAAP in the valuation of the capital assets, originally donated by the State.

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Financial Audits (cont.)

Significant Audit Matters (cont.)

- Corrected and Uncorrected Misstatements
 - Provided as Attachments A and B to the Communications Letter.
- Other Significant Audit Matters
 - No disagreements with management,
 - Received all requested management representations,
 - No management consultations with other accountants.

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Audit Under Government Auditing Standards

- Performed under standards issued by the Comptroller General of the United States,
- Considers Internal Control Over Financial Reporting,
- Tests Compliance with Laws and Regulations,
- Three Findings Reported – Neither are a Material Weakness
 - Significant Deficiency – Financial Reporting Close Process
 - Significant Deficiency – Allocation of Costs, Cost of Properties Sold
 - Significant Deficiency – Cash Disbursement Documentation and Approval
 - Prior Year Significant Deficiency – Valuation of Donated Capital Assets

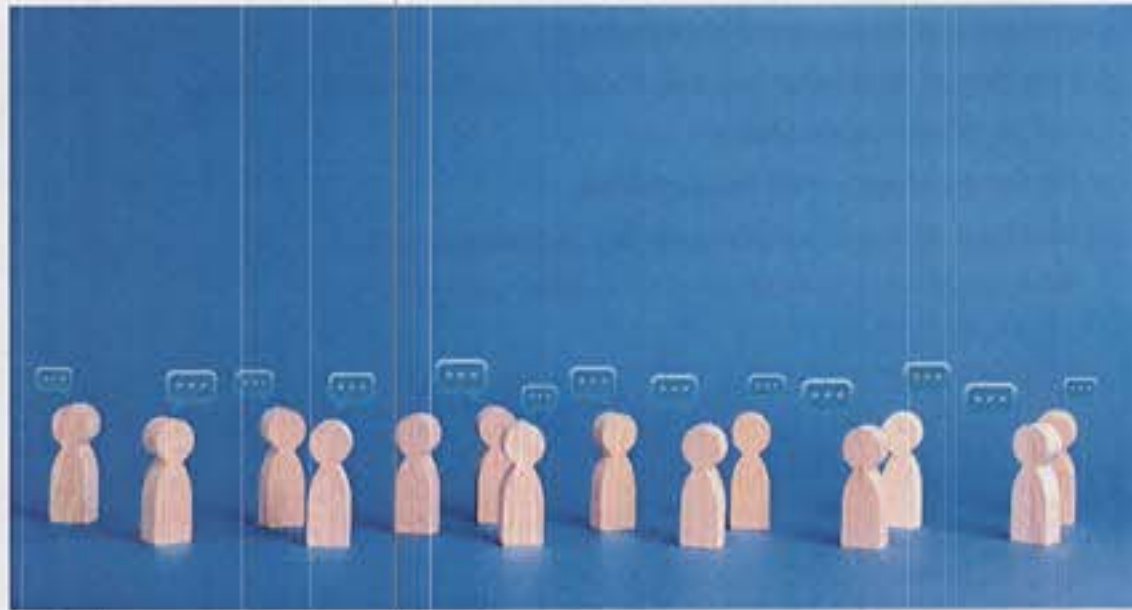
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Questions & Comments

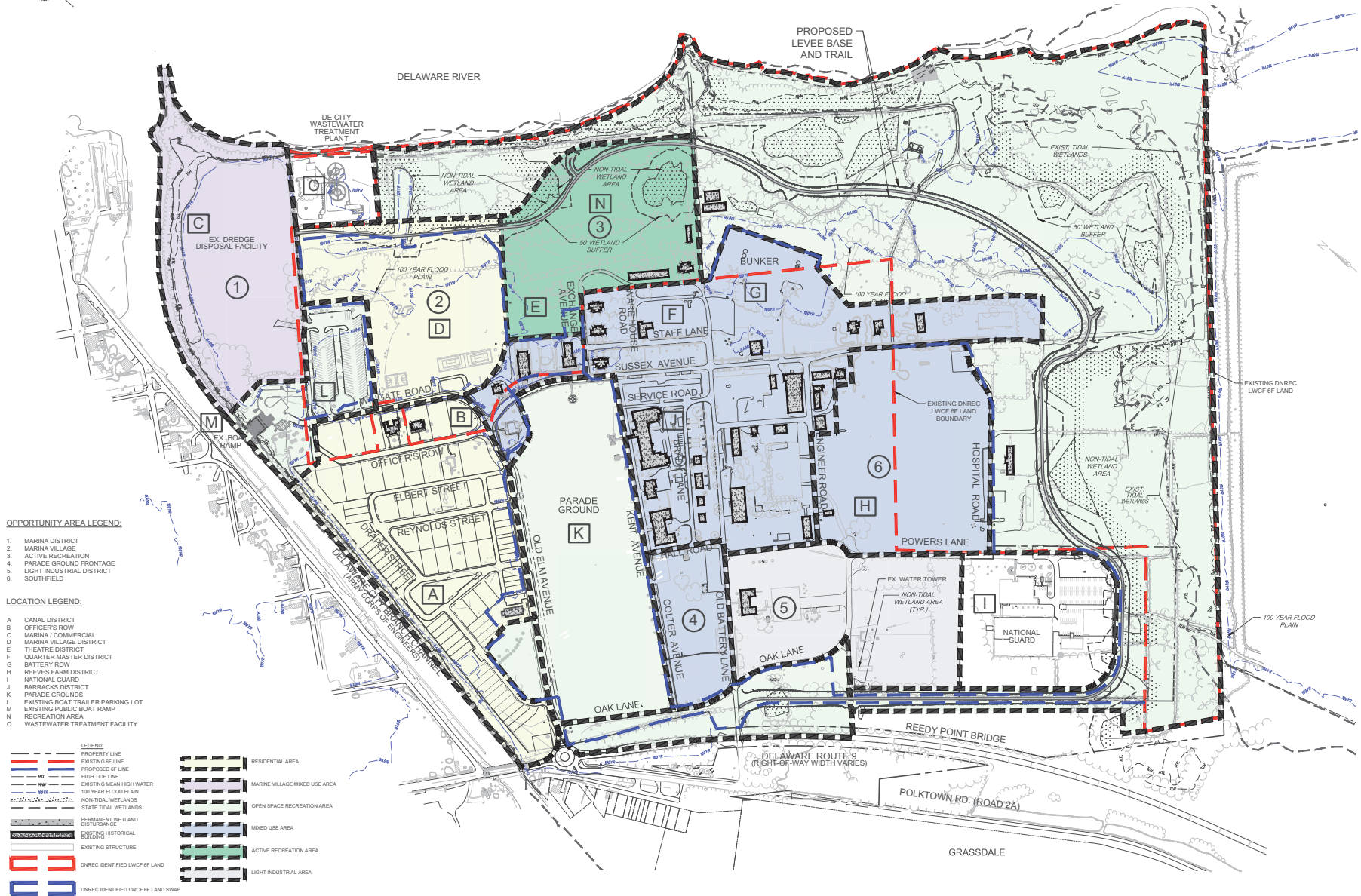


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OPPORTUNITY AREA LEGEND:

- 1. MARINA DISTRICT
- 2. MARINA VILLAGE
- 3. ACTIVE RECREATION
- 4. PARADE GROUND FRONTAGE
- 5. LIGHT INDUSTRIAL DISTRICT
- 6. SOUTHFIELD

LOCATION LEGEND:

- A. CANAL DISTRICT
- B. OFFICERS ROW
- C. MARINA / COMMERCIAL
- D. MARINA VILLAGE DISTRICT
- E. THEATRE DISTRICT
- F. QUARTER MASTER DISTRICT
- G. BATTERY ROW
- H. REEVES FARM DISTRICT
- I. NATIONAL GUARD
- J. BARRACKS DISTRICT
- K. PARADE GROUNDS
- L. EXISTING BOAT TRAILER PARKING LOT
- M. EXISTING PUBLIC BOAT RAMP
- N. RECREATION AREA
- O. WASTEWATER TREATMENT FACILITY

- LEGEND:**
- PROPERTY LINE
 - EXISTING SF LINE
 - PROPOSED SF LINE
 - HIGH TIDE LINE
 - EXISTING MSHN HIGH WATER
 - 100 YEAR FLOOD PLAN
 - STATE TIDAL WETLANDS
 - PERMANENT WETLAND DISTURBANCE
 - HISTORICAL
 - EXISTING STRUCTURE
 - DNREC IDENTIFIED LWCF OF LAND
 - DNREC IDENTIFIED LWCF OF LAND SWMP

- RESIDENTIAL AREA
- MARINE VILLAGE MIXED USE AREA
- OPEN SPACE RECREATION AREA
- MIXED USE AREA
- ACTIVE RECREATION AREA
- LIGHT INDUSTRIAL AREA

FORT DUPONT MASTER PLAN 2024

