

Minutes

DAGSBORO TOWN COUNCIL

Bethel Center – 28307 Clayton Street

Monday, June 18, 2018

I. CALL MEETING TO ORDER

6:01 p.m.

Meeting was called to order by Mayor Brian Baull at 6:01 p.m.

In attendance were: Mayor Brian Baull, Councilman William Chandler, Councilman Patrick Miller, and Town Administrator Cynthia Brought. Vice-Mayor Theresa Ulrich, Councilman Norwood Truitt, and Police Chief Floyd Toomey were absent. See attached sign in sheet for other members of the audience.

II. PUBLIC COMMENT

Carol Thompson, from The Woodlands, shared that they are pleased with Town Administrator Brought and her communication with them. However, they are concerned because of the sidewalks being installed improperly. She stated that this is Fernmoor's responsibility but it does cost the homeowner's some expenses. Their common areas now do not have irrigation until it is fixed. She asked how such an error could take place and shared concerns that they will have to pay an attorney to ensure everything is repaired accurately and in a timely manner. Their other concern is that the drainage from Phase III is now draining down into the park. That water is then not draining and smells. They would like to know how this would get resolved.

Mrs. Thompson asked how long it will take to get this rectified and where the ball was dropped for the sidewalks. Mr. Gulbranson replied that he is meeting with Fernmoor and the contractor tomorrow morning. The town was not notified when they were doing the construction – they were supposed to give 48 hours notice, but they just showed up one morning. At that meeting, they will discuss how it will be fixed and the time frame to fix it.

Mrs. Thompson thanked Town Administrator Brought and Mr. Gulbranson – she appreciates them always answering her questions so that she can give the homeowners answers. Mrs. Thompson asked about the water sitting in the park. Mr. Gulbranson replied that the water in the lower portion of the park has been a problem. There are two storm drains for the park that sit on Fernmoor's property that have not been opened up yet. Mr. Gulbranson stated that will be an issue he will bring up at tomorrow's meeting also. Mrs. Thompson informed Council that DNREC has walked back that way and stated the drainage for those homes is not correct and does not meet their erosion standards. She was told they will have Fernmoor correct that and hopefully it will help some of the drainage issues into the park also.

III. PUBLIC HEARING - COURT OF APPEALS – PROPERTY TAXES FISCAL YEAR 2018-2019
(Results from Court of Appeals on May 21, 2018)

A. Carol & Robert Thompson, 2-33 11.00 135.000016

Mr. Piner used the template from the Mach's (a home that was re-assessed last year) and he verified the measurements of the Thompson home. He found that the square footage is actually 2, 114 square feet – six feet less than the original assessment.

B. Emily & Rick Betlejewski, 2-33 11.00 135.00004

This square footage was listed as 2, 114 square feet, but Mr. Piner found it should be 1,922 square feet.

C. Gayle & Wm. Chandler, 2-33 11.00 224.02

Mr. Piner reviewed other residential properties in town and came up with a figure of \$1,800 an acre.

Mr. Chandler cannot vote to approve the tax assessment changes for his own property and there were not enough other council members present for a quorum so the vote for his property will be at July's meeting.

Mr. Chandler made a motion to approve the new tax assessments for the Thompson and Betlejewski properties. Councilman Miller seconded the motion. All in favor.

IV. PUBLIC COMMENT – KERN APPLICATION – PROPOSED RESTAURANT/BAR – PRELIMINARY SITE PLANS

David Jayne, from Jayne's Reliable, spoke in support of the restaurant. They feel anything that can be done to have another viable business and another vacant building spruced up is a benefit to everybody.

Ann Tait, of New Street, shared concerns as her backyard is directly behind the proposed restaurant. One concern is the type of restaurant and bar it will be. Mr. Kern replied that it will be a farm-to-table restaurant for the blue collar workers. He currently is the head chef at a high end farm-to-table restaurant in Lewes. They will be using local livestock, local produce, local seafood, etc., but will be making it affordable for the blue collar workers, such as his wife and himself. Mrs. Tait asked about the hours of operation. Mr. Kern stated they will be open from 4pm to 9pm during the week and 4pm to 10 pm on the weekends. They hope to have brunch on Sundays and then close and remain closed on Mondays. Mrs. Tait also expressed concern about the garbage that will be outside. Mr. Kern replied that everything will be enclosed – they will have a fence around the dumpster so it will not be seen until they wheel it out for pick up. Mrs. Tait asked how many employees there will be and where the cars would be parking. Mr. Kern replied that it might be roughly 20 employees. Mrs. Kern stated they have permission to use another nearby parking lot and Del-Dot's approval for on-street parking. Mrs. Tait questioned if exhaust fans will be in the back of the building. Mr. Kern replied that theirs will be on top of the building and will have mufflers to help with noise. He stated they only want to have a positive impact on the community. Mrs. Tait mentioned that there are trees to help hide some of what can be seen, but during the winter, they can see right through to Main Street.

Dana Miller, Waples Street resident and also a town business owner, spoke in support of the restaurant. She feels it will change the face of Dagsboro because right now, it is an empty, dilapidated building.

Terry Ober, from Shipwrecked, also spoke in favor of the restaurant. They feel the restaurant would be a benefit to the town because it would provide another flavor to the town, but it also will help to get rid of some of the buildings in town that have not been taken care of.

Brad Connor, Canal Street resident, has also been a business owner for over forty years. He has worked with other owners of similar restaurants and has seen how the community supports them. He would like to see the new business flourishing, not the current building just sitting there. He feels commerce is needed here and is very much in favor of the proposed restaurant.

Rebecca Mellor, of Main Street, spoke in favor regarding the restaurant. Her property is directly across the street. Currently, they are facing a broken down building with boarded up windows. She feels the restaurant would brighten up the neighborhood and bring more business. It would also bring a more rounded experience – people could come to Dagsboro for dinner and a movie. She feels this business could connect the community and supports it.

Al Townsend, also of Main Street, is in favor of the restaurant. He remembers back when the Town Center District was created, it was for restaurants and businesses. It was sold to residents that having a glass of wine could be a part of that so he does not understand a fight against the liquor. He feels they either need to let the town grow, and control it, or it will be gone. The town has to be able to sustain as a business and without growth, water and property taxes will need to increase. He stated allowing businesses to open instead of driving them away will help the town to survive.

Stacey Doney, owner of Beach Uniques, is in favor of the restaurant. She would like to have the fresh food in town and agrees with Mr. Townsend.

Audrey Miller, Main Street resident and business owner, wanted to show support to the Kerns. It would be nice to visualize coming into Dagsboro and seeing something nice and new right away. Right now, people coming into town don't have that – they only see old, rundown buildings. She feels that the Kerns are trying to make the town better and is in favor of the restaurant, both as a business owner and a resident.

V. APPROVAL OF MINUTES

A. May 21, 2018 – Town Council Meeting

Councilman Chandler made a motion to approve the meeting minutes for May 21, 2018. Councilman Miller seconded the motion. All in favor.

VI. CONSENT AGENDA

- A. Police Department Report
- B. Treasurer's Report
- C. Administrative Report
- D. Economic Development Committee
- E. Building Official Report
- F. Code Enforcement Report
- G. Meeting Reports
- H. Water Department Report
- I. Prince George's Chapel Cemetery Report

J. Correspondence

Motion to approve the consent agenda was made by Councilman Chandler and seconded by Councilman Miller. All in favor.

VII. PLANNING & ZONING COMMITTEE

A. Change of Use – Shipwrecked - Recommendation

Brad Connor, Chairman of the Planning & Zoning Committee, was present. He stated the committee recommends the Change of Use for Shipwrecked from a commercial dwelling to a residence be accepted.

B. Change of Use – Rosana Dorsett, Salon - Recommendation

The Planning & Zoning Committee also reviewed the Change of Use application for Ms. Dorsett from a residence to a home occupation. She will be living at the home and will add one sink for a hair salon. Her property is right next to the lot that used to be owned by the town. This is a permitted use and therefore, the Committee recommends the Council to accept Ms. Dorsett's Change of Use application.

C. Change to Open/Closed Signs – Recommendation

Mr. Connor also informed Council that the Planning and Zoning Committee added a section to the sign ordinance regarding open and closed signs. The idea behind this was that businesses wanted to display that they are open.

VIII. NEW BUSINESS

A. Artesian – Rob Penman, Director of Operations; Introduction/available for any questions from Town Council regarding their services and upcoming contract

Rob Penman, Director of Operations for Artesian, introduced himself to the council. He wanted to let Council know that Artesian is available for any questions they may have or any services they need regarding the water system. Artesian was able to be present at the meeting with the water provider last year and help work out the issues at that time. They also recently completed a hydrant and valve inspection. They complete the town's compliance testing for the state to make sure the water follows all of the state and federal regulations and they complete the CCR (Consumer Confidence Report) to send to residents – this is a requirement of the state.

Mr. Penman also informed Council of new regulations that will be coming along. The Town of Dagsboro recently had the water tank inspected, but DNREC is now trying to put into law new regulations regarding tank painting. In the future, this could result in a lot more paperwork when going to paint the water tank. If the tank is painted by a good and reputable company, it will last up to twenty years. The new regulations are coming from concerns of the Air Quality division of DNREC – they are worried about lead in older tanks and sandblasting tanks when repainting.

Mr. Townsend asked Mr. Penman about the fire hydrant inspection procedure. Mr. Penman could not give specifics about how this is done since he does not actually do them, but he will look into it. Artesian does give a list of any repairs that need done to the town and then Schrock is hired to repair them.

B. Town Council Discussion and Vote on the following:

- a. Change of Use Application recommended by P & Z, changing from vacant (previous jewelry store/barber shop) to Restaurant – Kerns

Councilman Chandler made a motion to approve the Change of Use application for the Kerns.

Councilman Miller seconded the motion. All in favor.

- b. Change of Use Application recommended by P & Z, changing from Business to Residential – Shipwrecked

Councilman Chandler made a motion to approve the Change of Use application for Shipwrecked.

Councilman Miller seconded the motion. All in favor.

- c. Change of Use Application recommended by P & Z, changing from Residence to Home Occupations – Rosana Dorsett (Hair Salon, no employees)

Councilman Miller made a motion to approve the Change of Use application for Ms. Dorsett.

Councilman Chandler seconded the motion. All in favor.

C. Preliminary Site Plan Review, Discussion, and possible Vote on approving plans for the proposed restaurant/bar, recommended by P & Z, application of Matthew and Karen Kern

Mayor Baull asked Mr. Gulbranson if the site plans meet all of his requirements. Mr. Gulbranson stated the site plans are good. Mr. Gulbranson did say they had thought there was enough vegetation along the back of the property, but after hearing Mrs. Tait's comments earlier about seeing through in the winter, he recommended adding some more vegetation. Mr. and Mrs. Kern were in agreement with doing that. Councilman Chandler recommended some deciduous trees, something that is an evergreen that would hide the view even in the winter. Mrs. Tait is concerned about the trees that are on the property now that are leaning. Mr. and Mrs. Kern will take care of this.

Mr. Gulbranson stated the additional screening might be a condition of the approval. Councilman Chandler asked if the large space in the back will just be open space. Mr. Kern mentioned that he hopes to one day have a nice herb garden in that space. The herbs could be used in their cuisine and cocktails, but they would want it to look attractive also since it will be seen on the side. Councilman Chandler asked what stage the sign plans come in. Mr. Gulbranson stated the signs will be at the final stage. Mr. Gulbranson informed the Kerns that when they come back for their final plans and have the state agency approvals, they will then need to get their building permit for construction and the sign permits.

Councilman Chandler asked when the Kerns are planning to open. Mrs. Kern replied that their goal is to open in February. Mr. Kern stated a new restaurant has a lot of "bugs" to work out – the flow of the restaurant, how they will seat people, where people congregate, etc. that no matter how much they plan it on paper, the kinks need to be worked out physically. Their goal is to open during a slow time of the year so they have time to work out all of the kinks before getting really busy. They decided if they were going to do this, they wanted to do it right and want to be a part of the community for a long time.

Councilman Miller made a motion to approve the preliminary site plans for the Kerns. Councilman Chandler seconded the motion. All in favor.

D. Discuss Possibilities for Emergency Water System Repairs/Funding:

a. Leslie Aguillon with PKS – audit review on water department

Leslie Aguillon was present to explain the audit. She explained that a “loss” for an audit is different than a loss of cash. There is something called depreciation, which is a non-cash charge. This expense is in the books every year, but there really is no cash coming out from the town.

The other issue was the transfer of money out of the water fund. This was CD’s that were in the water fund, but then an investment account was opened. The investment account is held in the general account so it makes it look like a big loss, but it really is not.

Ms. Aguillon explained if these numbers are added back in, the town is actually at a \$40,000 income, not a deficit. It actually is not as bad as it looks on paper, but the operating expenses since 2013 have increased about \$75,000 and the revenue has decreased by about \$3,000. Councilman Chandler asked what the reason for these changes would be. Ms. Aguillon thinks water rates have to do with it – they have not been changed in a long time. Expenses and other rates have all increased, but the town’s water rates have not. Ms. Aguillon stated 2015 looked better, but there was a spike in impact fees that year. The Woodlands project is almost complete so those impact fees will not be coming in and the revenue will go even lower. She did notice the water use charges have gone up over the last five years also. There were some issues with Millsboro and they expected the charges to go down after working that out, but they have not. Councilman Chandler clarified that the town has a contract with Millsboro so the town is not paying more due to rate increases, but due to more gallons of water being used. Ms. Aguillon and Ms. Turner confirmed this.

b. DRWA meeting with Sherrie Turner – Water Rates Review (Cindi)

Sherrie Turner from DRWA and Jean Holloway from SERCAP introduced themselves to Council. Mrs. Holloway has been teaching water rates at Del-Tech for twenty years.

Mrs. Holloway agrees with Ms. Aguillon that the water rates are too low. She did a water rate study for the town in 2010 or 2011 and recommended the rate go to \$4.00 instead of \$3.00. Although, it is now \$4.00, she had recommended that rate eight years ago so even without running the numbers, she can tell the rates are too low.

Mr. Gulbranson stated the town has, on average, added about ten new homes a year each year and the third building at Clayton Crossing is now complete so more water is definitely being used. Mrs. Holloway stated that depreciation from an accounting standpoint is different. As a utility, that depreciation is a hard to measure cost of operation. If a water pump is put in today, every day after that, the pump wears out a little each day. The people causing it to wear out are the people hooked into the system at the time. When it needs to be replaced again, there needs to be some reserve built up to replace it and that should be from the people using it in between.

Councilman Chandler asked if there was a way to see other rates. Ms. Turner stated she could help with getting neighboring water rates. Mrs. Holloway cautioned Council when looking at neighboring towns to determine rates because every water system has different cost centers and different expenses and the rates need to be based on recovering the town’s cost of operation, not what other towns charge. Mrs. Holloway also informed Council that there is no charge for SERCAP services for her to complete a water rate study. This could take two to three months once she gets the information she needs. She would

explain her reasoning for the rates and give a few different scenarios to choose from. She used the analogy of a pie. A rate study can help slice the pie into different pieces to cover expenses, but it can't change the size of the pie. The main idea is to get reserves in place to protect for emergencies, but also to eventually build up enough the local share of a replacement for the water system.

It was determined the water system is about twelve years old. Mr. Gulbranson stated the town is fortunate because most of the neighboring towns have much older systems. Ms. Turner agreed and stated Artesian doing the hydrant and valve inspections and having the tank maintenance contract all help the water system.

Mrs. Holloway stated she can also help set up asset management programs, which will help to predict and avoid asset failures and plan to save money for those things. This would come at a later time. Councilman Chandler agreed with this idea because that is his biggest concern – even though the system is not very old, it is in constant use and there will be failure at some point in time and the town's responsibility is to predict it and have a plan for it in place by either avoiding it or having the funds available to repair it.

Councilman Chandler made a motion in favor of the town using Mrs. Holloway's services for a water rate study. Councilman Miller seconded the motion. All in favor.

Town Administrator Brought suggested once they are given the information, they have a special meeting to discuss the findings and then bring it before a Town Council meeting. Councilman Chandler agreed. Councilman Miller mentioned the replacement parts such as meters. Town Administrator Brought replied all of that will come to light in this study.

E. 2019 Proposed Budget – Discussion, recommendations, and vote to accept the 2019 Budget for the Town of Dagsboro

Councilman Chandler asked about the \$6,000 increase on property tax transfers and asked if that was just coming from historical trends. Town Administrator Brought confirmed that it is based on the trends.

Mayor Baull noticed the cost of snow removal this last year. Town Administrator Brought replied that there were no responses to the bid notice, but will put it out again closer to the needed time. Councilman Chandler recommended trying again in September.

Councilman Chandler also asked for clarification on the general planning fees and the increase in the projection for that – he asked if that is due to the flood study being done with a grant. Mr. Gulbranson replied that is partially responsible and that money will be reimbursed by the state. Councilman Chandler noted an increase in the electric charge. Town Administrator Brought replied that this was just that she combined two of the line items because they were for the same thing – it is not actually an increase. There is also a charge for payment processing fees that the town incurs from people making payments via credit card. Councilman Chandler asked if that fee is passed onto the credit card users. Town Administrator Brought confirmed it is – as soon as they make a credit card payment, they are charged that fee and then the credit card company puts it back in the town's account. That fee was also raised this past year to cover the town's fees because the town was losing money on it.

The transfer taxes show a dramatic increase. Town Administrator Brought informed Council that she raised that due to audit information. She has lowballed that number in the past and the auditors wanted to see a more realistic number.

Councilman Chandler made a motion to adopt the budget for the 2019 Fiscal Year. Councilman Miller seconded the motion. All in favor.

IX. OLD BUSINESS

A. Prince George's Chapel – Lease Increase/Contract

The Division of Historic Affairs has offered to allow the town to only pay \$250 for the lease for the first year to get started. Councilman Chandler is in favor of the town paying the lease to keep the chapel open and allowing the Friends group to pay the other expenses such as insurance, electric, etc. Mayor Baull is in agreement with that – he would hate to see it go back to the state. It is a historical landmark for the town and would like the town to be proud of it.

Councilman Chandler asked if everyone is in favor of the two year lease because last time there was some hesitation. They are giving the town a break, but still seem to want the two year lease. Mayor Baull and Town Administrator Brought stated it has always been a two year lease, just the cost has changed.

Councilman Chandler made a motion to approve the two year lease for Prince George's Chapel with the first year being \$250 and the second year being \$500. Councilman Miller seconded the motion. All in favor.

B. Review/Discuss Changes to Sign Ordinance – Possible Decision to Move Forward with a Public Hearing

Mr. Gulbranson informed Council there were some changes to the definitions and proportions of signs – it's now more of a sliding scale approach based on the size of the building. They looked specifically at the Town Center District and what would fit with the character of town.

There were some items that the code did not reference at all, such as the open and closed signs. Mayor Baull asked if that could have been applied under the flag section. Mr. Gulbranson replied they were doing something more specific. Mr. Gulbranson also stated the real estate sign section was updated because that had been an issue as well.

Councilman Chandler asked Mr. Gulbranson which one thing was the most dramatic difference from the current sign ordinance. Mr. Gulbranson replied the clarity is a dramatic difference. The sign ordinance was first written at least ten years ago and a lot was left open to interpretation. Planning and Zoning wanted something that was clear and concise.

Councilman Chandler asked what affect this would have on the existing signs – if the grandfathered rule still stays in place because this new ordinance does not address that. Mr. Gulbranson agreed it is all grandfathered in and a change would have to be made under new ownership or a change of business use.

Councilman Chandler made a motion to hold a public hearing for the sign ordinance at the July 2018 Town Council meeting. Councilman Miller seconded the motion. All in favor.

Mayor Baull expressed his thanks to Planning and Zoning for the time they put into working on the sign ordinance.

X. PUBLIC COMMENT

XI. ADJOURNMENT

A motion to adjourn the meeting was made by Councilman Chandler and seconded by Councilman Miller. All in favor. Meeting was adjourned at 7:14 p.m.

Respectfully submitted by;
Megan Thorp, Town Clerk