



**November 12, 2008
WORK SESSION
MAYOR AND CITY COUNCIL
TOWN OF OCEAN CITY**

In attendance: Mayor Rick Meehan, Council President Joe Mitrecic, Council Members Jim Hall, Margaret Pillas, Mary Knight, Doug Cymek and Joe Hall, City Manager Dennis Dare, City Solicitor Guy Ayres, Assistant to City Manager Kathy Mathias, Finance Administrator Martha Lucey, City Engineer Terry McGean, Public Works Director Hal Adkins, General Services Director Joe Sobczak, Tourism/Convention Center Director Mike Noah, Tourism/Convention Center Assistant Director Debbie Travers, City Clerk Carol Jacobs, Members of the Press and Interested Parties. Council Secretary Lloyd Martin was absent.

Council President Joe Mitrecic called this Work Session to order at 12:00 p.m., then, **Council Member Doug Cymek moved to convene into closed session to discuss legal matters; seconded by Council Member Mary Knight. The vote was 6-0 with Council Secretary Lloyd Martin absent.**

1. Council President Joe Mitrecic reported on the closed session held prior to this open session at 12:00 p.m.. Topics of discussion were: (1) to consult with counsel to obtain legal advice; (2) to consult with Staff, Consultants or other individuals about pending or potential litigations; (3) to receive a monthly update on current litigation and to discuss pending potential litigation matters. Persons present were Mayor Rick Meehan, Council President Joe Mitrecic, Council Members Jim Hall, Margaret Pillas, Mary Knight, Doug Cymek and Joe Hall, City Manager Dennis Dare, City Solicitor Guy Ayres, Assistant to City Manager Kathy Mathias and Risk Management Director Eric Lagstrom. **Council Member Mary Knight moved to close the closed session; seconded by Council Member Doug Cymek. The vote was 6-0 with Council Secretary Lloyd Martin absent.**
2. In accordance with the Town's Employee Recognition Program, City Manager Dennis Dare introduced the newly-appointed Chief Building Official Kevin Brown.
3. Bid Openings:
 - A. Sea for Yourself Printing
(Budget Allocation = \$150,000.00 for graphic design and printing with \$100,000 projected revenue from advertising sales)

Council Member Margaret Pillas moved to read all totals into the record; seconded by Council Member Mary Knight. The vote was 6-0 with Council Secretary Lloyd Martin absent.

Vendor	# of Pages in Booklet	Qty: 150,000 Copies	Qty: 175,000 Copies
Fry Communications, Mechanicsburg, PA	88	\$85,238.00	\$98,036.00
	96	\$91,368.00	\$105,229.00

Sea for Yourself bids continued...

Great State Publishing, Frederick, MD	88	\$119,924.00	\$134,497.00
	96	\$130,483.00	\$146,296.00
Fresh, Lebanon, PA	88	\$148,630.00	\$168,360.00
	96	\$156,460.00	\$177,800.00
Delmarva Printing, Salisbury, MD	88	\$151,725.00	\$176,085.00
	96	\$164,775.00	\$191,235.00
Progress Printing, Midlothian, VA	88	\$88,000.00	\$100,900.00
	96	\$92,440.00	\$106,300.00
American Press, Vienna, VA	88	\$84,119.00	\$96,336.00
	96	\$91,512.00	\$104,739.00
Cadmus Specialty Printing, Richmond, VA	88	\$84,625.00	\$95,261.00
	96	\$89,355.00	\$101,011.00

Council Member Doug Cymek moved to acknowledge the apparent low bid from Cadmus Specialty Printing with remand to Staff for review; seconded by Council Member Mary Knight. The vote was 4-1 with Council Member Joe Hall opposed, Council Member Margaret Pillas abstained, and Council Secretary Lloyd Martin absent.

City Manager Dare advised that one late bid was received. **Council Member Joe Hall moved to reject the late bid; seconded by Council Member Jim Hall. The vote was 3-3 with Council Members Cymek, Knight and Pillas opposed.** The motion failed.

Council Member Doug Cymek moved to accept the late bid; seconded by Council Member Margaret Pillas. The vote 3-3 with Council Jim Hall, Joe Hall and Joe Mitrecic opposed. The motion failed. The bid remained sealed.

B. South Ocean Drive Revetment
(Staff Estimate: \$530,000.00, *Bid Bond required)

Vendor	Total Bid
MRC Construction Corporation, Baltimore, MD	\$793,150.00
Baltimore Pile Driving, Whiteford, MD	\$449,050.00
MarCor Corporation, Salisbury, MD	\$976,140.00
Schummer, Inc., Mayo, MD	\$541,972.00
Hi-Tide Marine, Snow Hill, MD	\$510,900.00
J&P Excavating, Adamstown, MD	\$571,000.00
Corvell, Baltimore, MD	\$518,500.00
Shoreline Design, Edgewater, MD	\$417,642.00
Coastal Design & Construction, Gloucester, VA	\$490,922.00
Angler Environmental, Manassas, VA	\$531,010.89
Brawner Builders, Inc., Hunt Valley, MD	\$549,800.00

Council Member Mary Knight moved to acknowledge the apparent low bid from Shoreline Design with remand to Staff for review; seconded by Council Member Joe Hall. The vote was 6-0 with Council Secretary Lloyd Martin absent.

4. General Services Director Joe Sobczak recommended a bid award to **Elliott Wilson Trucks**, in the amount of \$121,950.00, for the cab and chassis of a refuse collection truck; and, **Waste Equipment Sales**, in the amount of \$75,910.00, for the truck body (Budget Allocation for entire truck was \$202,000.000, allocated from the Vehicle Trust Fund).

[In the November 3, 2008 Work Session, Council Member Joe Hall asked Director Sobczak to explore the costs of a short term lease as an alternative to an outright purchase.] Director Sobczak reported that the rental option is costly, and the terms of the lease are restrictive.

Council Member Joe Hall moved to approve; seconded by Council Member Mary Knight. The vote was 6-0 with Council Secretary Lloyd Martin absent.

5. State Highway Administration (SHA) District Engineer Donnie Drewer and Assistant District Engineer Gene Cofiell responded to City Staff's inquiry regarding current highway projects [*SHA's response is in italics*].

Mr. Drewer commenced his report by advising that a 1.1 Billion Dollar budget cut resulted in the postponement or cancellation of most major highway projects; however, the Route 113 Phase IIB Project will continue as planned.

- Update on Phase II of the Route 50 Bridge deck replacement and sidewalk renovations. *Mr. Drewer said that this project, which will include renovations to the north and southside sidewalks, will commence in early March 2009 and finish in early May. During this renovation, he said the bridge will be narrowed to one eastbound and one westbound traffic lane.*
- Update on signal upgrades for 36th Street, Route 90th, 94th and 142nd Streets. *Mr. Cofiell advised that this project will be completed by Memorial Day.*
- Update on mast arm/pole removals that were used to denote the bus lane and right turns. *Mr. Cofiell advised that all mast arms and poles have been removed.*
- Update on Route 50 corridor resurfacing efforts (west of the bay). *Mr. Drewer advised that, weather permitting, paving will be completed in early December 2008.*
- Update on plans for partial milling/patch or total milling/resurfacing for Philadelphia Avenue, from 9th through 26th Streets due to roadway settlement concerns. *Mr. Drewer advised that repavement will begin after Labor Day 2009.*
- Update on the intent, and outcome of the recent traffic counters that had been placed all over town. *Mr. Cofiell advised that they are providing traffic data to the SHA's Planning Department and results are not yet available.*
- Intent behind MCTP Project denoting milling/resurfacing of MD 528 (Philadelphia Avenue), 26th to 9th Street and can this discussion/project include revision to the south bound lanes for creation of a bus lane from 17th to 9th Street. *Mr. Drewer advised that funds are not available for a bus lane.*
- Status of signal removal: MD 528 at 131st Street. *Mr. Cofiell advised that, after a 13-hour traffic study on a Friday in August, the SHA found that the signal is not warranted and will be removed.*

Council Member Mary Knight asked Mr. Cofiell to inspect the excessively long traffic light on 12th Street and Philadelphia Avenue.

Council Member Jim Hall relayed a citizen's concern about the safety of the Route 50 Bridge. *Mr. Drewer advised that the bridge is sound, and that safety inspections are performed annually.*

Mayor Meehan inquired about the SHA's Meeting with Worcester County Commissioners about traffic problems on Route 589 (Racetrack Road). *Mr. Drewer acknowledged the need for improvements to Route 589, and reported that a three million dollar traffic study is underway. He noted that the potential establishment of a slots casino, and the property owners provisions thereof, play an important role in their planning.*

Mr. Drewer also advised that, in January 2009, the SHA will start raising the low-lying inlets in the bus lanes on Coastal Highway.

6. Prior to MGH Advertising's ("MGH") presentation, Tourism/Convention Center Assistant Director Debbie Travers announced that the Town was awarded the Industry Partnership Award for the 2008 Airshow. Mayor Meehan thanked G. Hale Harrison, Todd Ferrante and Brian Lilley (all were in attendance) for their contributions to the success of the airshow.

Andy Malis of MGH gave a presentation on their design plans for the Town's new website. He said the project will cost approximately \$178,000.00. Mayor Meehan pointed out that this is 3.5% of the Town's FY09 Advertising Budget.

Council Member Jim Hall requested the solicitation and review of other proposals for the website design. Mayor Meehan said he recommends MGH because they are the Town's current advertising agency. He added that the website is a critical advertising component which should exhibit congruency with the Town's current promotional message.

Council President Mitrecic asked if anyone on Staff is qualified enough to compose the Request for Proposal. City Manager Dare recommended hiring a consultant to assemble the required specifications.

Council Member Doug Cymek moved to pick a model website, establish a list of specifications, and send out a Request for Proposals; seconded by Council Member Margaret Pillas. The vote was 5-1 with Council Member Knight opposed and Council Secretary Martin absent. City Manager Dare advised that this discussion will be scheduled for the next work session.

7. Public Works Director Hal Adkins made a recommendation to relinquish an old wooden keel (that washed ashore) to Citizen Chris Mills. **Council Member Jim Hall moved to approve; Seconded by Council Member Joe Hall The vote was 6-0 with Council Secretary Lloyd Martin absent.**
8. Finance Administrator Martha Lucey requested permission to hire Milliman to prepare an Actuarial Valuation for retiree health insurance. **Council Member Jim Hall moved send the actuarial valuation out for bid; seconded by Council Member Margaret Pillas. The**

vote was 4-2 with Council Members Knight and Cymek in opposition and Council Secretary Martin absent.

9. City Clerk Carol Jacobs addressed Section 39-28 of the Town's Code which restricts Beach Franchise Operators from holding more than one-third of the 70 parcels within Ocean City. She recommended removing this restriction, or, amending the Section to allow one operator to hold up to one-half of the parcels. City Solicitor Guy Ayres advised that the Town is within their authority to grant either change. **Council Member Jim Hall moved to accept the recommendation to remove this restriction from the Code; seconded by Council Member Mary Knight.** This motion and second were withdrawn. **Council Member Jim Hall moved to allow one operator to hold one half of the 70 parcels; seconded by Council Member Doug Cymek. The vote was 6-0 with Council Secretary Lloyd Martin absent.**

Council Member Jim Hall moved to ask City Solicitor Ayres to prepare an Ordinance for First Reading in the next Regular Session; seconded by Council Member Margaret Pillas. The vote was 6-0 with Council Secretary Lloyd Martin absent.

10. City Manager Dare, accompanied by City Engineer Terry McGean and Public Works Director Hal Adkins, presented a list of capital projects planned for the next 18 months (See Attachment A).
11. Public Works Director Hal Adkins recommended a bid award to **Southern Builders, Inc.**, in the amount of \$543,955.00 (Budget Allocation = \$630,000.00), for the Arctic Avenue Pumping Station Improvement Project. **Council Member Jim Hall moved to proceed; seconded by Council Member Mary Knight. The vote was 6-0 with Council Secretary Lloyd Martin absent.**
12. City Manager Dare presented cost reduction measures initiated by the Town (See Attachment B). **Council Member Joe Hall moved to endorse the first round of cost saving measures, and, to request that City Manager Dare continue his review and routinely report on future efforts in upcoming work sessions; seconded by Council Member Margaret Pillas. The vote was 6-0 with Council Secretary Lloyd Martin absent.**

Council President Mitrecic asked for a vote to invite State Delegates to participate in a work session discussion regarding a tax differential from Worcester County. **Council Member Margaret Pillas moved to request the meeting; seconded by Council Member Mary Knight. The vote was 5-0 with Council Member Jim Hall and Council Secretary Lloyd Martin absent.**

Council Member Mary Knight moved to adjourn at 5:27 p.m.; seconded by Council Member Doug Cymek. The vote was 6-0 with Council Secretary Lloyd Martin absent.

MEMORANDUM

DATE: 11/5/2008
TO: DENNIS DARE
CC: KATHY MATHIAS, HAL ADKINS
FROM: TERENCE J. MCGEAN, PE
RE: CAPITAL PROJECT RECOMMENDATIONS

Per the Mayor and Council's request, attached is a list of current and planned capital projects for the next 13 months along with their budget, status and funding source. The staff strongly recommends against canceling projects that are already under way or under contract. The current construction market is extremely competitive and canceling these projects will result in added costs in the long term and legal problems in the short term. Projects under way or under contract include:

Northside Park Concession Stand, Museum Restoration, Coast Guard Tower Restoration, Public Works Shop Expansion, and various ADA Projects.

The staff also recommends that water and sewer projects and specifically the Arctic Ave Pump Station Upgrades be completed as scheduled. Water and Wastewater projects are essential to keeping these utilities in good working order and in compliance with State and Federal Regulations. In addition, these projects are funded through water and sewer rates, not the general fund. Although the rate plan called for an increase this year, the fees generated from new development have kept these funds in a better position than anticipated. Therefore, the staff will be recommending against the rate increase. Water and Wastewater Projects include Wight Street water main, Subaqueous water main crossings, 41st Street Water Tower Restoration, Jamestown Road Sewer Repairs, Wastewater Clarifier Repair, Old Landing Bulkhead, and the Arctic Ave Pump Station Upgrades.

The South Ocean Drive Revetment is being funded through a no interest DNR loan, the existing bulkhead that this project will replace is in extremely poor condition and could fail at any time. Staff also recommends that this project proceed as planned.

The Caroline Street Comforts Station bids were higher than anticipated. The time it will take to make changes to the design will likely push the scheduled completion date into the summer. Therefore this project can be delayed until next fall. The Bayside Park and Skate Bowl Expansion Project is still awaiting a land agreement with the County. This project could also be delayed until next fall.

St Louis Ave is currently in design. Construction of the first phase of this project was planned to begin next fall. This first phase would likely include water and sewer main upgrades, installation of underground conduit for future utility undergrounding and a base layer of new pavement. Staff recommends that this phase proceed as planned. The second phase would consist of new sidewalks, utility strip, new street lighting, raised intersections, intersection bump-outs final pavement surface course, and the 1st Street Round about. The third phase would consist of utility under-grounding. Staff recommends delaying phases two and three until economic conditions improve.

11/5/2008

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MEMORANDUM: CAPITAL PROJECT RECOMMENDATIONS

Philadelphia Street light replacement can be completed at any time.

Recommendations regarding the expansion and renovation of Fire Station 4 (Montego Bay) will be forthcoming. Staff would recommend completing the design of this project during the spring and summer of 2009. If economic conditions are favorable, staff would recommend beginning construction in the Fall of 2009.

Existing Street Improvement/Paving Funds will be exhausted by the summer of 2009. Staff recommends securing funds for additional Improvement/Paving prior to the fall of 2009. With the current condition of our infrastructure, it is anticipated we will need to expend at least \$1.5 million annually on this Program.

Recommendations regarding the Convention Center Expansion project will be presented to the Council at the December 9, 2008 Work Session. Although the consultants report was presented to the staff last Thursday, I would like to have the consultant and Stadium Authority present when the report is given to the Mayor and Council so that all parties are available to answer questions and discuss the results. It is important to note that unless some action is taken regarding the Convention Center, the food tax will sunset in March of 2009.

In summary, Staff recommends continuing with the following projects this year, these projects are all already funded and most are underway:

- Northside Park Concession Stand
- Museum Restoration
- Coast Guard Tower Restoration
- Public Works Shop Expansion
- South Ocean Drive Revetment
- ADA Projects
- All water and wastewater projects

Staff recommends completing design but delaying construction until the fall of 2009 for the following projects and funding from a future bond sale when financial conditions permit. It would be prudent to begin these projects as soon as possible in the fall in order to take advantage of the competitive construction market.

- Car-line Street Station
- Bayside Park and Skatchowl
- South Ocean Walkway
- St. Louis Ave - Phase 1
- Fire Station 4
- Philadelphia Ave Street Lights

Staff recommends delaying the following projects beyond the fall of 2009:

- St. Louis Ave - Phase 2, Street scape
- St. Louis Ave - Phase 3, utility undergrounding.

Engineering Capital Project List Planned for next 18 months:				
Project	Budget	Status	Funding	Notes
Northside Park Concession Stand	\$ 580,000	In progress	07 Bonds	Delay will cause additional expense and possible contractor lawsuits
Museum Restoration	\$ 260,000	In progress	FY09 Budget	Delay will cause additional expense and possible contractor lawsuits
Coast Guard Tower repairs and paint	\$ 100,000	In progress	FY09 Budget	Delay will cause additional expense and possible contractor lawsuits
Public Works Shop Expansion	\$ 539,000	In progress	07 Bonds	Delay will cause additional expense and possible contractor lawsuits
Caroline Street Station	\$ 1,000,000	Bids over estimate	future bond/Gen fnd	Working on options. delay of more than 45 days will mean no start until next fall
Third Street Park	\$ 3,500,000	Design at 95%	future bond/Gen fnd	Still no land agreement with county. delay project until next fall, possible phased completion
South Ocean Revetment	\$ 500,000	Bids due 11/12	DNR Loan	Funding source is DNR no interest loan, critical project as existing bulkhead is ready to collapse.
South Ocean Walkway	\$ 165,000	Design complete	PAYG fy10	Could delay or include this in bank finance or future bond
Old Land ng Rd Bulkhead		In permit stage	Wastewater	Exis bulkhead failing. protects pump station
St Louis Ave Design	\$ 600,000	In progress	07 Bonds	starting and stopping design generally increases costs
St Louis Ave Utility Infrastructure'		design	future bond/cnt fund	Planned proceed fall 09
St Louis Ave Base Paving	\$ 2,000,000	design	future bond/cnt fund	Planned proceed fall 09
St Louis Ave Street Scape/sidewalk	\$ 3,000,000	design	future bond/Gen fnd	Planned proceed fall 10
Fire Station 4 (mont bay) Design	\$ 100,000	bring to mcc	future bond/Gen fnd	Need to begin design by feb to start const fall 09
Fire Station 4 (mont bay) Construct	\$ 2,000,000		future bond/gen fnd	would like to begin const fall 09
Convention Center	\$ 5,000,000	design	future bond/food tax	failure to act by March 09 means loss food tax
Philadelphia Ave Street Lights	\$ 200,000	in design	future bond/Gen fnd	Planned construct this winter/spring
ADA Projects (incl bw rails)	\$ 120,000	in progress	FY09 Budget	required by lawsuit settlement

Wight St Water Main/Roadway 135th to 145th	\$ 706,234	in progress	Ent fund	Delay will cause additional expense and possible contractor lawsuits
Subaqueous Water Main Crossings	\$ 378,040	in progress	Ent fund	Delay will cause additional expense and possible contractor lawsuits
41st Street water lower Renovations	\$ 487,000	in progress	Ent fund	Delay will cause additional expense and possible contractor lawsuits
Jamestown Road Sewer	\$ 342,600	in progress	Ent fund	Delay will cause additional expense and possible contractor lawsuits
Wastewater Clarifier renovations	\$ 184,700	in progress	Ent fund	Delay will cause additional expense and possible contractor lawsuits
Arctic Ave Pump Station Upgrades	\$ 513,965	Bids opened	Ent fund	Delay will force project to next fall



Cost Reduction Initiative

Ideas for Today and Tomorrow



Real Property Assessment 2009 Reassessment

- Total TOC assessment reduced 1.3% from \$10.6 billion to \$9.3 billion.
- \$1.3 Billion less assessment equals \$5 million less in taxes.
- \$5 million equals 4 cents on the tax rate.
- Constant Yield increase from \$0.38 to \$0.42



The Challenge

Revenue Decreases

- Reduced Assessments - \$5,000,000
- Highway User Tax - \$150,000
- Admissions Tax - \$50,000
- Program Open Space - \$50,000
- Loss of Grants - \$2,000,000



Revenue Decreases

- Parking Revenue - \$150,000
- Municipal Infractions - \$35,000
- Interest on Investments - \$250,000
- Site Plan Review - \$50,000

Total: \$7,735,000



Expense Increases

- Cost of Living, Step & FICA - \$2,160,000
- Health Insurance - \$340,000
- Pension Contribution - \$1,000,000
- Unemployment - \$100,000
- Energy - \$215,000

Total: \$3,815,000



" Our Goal & Objective"

- Closely examine the City's current programs, policies, processes and departmental budgets in an effort to reduce duplication, waste, and implement additional cost controls.