

DELAWARE INFRASTRUCTURE INVESTMENT COMMITTEE

July 17, 2012

PUBLIC MEETING 6

THOSE PRESENT:

Director Alan Levin, Chairman
Representative Helene M. Keeley
Mr. Michael Ratchford
Senator Robert Venables

ALSO PRESENT: Projects: Delaware Academy of Science, Inc.; Public Sponsor is New Castle County – Mr. Ron Walker, Mr. John Mayer, Mr. Ed Wirth, and Mr. Karl Kalbacher of New Castle County; **Greater Dover Committee (Kent County Regional Sports Complex Project); Public Sponsor is Kent County** – Mr. Gregg Moore; Mr. Bill Strickland and Ms. Shelly Cecchett; **Also Present:** Senator Brian Bushweller; Mr. Doug Denbon, *News Journal*; Ms. Cindy Small, Kent County Tourism; Mr. Geoffrey Sawyer, Governor's Office; Mr. Bryan Sullivan, Ms. Michele Sloan and Mr. Adam Domin of OMB; Ann Marie Johnson, DAG; Mr. Tom Banez and Mr. Jim Satterfield, DelDOT; Mrs. Lee Porter, Mrs. Bernice Whaley, Ms. Nikki Lavoie, Mrs. Linda Parkowski, DEDO

LOCATION: Delaware Economic Development Office, 99 Kings Highway, Dover, Delaware 19901

TIME: 9:00 A.M.

CALL TO ORDER

The meeting was called to order at 9:00 A.M. by Mr. Levin, Chairperson, on Tuesday, July 17, 2012.

OLD BUSINESS:

Representative Keeley made a motion that the minutes of the June 19, 2012 Infrastructure Investment Committee (the "Committee") meeting be approved as presented. Mr. Ratchford seconded the motion which was then adopted by unanimous vote.

NEW BUSINESS:

Greater Dover Committee (“GDC”) (Kent County Regional Sports Complex Project); Public Sponsor: Kent County. The \$3,606,550 requested funds are to be used for infrastructure needs for the Regional Sports Complex project located in Kent County, Delaware (the “Project”).

Mr. Strickland stated that this Project was first presented to the Council at its April 26, 2012 meeting, and the initial request was for \$4,482,650. He stated at that time the presentation was focused on the economic impact of being located in Frederica, Delaware. He had talked to the Committee at that time about the facility being owned by the County and being operated by a private contractor that has committed \$6,000,000 to the project. He stated that the operations of the Project will be subject to oversight by an organizational structure similar to that which currently oversees the Frawley Stadium. Mr. Strickland stated that there have been two favorable independent market studies done; one out of Washington and one out of Columbus, Ohio. He further added that the direct economic impact generated by the Project is \$18,000,000 annually. He also stated that there would be jobs created as substantiated by a study and economic impact report prepared by the University of Delaware.

Mr. Strickland stated that however, he believed that the initial application did not adequately identify the infrastructure components of the Project, and as a result, the GDC had failed to show how this Project meets the infrastructure grant requirements.

Mr. Strickland stated the GDC has met with professional operators and reworked the Project which has resulted in a more efficient facility which will better serve those that visit and use it. He stated that the new request has been revised from \$4.4 million request to \$3.6 million.

Mr. Moore stated that the current proposal is more refined and he presented drawings to show the changes in the Project. He stated that there will be an overpass so there will not be a need to cross over Route 1. He stated the Project had actually been shifted to the south making it a more efficient use of the approximate 100 acres of land. He stated that there will be a total of fifteen fields, an indoor facility and a parking lot. He showed the DelDOT project which is being proposed and which is moving ahead. He further added that without that project, he didn't think that there would be a safe access to the Project. Mr. Moore stated that this access is scheduled to open in 2015 and then this facility will open after that. He stated that the entrance to the facility was moved further south to allow a safer access from Route 1. There has also been an access/service road which will also improve the traffic flow for the commercial building.

Chairman Levin asked how many acres there were for the commercial zoning parcel. Mr. Moore stated that there were nine acres which were owned by Kent County. Chairman Levin suggested that if the GDC owned that property, it could be of a financial benefit to the group. Mr. Moore stated that it could possibly be used for a park and ride as there is not one in Kent County now.

Mr. Moore explained that with this redefined project, the Infrastructure Funding request is directed towards infrastructure purposes such as road net work, sewer facilities, pipe lines to connect the building to the sewer, a pump station and pipelines which could be expanded for neighbors. Mr. Moore stated that there is no water supply currently to this area so there will be two wells put in and a fire tank. He stated that if Kent County decides that it is in its best interest, the surrounding areas will be able to use the water supply.

Mr. Strickland stated that he wanted to express how central Delaware will be positively impacted by this facility. He stated that he had spoken with the Athletic Director of Milford High School and with the principal of Smyrna and both were excited about this Project. He stated that they said there was a great need for this type of facility as it will help the local schools keep their own facilities from wearing out. He added that DTCC, Wesley, Del State and the Central Delaware Soccer Association envision using this facility for league play and for tournament games. He stated that this facility will serve a real public good because there is a public demand that is not being met and this will free up local schools from the community groups.

Mr. Strickland stated that since the inception of this plan, there has been a lot of interest in this Project. He stated that they have been told that Meding Seafood will add 150 employees. He stated that they have received letters of interest from the Sheraton Hotel and Frederica Pizza which project an additional six more jobs. He believes that there is a real economic development aspect to this Project.

Mr. Strickland stated that this Project has gained critical mass, has very little debt, the County owns the land and is donating it and there is \$6,000,000 in private financing committed. He stated that the private investors want to be certain that infrastructure costs will be funded before they will invest in the Project.

Mr. Strickland stated that the GDC was tired of having to tell organizations that want to come to this area that there is not the infrastructure to capitalize on an unmet need in Delaware.

Senator Bushweller stated that there is very broad based support for this Project among the Kent County delegation, Levy Court, the Mayor of Dover and many other organizations have expressed the importance of this location to major areas. He believes this will be a boost to economic development.

Chairman Levin thanked the GDC for the new application which was far more concise.

The Committee asked if the current roadways would support the traffic to be potentially generated by the Project. Mr. Satterfield, an engineer with DelDOT, stated he was not sure and that it would be based on the size and use. He stated that it is different from Dover Downs where everyone leaves at the same time. He stated that he believes the roads would handle it but can't say with certainty without impact studies. Chairman

Levin stated that the DelDOT road project was based upon a projection of 1,000 homes coming to the west of this Project and asked how this might impact both the impact studies and the DelDOT road project. It was stated that a traffic impact study would still be needed.

Senator Venables stated that he believes the GDC has addressed his concerns. He further added that even one of his colleagues, Senator George Bunting, who had originally been opposed to this Project, was now in favor of the Project.

Representative Keeley stated she was concerned about the impact this Project would have on traffic. She asked if the impact study for that immediate area considered what effect it could have on the area further north. She stated that her concern is the traffic light at Bowers Beach – sometimes there is a 4-5 mile backup. She asked if DelDOT took that area into consideration in its plan.

Mr. Satterfield stated that that is a separate DelDOT project. He stated that in the long term, that back up concern is going to go away. He added that there are development zones that are taken into consideration.

It was asked how long this traffic study would take. Mr. Moore stated it would take approximately four months.

It was asked what the next step would be if the request today was approved. Mr. Moore stated that they would start the process of getting the required permits which would take a considerable amount of time.

Mr. Sawyer asked if the DelDOT project could accommodate current and future growth. Mr. Satterfield stated that DelDOT is actively acquiring a right of way.

Mr. Strickland stated that this Committee's approval is the next step in getting the operator to step up with his \$6,000,000 commitment.

Chairman Levin stated that any action taken by the Infrastructure Investment Committee is conditioned on the signing of a definitive agreement executed by the private operator. Mr. Ratchford asked where the GDC was going to get the additional funds. Mr. Strickland stated that they are currently working with several private development operators and their partner which is Kent County Levy Court. He stated that they feel very confident that they will be able to obtain those funds.

Chairman Levin asked if there would be a problem if the Committee conditioned its funding on definitive agreements being in place. Mr. Strickland stated that he had been working under that assumption.

Mr. Ratchford asked if the infrastructure improvements benefited more than the Applicant. Mr. Moore referenced the adjacent future developments. He further added

that currently there were no water sewer facilities in that area. He stated that it could also be used as a park and ride. Mr. Moore further stated that there are a number of homes down the road that doesn't have public access which could benefit.

Chairman Levin asked if it was known what the County was going to do with the other access roads. Mr. Moore stated that the County leases some of the property to a church and he knows that there is development potential. Mr. Moore added that in Mr. Strickland's negotiations, it has been determined that this Project does not need Route 1 frontage, so these lands can be sold and redeveloped as Kent County properties.

Mr. Ratchford expressed his concern that knowing that the growth of this Project depends on weekend tournaments and is aware that GDC is working with local people but believes the operator has to be very involved with the entire Project. Mr. Strickland stated that he has been working with John Pardee, Esquire regarding the bylaws and regulations as it relates to use of the facility. He stated that he is aware that there are requirements that a certain amount of dates have to be given to local high schools, youth groups, etc. He added that he knows there has to be someone to say no to over use of the facility. Mr. Strickland stated that there will be five synthetic fields and ten grass fields. He also stated that instead of the water being recycled into the Murderkill, it will be put on the fields.

Representative Keeley stated that she believes that the costs associated with electric will only benefit this Project as the homes in the development already have electric. Mr. Moore stated that the electric would benefit the vacant lands now in future use. He further added that the adjacent properties need that substation. Chairman Levin stated that it was his understanding that all those costs are given to the developer. It was the consensus of the Committee that the requested costs of \$360,000 would be excluded from the grant.

Mr. Ratchford expressed his concern on the specifics of the funding. Mr. Sawyer stated that there would be an initial trigger with definite agreements, then a secondary agreement, but that the GDC would have to have money in place from the other entities such as Levy Court, private operators, Kent County Regional Sports Complex Corporation (owner of facility). Chairman Levin stated that the Infrastructure Investment Committee would commit its funding contingent upon definitive agreements being in place.

Mrs. Johnson asked if there would be any claw backs attached to the Grant Agreement. Mr. Ratchford stated that he would like to see employment reports for five years.

Chairman Levin asked if there were any public comments; there were none.

After duly considering, Senator Venables moved to approve the application submitted by Greater Dover Committee (Kent County Regional Sports Complex Project) for an amount not to exceed Three Million Two Hundred Forty-Six Thousand Five Hundred

Fifty Dollars (\$3,246,550), (original request less the electric component) contingent upon: (1) definitive agreements from investors that all other required funding is committed, (2) all required approvals and permits being obtained, including, but not limited to approvals, and/or commitments from the Levy Court, Developers, Kent County Regional Association and the private operator of the fields, (3) employment reports required for five years from the date of the Grant Agreement, (4) that the Infrastructure Investment Funds would be the last component of financing to be funded upon the presentation of documented allowable infrastructure costs and which shall be repaid for a failure to complete the Project, and that the approval remain in effect through and including July 16, 2013. Mr. Ratchford seconded the motion, which was then adopted by unanimous vote.

Delaware Academy of Science, Inc. (Iron Hill Science and History Museum Project) (“DAS” or the “Applicant”); Public Sponsor is New Castle County: The Applicant is requesting \$586,728 in funds which will be used for infrastructure needs for the Iron Hill Science and History Museum Project (the “Project”).

Mr. Meyer stated that this Project was initially presented to the Committee on April 26, 2012 and at that time the Committee asked for an in-depth breakdown of the infrastructure costs. He stated that the DAS is now more aware that these funds can be used for strictly infrastructure costs. He stated that they reviewed and revised their costs and did add a few new costs such as the expense of utility poles. He stated that the second part of the Projects costs are for estimated energy improvements. He stated that these figures were prepared by Paragon Electric, the museum’s electrician. He stated that this will be a self sufficient building as far as energy use.

Chairman Levin asked Mr. Kalbacher if there had been any changes from the County. Mr. Kalbacher stated that the County has reviewed the Project with the Applicant and it supports the Applicant’s proposal.

Mr. Ratchford stated that he still has a problem with this Project meeting the public benefit criteria and asked if there would be anyone else benefitting from this Project. Mr. Meyer stated that the biggest benefiter would be New Castle County and Iron Hill Park which are located there now. He added that this Project will allow the entire park to expand and that everything depends on the Project being there. Mr. Meyer believes that this Project will bring a lot more people to this area. Mr. Ratchford asked what had been done to support this belief. Mr. Meyer stated that he has had discussions with the community service section and have been told that there are not a lot of activities in this segment of the county, so this Project should help this area grow. He stated that they are looking forward to working with counties in the tri state area that could utilize this area.

Mr. Ratchford stated that he understands the value of the Project but was not sure how it benefits more than the Applicant. Chairman Levin asked if there was any development in the Park. Mr. Kalbacher stated that it is community programming at this point and that currently there isn’t any sewer capacity which will be addressed with this Project.

Chairman Levin stated that he is concerned about the Project benefiting anyone else and that he is concerned that the costs associated with installing the solar panels do not meet the Committee's criteria for infrastructure costs that benefit more than just the Applicant.

Mr. Meyer stated that by building this museum, they will be able to restore the school back to its original condition. He further stated that he believes all the money that has been invested so far will be in vain if this project doesn't proceed.

Chairman Levin stated he supports the sewer and water costs and the poles but not the solar energy portion of the Project. He further suggested that maybe the solar energy portion could be funded through GAMESA. It was the consensus of the Committee that grant funds could not be used for the costs of installing solar panels.

Representative Keeley asked if DAS had worked with any City or County agencies regarding historical tax credits. Mr. Moore stated they had received a grant but it was not for the building being discussed today.

Senator Venables stated that it was his understanding that this Project would furnish water for other users. It was stated that once the water line is there, the County can tap into it.

Mrs. Johnson stated that the infrastructure costs had to be for specific uses and she was concerned with the breakdown of costs. She specifically asked about the Wilson trade cost. Mr. Meyer stated that trade costs include architectural costs, sewer pipes, etc. Chairman Levin stated that this Committee's funds do not pay for permits or fees; only for actual construction. Chairman Levin stated he was concerned about "trade costs".

Chairman Levin asked if there were any public comments; there were none.

After duly considering, Senator Venables moved to approve the revised request submitted by Delaware Academy of Science, Inc. (Iron Hill Science and History Museum Project), for an amount not to exceed Two Hundred Nineteen Thousand Six Hundred Eighty-Five Dollars (\$219,685), (the original request less the amount projected for the cost of solar panels) contingent upon the submission by the Applicant of documented allowable infrastructure costs, evidence of all required approvals and permits being obtained and that the approval remain in effect through and including July 16, 2013. Chairman Levin seconded the motion, which was then adopted by unanimous vote except for Mr. Ratchford who opposed.

Chairman Levin informed the Committee that Item 3 on the agenda, Churchmans Associates LLC, would not be presented today. He stated that he had received a call from the property owner and that several issues still needed to be resolved before the project could move forward.

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ADJOURNMENT: The meeting was adjourned at 10:45 a.m.

Respectfully submitted,

Lee Porter

LKP

Cc: Members of the Delaware Infrastructure Investment Committee
Ann Marie Johnson, Esquire