

**DELAWARE INFRASTRUCTURE INVESTMENT COMMITTEE**

**March 8, 2012**

**PUBLIC MEETING 3**

**THOSE PRESENT:**

Director Alan Levin, Chairman  
Secretary Shailen Bhatt  
Representative Helene M. Keeley  
Mr. Michael Ratchford

**ALSO PRESENT:** **Project: PATS Aircraft, LLC (Sussex County Runway Expansion)** – Mr. Mark Ryan; Mr. John Martin; **Public Sponsor is Sussex County Government** – Mr. Todd Lawson, Mr. Dave Baker, Ms. Julie Wheatley, Mr. Chi Guy, Mr. Robert Ruggio; **Project: RES-Plaza LLC & SSS-Plaza LLC** – Mr. Dean Pletz; **Public Sponsor is Town of Camden** – Ms. Charlotte Klavder and Mr. Doug Liberman of Larson Engineering Group, Inc.; **RLDP Group Inc. & RLDP Holdings, Inc.** – Mr. Donald Hollenbeck; **Public Sponsor is City of Seaford** – Ms. Delores Slatcher, Ms. Trisha Newconer, Mr. Charles Anderson; Ms. Amy Cherry, *WDEL*; Mr. Geoffrey Sawyer, Governor’s Office; Mr. Bryan Sullivan and Mr. Brian Maxwell, OMB/BDPA; Ann Marie Johnson, DAG; and Ms. Bernice Whaley

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

**TIME:** 2:30 P.M.

**CALL TO ORDER**

The meeting was called to order at 2:35 P.M. by Mr. Levin, Chairperson, on Thursday, March 8, 2012.

**OLD BUSINESS:**

Mr. Ratchford made a motion that the minutes of the December 12, 2011 Infrastructure Investment Committee meeting be approved as presented. Secretary Bhatt seconded the motion which was then adopted by unanimous vote.

**NEW BUSINESS:**

**PATS Aircraft, LLC (“PATS”) (Sussex County Runway Expansion); Public Sponsor is Sussex County Government:** Funds will be used for infrastructure needs at the Sussex County Airport located in Georgetown, Delaware (the “Project”).

Mr. Martin introduced Mr. Ryan who presented this request to the Council. He stated that there is an urgency to get this Project completed. Patrick Aviation Technical Services was founded by Mr. Harvey Patrick and the company moved to the Sussex County Industrial Airpark in Georgetown, Delaware in 1998. The company currently employs 300-350 skilled technicians and engineers. Mr. Ryan stated that PATS Aircraft is a leader in design, manufacture and installation of auxiliary fuel systems for transport category aircraft. PATS is known for extending the travel range of business jets, providing services for fuel tanks which enables them to fly transatlantic and transpacific.

According to Mr. Ryan, PATS attracts clients from all over the world responding to designs that the client wants put in their aircraft to provide comfort, etc. They are a global business and have an extensive customer base including Boeing, AirBus and various other clients located in many of the countries throughout the world such as Kuwait, Turkey and India. But Mr. Ryan also stated that PATS was known for its confidentiality as it has a lot of influential people coming to the facility. Mr. Ryan stated that the 703 aircraft is the largest aircraft that can physically get into the Sussex County Airport. He stated that with some help, they are in the process of extending the runway to allow larger aircraft to land at the airport. He stated that this would enable PATS to expand its potential to 1100 additional aircraft access. He stated that there is approximately 225,000 square feet of space and the current hangars are capable of housing seven aircraft. He further stated that there will be an additional two bay hangar constructed. Mr. Ryan stated that this Project will help PATS generate 50-75 jobs by extending its capabilities.

Mr. Lawson stated the original airport was constructed in 1943 and is owned by Sussex County. Sussex County wants to extend the runway by 1,000 feet. Mr. Lawson stated that currently there are approximately 40,000 landings and take-offs per year at this airport. He stated there is a smaller runway to the left. He stated that the County wants to extend the main airport runway by 1,000 – 6,000 square feet. He stated that this would allow more and bigger equipment to utilize the airport. He further stated that to do this, a bypass has to be created around Georgetown. Mr. Lawson stated that all together the extension and realignment of Park Avenue is a \$25,000,000 project. Mr. Lawson clarified that the request before the Committee today is only for the second 500 feet of the runway. Phase I is 500 feet and Phase II is 500 feet. The amount requested is only for the second 500 feet of runway. Mr. Lawson stated they are requesting \$3,704,000.

Mr. Lawson stated that they were in the middle of Phase I and anticipates solidifying the contract in May and anticipates construction of Phase I to begin by this summer. Mr. Baker stated that there are three parts to the total Project. The first part, which funding is

not requested for, will be for Phase I, the first 500 foot extension which will be funded through the FAA. He stated they are in the design phase right now and expect construction in the next couple of months. Mr. Baker stated that the second part would be what is being requested today – extending the runway an additional 500 feet. He stated that this does not require moving Park Avenue but it does require realignment which costs will be covered with federal highway funds. He further clarified that this will be a bypass around Georgetown which entails coming out on South Bedford Street, crossing over and going straight to Route 113. Federal funds will be approximately \$6.722 million; County funds will be approximately \$6.751 million; and State funds will be approximately \$4.704 million. Mr. Baker stated that Sussex County has already extended \$3,000,000 for the purchase of land and removing a road to allow a clear zone around the airport.

Secretary Bhatt asked for a breakdown of the funding. Mr. Lawson stated that there was a \$1.4 million FAA grant which went towards the lighting requirements for the runway and other extension costs. He stated DelDOT's contribution was \$1,000,000 and with the request today of \$3,047,000 – the State's portion would be approximately \$4,047,000. The County's portion would be approximately \$6,751,000 and federal funds would be approximately \$6,722,700.

Mr. Lawson stated that there is anticipated employment of 304 additional jobs and income generation of \$13.2 million. Including the value of goods and services relating to this Project, as well as the construction for the Project, there should be a State and local tax benefit of approximately \$1.2 million.

Mr. Ryan stated that PATS estimates adding at least 60 or more jobs in addition to the numerous contractors that will be doing work for PATS. He stated that they also expect a lot more people will be utilizing the airport, and that it will therefore benefit citizens in the State. He further stated that he also expects the Sussex County Airport to become more competitive with Ocean City and Salisbury.

It was stated that PATS is partnering with DelTech in helping to create a training program. Mr. Ryan stated that they are requesting half of the remaining balance which is fifteen percent of the total project. He stated that there is a great need for this Project in Sussex County which has the highest unemployment level and the lowest medium income. He further stated that he believes it is commendable that PATS has survived this economy.

Director Levin asked Secretary Bhatt if he was comfortable with the numbers on the State's side which is basically the \$6.2 million on the road alignment they are considering because of the truck bypass issue. Secretary Bhatt stated that he doesn't see the road portion of this Project proceeding before a few years and yet the road needs to be done in order to do the rest of the runway. Secretary Bhatt stated that Sussex County will have to work concurrently with DelDOT with the road work. He further stated that DelDOT has worked with the property owners as they could in buying the land which actually started

a few years ago. Secretary Bhatt stated that from DelDOT's prospective, the major concern is obtaining the \$5.2 million of federal funds for this road. Secretary Bhatt stated that he believes that Infrastructure funding should be contingent upon the successful application for federal and other funds needed to complete the road.

Representative Keeley asked if Sussex County was hoping to attract NASCAR race teams; but because Dover is closer, why would these people choose Sussex County Airport. Mr. Lawson stated that they are trying to make Sussex County Airport more attractive to draw customers. They have a nice little restaurant, etc.

PATS projects employing three to eight additional employees. Mr. Martin stated that President Obama has proposed a luxury tax. He further stated that most of the affected businesses oppose this as it is felt it would hinder their business. Mr. Martin stated that he does not feel this would have a major impact on PATS as they have the top end of that niche such as Boeing, etc. He stated that PATS is looking at special edition shoots – such as the transport of race horses, etc. Secretary Bhatt stated that it appears that this niche is somewhat insulated.

Mr. Ratchford asked how the transportation funding impacted jobs. Mr. Lawson stated that the insurance companies for these aircraft operators have higher premiums because the runway is just not long enough, it affects PATS' insurance premium.

Secretary Bhatt stated that to take this project completely through the process, it will take at least a few years, including the environmental aspect. Therefore it would most likely be 2014 before completion of the Project.

It was clarified that the Applicant is PATS Aircraft, LLC and the sponsor is Sussex County. It was stated that the County would not agree to a claw back provision relating to the number of jobs and Project grant. PATS also had some discomfort about the claw back provision. However, Mr. Lawson stated that they were aware that if an agreement is reached regarding the funds, they know they would have to agree to some kind of a claw back.

Mr. Ratchford stated that in terms of protecting Delawareans, it is his understanding that if the funds are in place and available and the Project is completed, at least, the State would end up with a longer airport.

Chairman Levin stated that currently even when PATS puts the new fuel tanks on jets taking off from Georgetown, they still have to fly to another airport to refuel because they do not have adequate runway length to allow them to adequate fuel at take off.

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

After duly considering, Mr. Ratchford moved to approve the application submitted by PATS Aircraft, LLC, contingent upon all required funding being available, all required

approvals and permits being obtained and that the approval remaining in effect through and including March 7, 2013. Secretary Bhatt seconded the motion, which was then adopted by unanimous vote.

**RES-Plaza LLC & SSS-Plaza LLC (“RES Plaza”); Public Sponsor is Town of Camden:** Funds will be used for infrastructure needs at the proposed Caesar Rodney Plaza located in Camden, Delaware (the “Project”).

To determine that there was no conflict of interest; Chairman Levin asked if Mike Zimmerman was involved in this particular Project. Mr. Pletz stated that Mr. Zimmerman was not involved in this particular Project.

Mr. Pletz stated that RES-Plaza LLC recently acquired this property from an entity owned by Mr. Mike Zimmerman. Mr. Pletz stated that the request is for \$1,032,000 in support of a new state road in Camden. Mr. Pletz stated that this road is part of a ten year master plan to relieve current traffic congestion. He stated the grant will serve a public purpose by alleviating traffic in the Town of Camden.

Mr. Pletz stated that what is being proposed is also an entrance road for a proposed shopping center. Redner’s Markets, a fast food and a pharmacy will be the anchor tenants. He stated that employment projections are for 175 permanent full time employees three years after the funding. Mr. Pletz stated that these businesses are anticipating revenue of \$5.2 million based on Kent County wages of 2010. He further stated that the State will benefit from State gross receipts. He stated that cash flow is anticipated insufficient for costs for road costs. He further explained that primarily the new road and road signs have added \$1 million more in costs than anticipated and which is approximately ten percent of the cost of the Project.

Mr. Pletz stated that RES Plaza has received all approvals and they are ready to start in the next couple of months. He further stated that RES Plaza has financial wherewithal from a banking perspective.

Ms. Klavder stated the former Mayor of Camden and the current Mayor of Camden support the project. The former Mayor stated that when he was originally writing this application, one of his concerns was that Main Street in Camden has a very difficult intersection with Camden Wyoming Avenue and school busses are having difficulty with making wide turns. He further stated that by connecting this street with Route 13, it will make traffic much less congested and easier flowing. He added that it would also help restore the historical cultural of the town.

Secretary Bhatt reiterated that the request is for \$1,032,000 which is ninety percent of the road costs.

Mr. Pletz stated that twenty-seven jobs are store directors or general managers; Redner's is majority of the project with approximately eighty-five full time employees. Secretary

Bhatt asked about the type of jobs. Chairman Levin stated that the Redners' jobs are full time with benefits; pharmacy – looking at professionals, all with benefits. He further stated that these are jobs that don't turn over quickly. Mr. Pletz stated that there will also be a retail dollar store and an upscale Chinese restaurant.

Secretary Bhatt stated that he likes that the Project will be improving traffic flow and feels that makes sense. However, Secretary Bhatt indicated that the ninety percent of the cost given from ninety percent of the traffic may not be from the shopping center. Mr. Pletz stated that RES-Plaza is working in conjunction with DelDOT. He stated that with just an “in and out” entrance the costs would be cheaper.

Mr. Ratchford asked if the road specifications were a requirement from DelDOT. Mr. Pletz stated that DelDOT identified this as the appropriate area to fix the problems so RES-Plaza shifted designs to accommodate DelDOT. Mr. Pletz stated that with 1100 students, 450 employees/shoppers, there will be a lot of traffic.

Mr. Pletz stressed that because RES-Plaza is going to dedicate a certain portion of the property for a road, it will be giving up land where otherwise they could put a tenant. Mr. Ratchford stated that however, by opening up the road, it did enhance the project and Mr. Pletz did agree that it did. Secretary Bhatt stated that a traffic study would be more effective and he doesn't want to start a precedent and needs to rely on evaluation of data. Mr. Pletz stated that the Department of Ag would also benefit from this road.

Secretary Bhatt stated that RES-Plaza is ready to proceed with the Project. He also stated that he believes ninety percent participation is a little high and would feel more comfortable going in with fifty percent. He indicated that he would confer with DelDOT staff to determine the benefits, look at trip distribution and determine if the Committee could justify getting closer to ninety percent of the costs. He felt that any increase over fifty percent of the cost should be a data driven decision.

Mr. Pletz stated that RES-Plaza was looking for a specific commitment and Secretary Bhatt stated that the Committee was committed at fifty percent. Mr. Ratchford stated that in fairness to the Applicant and the Committee, the Committee would like to see a study before a commitment. Representative Keeley stated she was comfortable with a fifty percent commitment.

Mr. Pletz stated that this is time sensitive for Redners. He also asked for clarification on the amount. Secretary Bhatt stated the Committee was comfortable with \$600,000. It was suggested that the Grant Agreement for this funding would not be executed until a final decision was made. Chairman Levin suggested that there would be an initial Grant Agreement and then an Addendum could be done.

Chairman Levin stated that the Committee's offer today is for \$600,000 with the obligation to look at study to determine if there will be additional funding and if that is not the case and RES-Plaza decides to only fund the “pull in” configuration and to not

build the road, then there will be no funds received from the Delaware Infrastructure Fund.

The parameters of additional funding will be based on getting distribution of trips data, quantifying the value that the State would be receiving. Secretary Bhatt stated that his job entails protecting DelDOT and he needs to base his decision on data driven information.

Mr. Pletz reiterated how this Project would help enhance traffic safety and alleviate town traffic congestion.

Secretary Bhatt stated that he believes this Committee needs to justify its decision and feels that additional information is needed such as a traffic study, trip distribution study, etc. He further stated that DelDOT needs to quantify the difference on this Project versus a standard project. He is aware that the Applicant would like a decision on possible further funding as soon as possible.

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

After duly considering, Secretary Bhatt moved to approve an amount of \$600,000 which is approximately fifty percent of the total funding for the Project as currently presented, with a caveat that upon the Committee' review of a further studies being performed by DelDOT, a determination will be made as to the approval of any additional funding, and further contingent upon the approval remaining in effect through and including March 7, 2013. Mr. Ratchford seconded the motion, which was then adopted by unanimous vote.

**RLDP Group Inc. & RLDP Holdings, Inc. ("RLDP"); Public Sponsor is City of Seaford:** Funds will be used for infrastructure needs at the Seaford Industrial Park located in Seaford, Delaware (the "Project")

Ms. Slatcher stated that Craig Technologies has several businesses in the Seaford Industrial Park. She stated that the Industrial Park has a road that loops around and that what the Applicant is requesting is to complete the section of the road to make a complete loop to accommodate employees and everyone else that is travelling that road. Mr. Anderson stated that this "loop" would create a more efficient use by freight carriers and employees driving between businesses in the Industrial Park.

Mr. Hollenbeck stated that he currently has six companies which are major manufacturers, such as Flow Smart, Craig Technologies and Linus Tool.

This loop would be an extension of approximately 325 feet. This will also extend the storm drainage area. The construction cost estimate is about \$73,639. Ms. Slatcher stated that the City of Seaford would assume the responsibility of the roadway, be

providing roadway lighting and would also be responsible for snow removal. Ms. Newcomer stated that this would also enhance emergency response as this would give them a quicker, shorter route.

The Committee reviewed the exact location on a map. Mr. Hollenbeck stated that of the 125 acres, ninety percent of the Seaford Industrial Park is owned by the City. Chairman Levin stated that he understands the benefits of this Project to Craig but he needs to know how it benefits the other companies.

Ms. Slatcher stated that not just for the fire company, but this connection will allow the circulation of traffic to flow more easily for everyone.

Secretary Bhatt asked about the job component in regards to putting in clean room facilities. Mr. Hollenbeck stated that 57 people are being added which will increase their employee number to 167.

Mr. Ratchford asked if this Project opened up any other parcels. Mr. Anderson stated that it would in the future. Secretary Bhatt asked if the 57 additional jobs number was accurate. Chairman Levin informed the Committee about the SSBCI loan program and for which Flow Smart just received an approval. Mr. Hollenbeck stated that with this expansion, they are spending \$3.5 million.

Chairman Levin stated that the public purpose of which is part of this Committee's mission is whether a project will benefit more than the applicant. He needs to feel comfortable that this Project will benefit more than the Applicant. Ms. Slatcher stated that it could attract additional tenants.

Secretary Bhatt stated that he likes to see direct correlation on what the Committee is doing and what the Project is giving back and he does feel that there is a global benefit but that the majority of the Project works for Craig and therefore he would consider of portion of the Project.

Mr. Hollenbeck asked if the Committee considered the employees as the public. He further stated that these are residents of the area. He further stated that after the new hires, they will have 167 employees and they take up a pretty substantial portion of the Industrial Park. He also restated the public safety in regards to the fire company and the growth opportunity for him or any other interested party.

Representative Keeley asked if the Applicant/City had inquired about CTF funds. Ms. Slatcher stated that they felt these funds were a better fit.

Mr. Ratchford asked how the infrastructure improvements would help economically. Mr. Hollenbeck stated that they constantly have people rotating between buildings. Ms.

Slatcher stated that the City of Seaford paid for engineering fees and that in the long term; it will be picking up maintenance and providing lights.

It was asked if there would be access to cross easements. Ms. Slatcher stated there would be and this could be an important factor if Mr. Hollenbeck decided to expand.

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

After duly considering, Mr. Ratchford moved to approve the application submitted by RLDP Holdings, LP, contingent upon all required funding being available, all required approvals and permits being obtained and that the approval remaining in effect through and including March 7, 2013. Representative Keeley seconded the motion, which was then adopted by unanimous vote.

**ADJOURNMENT**

The meeting adjourned at 5:10 p.m.

Respectfully submitted,

Lee Porter

LKP

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