

**DELAWARE INFRASTRUCTURE INVESTMENT COMMITTEE**

**March 19, 2013**

**PUBLIC MEETING 8**

**THOSE PRESENT:**

Director Alan Levin, Chairman  
Secretary Shailen Bhatt  
Representative Helene M. Keeley  
Mr. Michael Ratchford  
Senator Robert Venables  
Representative Quinton Johnson

**ALSO PRESENT:** **Projects:** **The Milton and Hattie Kutz Home, Inc.** – Ms. Karen Friedman with the Project, and Mr. Marcus Henry, Policy Director Overseeing Economic Development for New Castle County; **RLDP Group Inc. & RLDP Holdings, Inc.** – Delores Slatcher, City Manager, Charles Anderson, Assistant City Manager and Trisha Newcomer, ED/IT Manager, with the City of Seaford and Mr. Tom Mottinger with Craig Technologies; Mr. Brian Maxwell with OMB; Ms. Courtney Stewart with the Controller General’s Office; Cynthia Collins, DAG and Ms. Bernice Whaley with DEDO

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

**TIME:** 10:30 A.M.

**CALL TO ORDER**

The meeting was called to order at 10:40 A.M. by Director Levin, Chairperson, on Tuesday, March 19, 2013.

**OLD BUSINESS:**

Mr. Venables made a motion that the minutes of the October 4, 2013 Infrastructure Investment Committee (the “Committee”) meeting be approved as presented. Mr. Ratchford seconded the motion which was then adopted by unanimous vote.

**NEW BUSINESS:**

**The Milton and Hattie Kutz Home, Inc. (“Milton & Hattie Kutz Home” or the “Applicant”) (Assisted Living Facility Storm Water and Road Enhancement Project) Public Sponsor is New Castle County:** The Applicant is requesting up to

\$137,350 in funds which will be used for infrastructure needs for the Assisted Living Facility Storm Water and Road Enhancement Project (the "Project").

Director Levin recused himself from action on this Project as he stated that he and his wife have made annual contributions to the Milton & Hattie Kutz Home.

Mr. Henry stated that New Castle County is sponsoring this Project because it believes that this Project addresses the needs in the County for assistance for the elderly. He stated that the Applicant has been crucial in serving elders; placing a focus on the low income population. He added that this expansion will provide an economic boost to the Belmont Community. He added that this Project will also provide much needed jobs in the construction industry.

Ms. Friedman stated that this not for profit, skilled facility was built in 1960. There will be seventeen apartments for Medicare patients. Ms. Friedman stated that they hope to open the addition by August. She added that they are using the Wilson Construction Company. Ms. Friedman stated that they are building on an existing site which is about eleven acres and hasn't seen any new construction in the last eighteen years. She stated that they expect to create thirty full time jobs. She stated that she believes that this Project will provide a boost to the community.

Ms. Friedman stated that the neighbors down the street were having difficulty with run off and that with the storm water management improvements; they will be helping their neighbors directly to the east of the Project. She added that they will also be improving Lodge Lane which is a lane that leads up to the facility and will be providing paving and lighting. The Applicant will be responsible for snow removal.

Director Levin asked if the Applicant would have been required to do these changes regardless if it benefited the neighbors or not. Ms. Friedman stated that the Applicant would have been required to make the improvements but not to the degree that the Applicant is doing. Director Levin then asked what the difference was between what was required and what was being done. Ms. Friedman stated that she did not know that answer and that she would have to ask the site engineer, Ted Williams.

Mr. Ratchford questioned the sequence of events. He stated that the application indicated that money was raised, construction was started then the improvements came after the fact. Ms. Friedman stated that actually the Applicant had intended to do the storm management improvements at the beginning of the Project.

Mr. Ratchford asked if the Project would have to rely on State monies to complete the Project. Ms. Friedman stated that if the Applicant didn't get the State funds, it would have to borrow the funds from a bank. She added that the Project could only be completed by additional borrowing.

Secretary Bhatt stated that his concern was if the Committee would be augmenting funding if these improvements were going to be made regardless. Ms. Freidman stated that if the funds requested today were not approved, the Applicant would have to borrow the funds. Mr. Bhatt stated that this is one of the challenges that this Committee faces – if a project would be done without receiving State funds. He stated that the Committee is supposed to use this money for the creation of jobs.

Mr. Henry stated that the enhanced storm water improvements are an additional cost. He explained that the Application would have to do additional fund raising and that the Applicant is challenged right now. Ms. Friedman stated the Applicant didn't have to do the enhancement but it did have to do the storm water management improvements.

Mr. Ratchford explained that there have been projects that if they had not received funding approval from this Committee, they would not have gone forward. He added that he is questioning the public purpose with this Project, and that he believes this Project would go forward if these funds are disbursed or not.

Secretary Bhatt stated that he believes the Applicant must be able to demonstrate that financial assistance is necessary from the State to affect the outcome of the Project.

Director Levin stated that he believes that this Project will be done whether or not it receives the State funds and that the question is how it will be funded – whether the Applicant seeks out additional contributors or loans from WSFS to pay for the improvements.

Representative Keeley asked if \$32,800 was the amount requested for the enhancement improvements. Ms. Friedman stated that that was the cost. Representative Keeley stated that she is familiar with the neighborhood and that she could support the storm water management improvements but she could not support the \$104,000 for the road because it is not a major highway.

Senator Venables asked if the road had potential to any other businesses. It was stated that it was an all residential area. He further asked if the road would still be done without these funds and Ms. Friedman stated that it would be.

Director Levin stated there are costs of doing development and that the Committee must be assured that it is not bearing those costs unless it serves a public purpose. He further added that there are developers that come before the Committee making requests that only serves their own needs and the Committee has had to not approve those requests.

Mr. Henry stated that his concern is that assisted living is such a critical need in the State, especially in New Castle County.

Secretary Bhatt stated that he believes that everyone supports the Project but that the Committee's challenge is what the law says. Therefore, Secretary Bhatt asked for a legal interpretation to determine if the Committee can legally fund the proposed Project costs.

Representative Keeley stated that she supports the enhancement of the water and sewer management improvements but she cannot support the road.

Ms. Friedman stated that even though it is not a highway, the Applicant is taking care of their neighbors.

It was decided to get a legal interpretation by DEDO's counsel to determine if the storm water improvements and the road fall under Section 4.2 of the Committee's guidelines.

**RLDP Group Inc. & RLDP Holdings, Inc. ("RLDP" or the "Applicant") (Seaford Industrial Park Project (the "Project")); Public Sponsor is City of Seaford:** The Applicant is requesting up to \$26,700.12 in additional funding for a grant that was previously approved on March 8, 2012. Funds will be used for infrastructure needs at the Seaford Industrial Park located in Seaford, Delaware (the "Project").

Ms. Slatcher stated that the City of Seaford is the contractor for RLDP that will do the road improvements and the lighting. She stated that Davis Drive will be extended to Artis Drive and then it will tie into Nesbit Drive. She stated that this will reduce the carbon footprint, will give Linus Tools access to other industries in the Park, and will allow emergency vehicles to respond quicker to this area. Ms. Slatcher stated that the request today is to ask for an extension of the original approval to September 30, 2013 and for additional fund of \$26,700.12. She stated that the lighting is being provided by the City of Seaford.

Director Levin asked if the extension would only benefit Craig Industries and Flow Smart. Ms. Slatcher stated that it benefits others because it increases the response time for emergency responders.

Secretary Bhatt asked how many employees Flow Smart employed – 55.

Director Levin stated that funds are only used for reimbursements. If all of the funds requested are not used, they come back to the State's fund.

Mr. Ratchford asked if the reason for the additional funds was because of under estimating. Ms. Slatcher stated that the time delay was due to cold weather and the rise in the cost of hot mix and components that go into it.

Mr. Ratchford questioned if the Committee was setting a precedent and would it result in people continuing to come back before the Committee because of initial low estimates. Director Levin stated that he thinks you have to look at each case individually.

Senator Venables stated that if the Committee didn't approve this request, it might make people come in with higher estimates to avoid coming back before the Council.

Director Levin stated that he wants to avoid a situation where the bidder jacks up the price because it knows that the State is paying for the costs.

Representative Keeley stated that this Committee has the ability to construct these contracts as it sees fit and is concerned about applicants coming back for additional funds, but she stated the Committee has the ability to tell the Applicants that they can't come back and that they need to make sure the estimates are accurate. She added that it is up to the Committee to inform them that if the bids go higher, this Committee is not approving any additional funds.

Secretary Bhatt stated that often the bids that come in are different from the estimates from the Engineers. He stated that it's everybody's best efforts up front but that it can change very quickly so he can understand the need for additional funds. Representative Keeley stated that she believes the Committee needs to stress to the Applicant's to get accurate estimates. She also stated that the projects should come in "shovel ready" because it is the Committee's intent to get people back to work.

Secretary Bhatt asked when the Project could be started. Ms. Slatcher stated that they were ready to start now. Mr. Ratchford asked Ms. Slatcher if she thought she would be coming back for additional funds. Ms. Slatcher stated that that would not happen.

Mr. Ratchford stated that he believes the Project meets the criteria and the public purpose requirements.

Motion Made By: Senator Venables

Motion Seconded By: Representative Keeley

Motion Passed Unanimously

Motion: To approve Applicant's request for additional funds in an amount of \$26,700.12 and to extend the approval date to September 30, 2013 for a grant that was previously approved on March 8, 2012. The funds will be used for infrastructure needs at the Seaford Industrial Park located in Seaford, Delaware.

Ms. Collins asked if an amendment to the existing Grant be acceptable and was told that that would be acceptable.

### **OLD BUSINESS**

Ms. Collins informed the Committee of the status of pending projects.

**IPR International** – Documents are ready for signature.

**Garrison Energy Center** – Documents are ready for signature

**Greater Dover Committee (Kent County Regional Sports Complex Project)** - The Applicant is securing investors. Representative Keeley stated that she had understood that Kent County had its funding sources in place. Director Levin stated that the Project will not be funded until the money is in hand from the investors. Director Levin stated that he thought they had secured funding from the operators of the indoor facilities. Representative Keeley was concerned about the investors not being in place.

Director Levin suggested that on behalf of the Committee, he would request Mr. Strickland to provide a definitive answer on what financing has been secured. Director Levin stated he would report back to the Committee.

Representative Keeley stated that she strongly supports shovel ready projects because she is very concerned with money just sitting in the fund for a specific Project.

**Amazon** – It was reported that Amazon spent less funds than for which they were approved. Those funds will remain in the Infrastructure Investment Fund until needed for another Applicant.

**Wesley** and **Ezion** are both completed projects.

**Parkway Gravel** – The Committee previously reviewed and approved this Project at the October 4, 2012 Committee meeting. At that time, the Committee was under the impression that the property was owned by Stoltz Realty. However, it was determined that Stoltz did not own the property at that time but that it was actually owned by Greggo and Ferrara. However, Mr. Stoltz now owns the property. Director Levin stated that he had informed the real estate agent that Mr. Stoltz had to reapply for these funds. No application has been received to date.

**PATS** – Funding is in place and the Project is under construction. The delay is that the extension of the runway requires the relocation of Park Avenue. DelDOT is now working on that aspect of the Project. PATS is hoping everything will be finalized soon so the Project can be completed.

**ADJOURNMENT:**

The meeting was adjourned at 11:55 A.M.

Sincerely,

Lee K. Porter

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ADJOURNMENT: The meeting was adjourned at .M.

Sincerely submitted,

Lee K. Porter

Cc: Members of the Infrastructure Committee  
Cynthia Collins, Esquire