

## **MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING**

7:30 a.m.

March 5, 2021

Mayor Genshaw brought the meeting to order with the following committee members present: Trisha Newcomer, Director of Economic Development and Community Relations, Councilman Dan Henderson, Mrs. Joan Neal and Charles Anderson, City Manager.

Mrs. Trisha Newcomer presented Agenda Item #1, review and consider a potential fee reduction request from David Perlmutter (SCTM # 431-5.00-318, 431-5.00-323.00) known as the Residences at Riverplace.

Mr. David Perlmutter, the developer was present to represent the project. Mrs. Newcomer shared an aerial photo of the property location. Buildings #3 & #4 are to be built along S. North Street; construction for building #3 will be in the immediate future. Buildings #1 and #2 are already built and did not require a sewer relocation. As part of the project, the existing sewer line needs to be relocated to accommodate placement of the buildings. The City's Engineer reviewed the plan for this property and has recommended placement of the sewer in the roadway and an increase in the size of the pipe from 16" to 18" to achieve self-cleaning velocity at the given slope.

Mrs. Newcomer shared a photo highlighting the existing sewer line located on the property that needs to be removed and relocated. The original plan was then shared that was included in the bid documents that went out for Building #3.

The original project estimate for this work was around \$120,000. Mr. Perlmutter has received quotes from Teal Construction and Corrado Construction Company that showed the additional costs due to the relocation of the sewer. The estimate from Teal Construction was in the amount of \$360,040 and the one from Corrado Construction Company was in the amount of \$784,100. These quotes were significantly higher than originally anticipated for the project.

Mr. Perlmutter is requesting assistance in offsetting the cost of the sewer relocation, which is necessary for the construction of the building three at the Residences at Riverplace.

Mrs. Neal asked if the bypass would be required with either plan? Mr. Anderson replied that is correct, it would be required temporarily during construction.

Councilman Henderson asked if the City has any costs or estimates of their own for paving or the cost to do the work? Mr. Anderson replied that he along with Mrs. Newcomer had a discussion with the Director of Public Works relating to the paving costs. Included in the information provided by Mr. Perlmutter, the paving cost is estimated at \$60,000 to overlay S. North Street. Mr. Mears ran an estimate to complete the work which came out to be close to the estimate provided by Mr. Perlmutter. Mr. Anderson added that this is a complicated process; the City would need to employ a contractor. The City has worked with both of the contractors that provided estimates and they both of done successful work for the City.

Mayor Genshaw asked if there were any benefits to the City? Mr. Anderson replied that a new pipe would be installed. The pavement of the road is a betterment to the City.

Mrs. Neal asked if the City Engineer was asked if they could provide a cost estimate of what their specifications would result. Mr. Anderson replied that it was not asked; it can be done if desired. He added that in a situation like this, the City Engineer reviews and approves the project based on the developer's plan. All of the cost goes back to the developer.

The reasons for the cost increase was explained to the committee. One being the City's Engineer as part of the plan review process required the sewer relocation to be placed in the roadway and no longer on the property. Additionally, the Engineer also required an increase in pipe size from 16" to 18" in order to achieve the necessary self-cleaning velocity at their proposed slope. Another price increasing factor noted, was due to recent construction pricing during the pandemic, the overall project costs have increased within the last 90 days.

Mr. Perlmutter shared that Carrado Construction Company will be the contractor on site doing the rest of the project work as the site contractor. He added that Teal is not able to start the project for another 90 days due to their schedule; Carrado is able to start the project sooner.

Mayor Genshaw commented that from the beginning of this project, it was known that this pipe needed to be relocated which has been discussed.

Mrs. Neal asked about the reference on the request that spoke to an investment being made in the City of Seaford of \$100,000,000. Mr. Perlmutter replied that adding another \$15 million to buildings 3 & 4 just on this parcel being discussed. His company also owns a lot of property downtown such as the old Powerplant and other properties that will be torn down soon. It is anticipated to move towards downtown once this project is completed to develop more lands. This was an estimated amount of the investment that will be made in the City of Seaford.

Mrs. Neal asked if more development meant more apartment complexes? Mr. Perlmutter replied that there will probably be more apartments but with a mixed use. Mrs. Newcomer added that with C-3 zoning is written that first floor would be commercial and then apartments could be above.

Councilman Henderson asked what the current flow into that area without the proposed apartments and what is the expected flow growth going into that area? Mr. Anderson replied that this is the upper region of the interceptor sewer; in this area it picks up flows from the hospital lift station. It is estimated that the daily flows would be about a half million gallons. This is a very critical sewer line for the City.

Councilman Henderson asked what the likelihood of having a problem increasing the sewer line to 18" then decreasing it back down on Water Street where it connects. Mr. Anderson replied that the City Engineer has reviewed the plans; the increase of the pipe was requested due to the slope.

A discussion was held about getting some more concrete numbers provided to the City along with breaking out the costs in the proposals provided. It is also desired to know what it would cost the City to replace that sewer line just as it lays.

Mrs. Neal asked if this was the same project that was given \$169,000 in water and sewer impact relief at the 10/27/2020 City Council meeting. Mrs. Newcomer replied that was correct; it was a recommendation that came from this body in return of getting three of the properties downtown demolished.

Mr. Perlmutter shared that if no assistance is provided for the project; the project may just sit undeveloped. He would like to lock in with his builder by the end of March to have a definite price for

the project. To add another \$750,000 on top of the million dollars to get this project built is unknown if his partners will commit to that.

It was pointed out that the cost estimate received from Corrado Construction Company was significantly higher because it included the cost of paving the road and traffic control. The cost estimate to just install the sewer from Corrado Construction was \$595,800 to Teal Construction cost of \$360,040. Mr. Perlmutter shared that Corrado Construction has advised him that they are not able to purchase the materials as cheaply as Teal Construction.

Mr. Anderson asked if a relief of the paving (\$60,000.00) would put Mr. Perlmutter where he needed to be for the project to occur. Mr. Perlmutter replied that it would not.

Mayor Genshaw asked if would be agreeable to for the City to take over responsibility and cost of paving S. North Street and doing fee reductions with a total incentive to not exceed \$150,000.00. Mr. Perlmutter replied that it is closer; but he would like consideration for and additional \$25,000.00.

Councilman Henderson made a motion to assist the project by assuming the responsibility and cost of paving S. North Street and a fee reduction on future projects owned by the developer David Perlmutter, in the amount not to exceed \$175,000, which is inclusive of the cost of paving, with the stipulated condition that the reduction in fee waiver would expire within (3) three years from the date of City Council approval. Mrs. Neal seconded the motion; the motion passed with all ayes.

Mayor Genshaw stated that the information will be placed on the agenda for the next City Council meeting to be held on March 9, 2021.

With no other business or questions, Mayor Genshaw asked for a motion to adjourn. Councilman Henderson so moved; Mr. Anderson seconded the motion; motion so passed with all present voting in favor. The meeting was adjourned at 8:25 a.m.

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Tracy Torbert, City Clerk