

## MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING

7:30 a.m.

July 21, 2020

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

Trisha Newcomer presented Agenda Item #1, review and consider a potential fee reduction for the proposed annexation of the Sunrise Motel property (SCTMP# 331-3.00-180.00) located at 22512 Sussex Highway, Seaford, DE 19973.

Mrs. Newcomer introduced the property owner, Mr. Sapan Shah. Mr. Shah came forward to provide some background related to his request. Mr. Shah stated that when he purchased the property, there were some upgrades that were needed. Since he purchased the property in 2013, he has spent roughly \$700,000.00 to upgrade the infrastructure to bring it back to its original condition to which it was built. At this time, he would like to expand his business a little more.

City Manager Anderson asked Mr. Shah if he would like to interconnect the new building with the existing building with water and sewer upon annexation. Mr. Shah stated that was correct. The intent is to add an additional 22 rooms.

Mrs. Newcomer stated that Mr. Shah was provided an impact fee estimate, with the current rate structure not including the electrical infrastructure. The estimate provided by the Building Official was \$64,383.48. The property owner is seeking relief of the impact fees to connect the existing building to the City infrastructure; which take the estimated costs down to about \$36,000.00. This would mean that the fees would only be charged on the new building. Mr. Shah added that he was asking to tie in the existing building which is grandfathered and then the new building would be charged the connection fees.

Mrs. Newcomer stated that in 2019, this body considered some incentives for the property owners on Middleford Road to assist them with annexation and connection. After a discussion, it was thought that this could be an opportunity to utilize that incentive for property owners along Route 13. The incentive was as follows:

- Agree to provide a sewer lateral (connecting point) on the property for the property owner at the City's cost.
- Agree to permit connection of all existing infrastructure on the lot at no cost (waive all impact, tap and other fees) if the connection is made within 24 months of sewer installation. We would use the date of the completion of the project for simplicity.
- After the 24-month period we would agree to providing a 1 EDU credit to the property at the time of connection.
- Should redevelopment of a property occur after the 24-month period, the property owner/developer has the option of taking any "ask" to the Economic Development committee for fee reduction based on investment or jobs creation.

Mayor Genshaw asked if the annexation process could be further explained. City Manager Anderson explained that City staff has been working with the property owner for about 18 months. A site visit was completed to outline for the property owner the timeline for water and sewer availability. The property owner has recently submitted an annexation request which is working through the process. He added that at the last City Council meeting, an annexation committee was appointed by Mayor Genshaw. The committee will have their first meeting on August 12, 2020. City Manager Anderson added that working with the property owner, these costs will make or break the request for annexation. If this consideration is not approved, the property owner may withdraw his request for annexation.

Mayor Genshaw asked for any questions from the committee. Councilman Henderson asked about the portion of the existing 22 units for the cost because there are some common costs. He would like to know how the estimate of fees was completed. City Manager Anderson stated that the Building Official, Mike Bailey ran it based on the information that he was given which is limited at this time. It was added that these numbers are estimates at this time and will be adjusted as more information is provided. Councilman Henderson asked if this estimate includes the existing and new units? It was stated that is correct.

Mrs. Neal asked where the new building would be located on the site? It was stated that the building is currently a "L" space and there are two buildings. The new building will go on the back of the property as a stand-alone building to make it a "C" shape. City Manager Anderson added that where the new building is going to be located is where the current septic drain field is located. Mrs. Neal asked if the City consumed any of the cost of the drain field; it was stated that they do not.

Mrs. Neal asked about the job creation and if it could be explained further. Mr. Shah stated that there will be about six full-time positions and one or two part-time jobs. The annexation of the property will result in about \$30,000 to \$35,000 a year in property taxes and utilities use. Mrs. Neal asked what season the part-time jobs would revolve around? Mr. Shah stated that it would be during the winter months which is their slower time so that they can do maintenance, etc. to the rooms.

Mrs. Neal asked what the timeframe was for the project. Mr. Shah stated that he is ready to break ground on his end, however, he still needs to go through the paperwork process. He added that his site plans are about 90% completed. Mr. Shah stated that he didn't want to go too far without getting this consideration approved. Mrs. Newcomer added that this request determines if he will move forward with his annexation request. Mrs. Neal asked how long the annexation process was? City Manager Anderson stated that the timeline has been laid out by City staff. If the meetings occur as they are laid out, it is hopeful to be done by October.

Mayor Genshaw asked for any other questions from the committee. Councilman Henderson made a motion to provide a prorated fee schedule to exclude the 22 existing units and apply the costs to only the 22 proposed new units for a period of 24 months from certificate of beneficial use. Mrs. Neal seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw stated that this is a recommendation that will go to City Council next Tuesday evening, July 28, 2020.

A discussion was then held about offering this type of incentive to other properties on Route 13 to have a marketing tool. City Manager Anderson added that some of these projects are on a specific time frame so it would be helpful to have an incentive to offer. City Manager Anderson reported that they are working on the water extension at this time. The sewer extension is still working through the process and there is not a time frame for that at this time. As developers extend along Route 13, the plan is to

work with those developers to extend the service. After a discussion, it was decided that staff would define a plan and take back to City Council for feedback and action. Mrs. Neal asked if there could be a consistent format for people to submit their proposals. She recommended that this format include the property owner's name, location of the property, TMP and a five-year history of the property. Mrs. Newcomer stated that she can add that information and come up with a template.

With no other business or questions, Mayor Genshaw asked for a motion to adjourn. Councilman Henderson so moved; Mrs. Neal seconded the motion; with a unanimous vote the meeting was adjourned at 8:09 a.m.

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Tracy Torbert, City Clerk