

**MINUTES OF THE
ECONOMIC DEVELOPMENT COMMITTEE
MEETING**

7:30 a.m.

June 9, 2022

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

Director of Economic Development and Community Relations Trisha Newcomer presented Agenda Item #1: Review and consider a request from Mr. Palmer Gillis, 200 Health Services Drive, SCTMP#331-5.00-13.02 for an impact fee review and reduction. Mrs. Newcomer began by introducing Mr. Palmer Gillis representing GGI Builders. She explained the construction of a medical office at 200 Health Services drive is underway, with roughly \$2.5 million invested and the potential for 20-30 full-time positions. The request brought to the committee is to reassess the impact fees, based on the projected water and sewer usage at the facility. The shell permit for this project was issued on January 31, 2021, and the Fit-Out Permit was issued on May 17, 2022; however, no impact fees have been paid up to this point. Mrs. Newcomer explained the City's Building Official, Mike Bailey had compiled data and created a Community Rate Comparison which included water and sewer fee comparisons for Seaford, Milford, Georgetown, and Salisbury. Additionally, Mr. Gillis provided the committee with billing information on three (3) existing professional centers in both Georgetown and Salisbury.

Mr. Gillis came forward and noted recent changes to energy codes have caused a dramatic drop in usage at all his existing sites. Since the usage is so low for this type of medical facility it typically does not equate to costs associated with impact fees. Mr. Gillis noted similar requests to reevaluate impact fees were made in Georgetown, Salisbury, and Milford, and those requests were executed by City Staff. He added when comparing the total cost of Seaford's impact fees and the actual costs based on projected usage, the difference is around \$30,000.00.

Mayor Genshaw solicited any questions from the committee.

City Manager Anderson asked Mr. Gillis exactly what level of reduction he was looking for. Mr. Gillis explained he understands the need for impact fees and doesn't wish to simply have them waived; however, he feels the calculation of the impact fees should be based on the actual usage of the facility. He noted several other cities perform a look-back to ensure the estimated usage did not change dramatically after an agreement is made. City Manager Anderson explained this type of procedure can be problematic once the facility changes hands from the developer to the business owner. He also noted the system by which impact fees are calculated is meant to create an equal playing field for all types of businesses.

Councilman Henderson asked Mr. Gillis if he knew the total cost for impact fees on his facility in Georgetown. Mr. Gillis stated he did not have the exact dollar amount but does recall the first building constructed at the Georgetown location had \$0 in impact fees. He also noted the City of Millsboro agreed to impact fees calculated at .04 EDUs per square foot, per day, on the 50,000-square-foot building located there.

Councilman Henderson then asked City Manager Anderson for details on the fire protection component of the assessed impact fees. City Manager Anderson explained the fees for fire protection are based on the building's tap size. Councilman Henderson asked if this fee was included as part of the impact fees; City Manager Anderson stated no.

City Manager Anderson explained he would like to investigate the different methods used to calculate fees in Milford, Georgetown, and Salisbury and determine if it may be necessary for Seaford to adjust their process to allow for fee concessions on a more case-by-case basis.

Mr. Gillis reminded the committee this specific project also has additional fees associated with the lift station. City Manager Anderson reminded those present that based on the location of the drainage shed near this property, the wastewater would need to be pumped through several lift stations before making its way to the treatment facility. He then asked Mr. Gillis if he recalled the proposed square footage of the building; Mr. Gillis stated it is roughly 10,000 square feet.

Mrs. Neal asked if the location in Seaford would be occupied by the same kind of tenant as the other sites. Mr. Gillis explained all the sites, including the Seaford location, would be occupied by TidalHealth.

Councilman Henderson pointed out the utility bills provided by Mr. Gillis were assessed during the pandemic; when many businesses, including healthcare facilities, were not operating at full capacity. Also, while the medical facilities may not have high water usage, they still create an impact on city utilities with the sewer component.

City Manager Anderson stated the calculations provided today are compelling enough to warrant a second look at the City's existing process for assessing impact fees; however, it would be up to the committee to propose any changes to the existing code.

Councilman Henderson asked what the City's current constraints were for calculating EDUs. City Manager Anderson stated the Community Rate Comparison done by Mr. Bailey shows the requirements based on the City's existing code. He noted Council does have the authority to authorize a concession without the need for a variance or special exception through the Board of Adjustments.

He also reminded the committee, Seaford's code is aligned with neighboring communities, as part of the Unified Sewer District. In the event Seaford's codes were to change, Sussex County would need to filter the change through to any community within the boundaries of the Unified Sewer district. If the City chose to make a concession on a more case-by-case basis, no update to the Unified Sewer District would be necessary.

Councilman Henderson stated he feels it's best to have a uniform system for evaluating and calculating these impact fees, as opposed to allowing developers to bring their requests to the committee each time.

Mr. Gillis stated he did not anticipate that a decision would be made today, and Mayor Genshaw agreed that based on the information provided today, it may be best to evaluate and discuss a path forward benefiting both the developers and the City.

The Committee agreed to table New Business Item #1 until the next meeting on Tuesday, June 28th at 7:00 a.m..

With no other questions or comments, Mayor Genshaw called for a motion to adjourn. Councilman Henderson made a motion to adjourn the Economic Development Committee Meeting; Mrs. Neal seconded the motion. The meeting adjourned at 7:43 a.m.

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