LEGISLATIVE, FINANCE AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on August 24, 2015, at 6:00 p.m. with Chairman Hare (departed at 6:39 p.m.; returned at 6:45 p.m.) presiding. Members present were Mr. Cole, Mr. Sudler, Ms. Maucher, and Mr. Shevock. Members of Council present were Mr. Anderson, Mr. Neil (arrived at 6:54 p.m.), Mr. Lewis (arrived at 6:45), Mr. Hosfelt, Mr. Hutchison, and Mr. Slavin (departed at 6:38 p.m.; returned at 6:40 p.m.). Mayor Christiansen was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Shevock moved for approval of the agenda, seconded by Mr. Cole and unanimously carried.

Transfer of Real Property from Delaware Civic Center Corporation to Delaware State University

Mr. Scott Koenig, City Manager, advised that a request was received from Delaware State University (DSU) regarding the transfer of property from the Delaware Civic Center Corporation. He stated that he had a few requests related to this item; however, he asked that the representatives from DSU speak first. Mr. Koenig indicated that in January 2015, he, along with Mr. Kirby Hudson, Assistant City Manager, former Council President David Bonar, and Mr. William Pepper, Deputy City Solicitor, met by telephone with the representatives of DSU to talk about a potential transfer of land and, since that time, the attorneys had been working on a way to potentially make that happen.

Mr. Thomas Preston, DSU General Counsel, reviewed his letter to Council President Slavin, dated August 11, 2015. He stated that approximately 13 years ago, the ownership of three (3) parcels of land was transferred to the Delaware Civic Center Corporation (DCCC). Mr. Preston informed members that approximately 41 acres of that plot was owned by the City of Dover, and the City maintained a reversionary interest which stipulated that if the DCCC did not use the property for building a civic center within 10 years, the City could demand that the land revert back to the City. He indicated that K.W. Lands, LLC donated a parcel of approximately 6.3 acres which had a similar reversionary interest. The last parcel was given in fee simple, with no reversionary interest. Mr. Preston stated that the DCCC did not build the civic center and, in fact, went out of existence.

Mr. Preston explained that DSU was committed to building that facility if they can get the funding, noting that they are currently working on it; however, in order to move forward, DSU needed to solidify the real estate portion. Mr. Preston stated that DSU was asking the City to either waive its reversionary interest entirely or agree that DSU has a certain period of time to try to raise the money to build a convocation center. He noted that if it were built within that time, the reversionary interest would expire.

Mr. Sudler asked what the DSU board of trustees' most recent decision was in regard to this matter. Responding, Mr. Preston stated that the board was in favor of this matter; however, he explained that the board would be most interested when they come up with financing. He noted that the board recognized that this is a facility that would be tremendously additive to DSU, as well as Kent County and the City of Dover.

Mr. Sudler asked how soon construction would begin if the City were to waive the reversionary interest. In response, Mr. Preston stated that this would be a $57.5M project and DSU was a long way from having that amount. He explained that DSU was talking to people and there were some incredibly creative ideas being floated around. Mr. Preston stated that they would like to believe that it would come to fruition but he could not make a pledge.

Mr. Shevock questioned what type of building DSU planned to build on the property, whether it would be an academic building or sports related. Responding, Mr. Preston explained that the building would be a combination that would house a basketball arena, volleyball, and those kinds of sports, and it would also have facilities around the exterior of the building that would be academic. He stated that DSU was talking to people about creating a health center that would use part of the facility as well, and it would be designed to be easily used for conventions, trade shows, and the like. The purpose underlying the building was to be very flexible and provide a facility that does not exist anywhere else in Delaware, specifically in Kent or Sussex counties.

Mr. Shevock asked if there would be a provision for some type of attachment to DSU's other properties. In response, Mr. Preston explained that approximately a month and a half ago, DSU had discussions with the Delaware Department of Transportation (DelDOT) regarding their plans for the extension of Crawford Carroll Avenue. He stated that, assuming that it comes to pass at some point, Crawford Carroll Avenue would be a connection and DSU would also plan to have a walking path. Mr. Preston noted that DSU currently runs small buses up to the residence hall, which used to be the Sheraton, and down Route 13; however, the idea would be to get the traffic off of Route 13 if possible.

Mr. Anderson expressed his opinion that this would definitely be a positive addition to the City. He noted that the land was in a good and valuable location and the City should reclaim its interest. He questioned the possibility of a partnership with DSU and the City regarding payment in lieu of taxes (PILOT) and issues of that nature if the City were to transfer the property to DSU. Responding, Mr. Preston stated that DSU would be happy to talk to the City about it; however, it was his hope that it would not be linked to this particular transfer because it was his thought that these were separate topics and ought to be discussed separately. Mr. Preston stated that DSU understood the City's concern about this and was prepared to talk at the City's convenience.

Ms. Maucher asked what funding sources had been identified and if Mr. Preston expected to have issues similar to those that the City had in raising funds. In response, Mr. Preston stated that they were not in a place with any of the potential partners to say that they had identified any real sources. He explained that they had looked at public/private partnerships all over the country that had built medical buildings, hospitals, schools, etc., and they knew that this was possible. Mr. Preston stated that they just have to find someone who is prepared to invest $60M in Kent County in a convocation center, which was not the easiest deal to sell. He noted that they were making some progress, and he was guardedly optimistic.

Referring to the other models that Mr. Preston had looked at, Ms. Maucher asked what the timing was to obtain the funds. Responding, Mr. Preston stated that it varied. While some of the big California universities have had a lot of money and a lot of support and were able to put together a

public/private partnership very quickly, others had taken a great deal of time. He stated that some buildings would be easy to build because there is cash flow immediately. With a residence hall, for example, 500 kids move in every year and may pay $9,000 a year for the room, which puts a lot of bricks and mortar on the ground, but convocation centers are tougher.

Members were provided the Delaware State University Convocation Center Final Report, Delaware State University, Dover, Delaware, May 2014 ***(Attachment #1)***. Mr. Preston stated that this feasibility study estimated that the proposed convocation center would have between 144 and 170 events every year, only 40 percent of which would be DSU related. He explained that it was difficult to estimate how many of those would be free events versus those for which tickets would be sold. Mr. Preston stated that the estimate for building operations was between $5.5M and $7.2M, which would be significant for this economy. He indicated that the convocation center would result in approximately 180 permanent jobs, as well as approximately 500 jobs during the construction. Mr. Preston noted that, fiscally, this would be a big deal for Kent County and Dover.

Mr. Sudler asked whether DSU had entertained the idea of giving the City of Dover a discounted rate if the City needed to do something in that capacity. In response, Mr. Preston stated that this had never come up; however, DSU facilities were currently used frequently by the City as well as State and County organizations. He indicated that typically contracts include a charge of $150 or $200 and he did not see any reason why it would not be the same. Mr. Preston stated that the only caveat would be that DSU would have to maintain the building and pay the light bill.

Mr. Hare noted that there was an electric transfer station on the property which the DCCC was going to pay to have moved. He questioned whether it would need to be moved for the proposed convocation center and, if so, whether the City or DSU would pay have it moved. Responding, Mr. Preston stated that Mr. Hare was the first to raise this issue; however, he explained that if DSU had a public/private partnership deal, he did not think this would be a major problem. He indicated that it would need to be moved and this would be done as part of the cost of putting up the building.

Mr. Hare expressed his opinion that due diligence had not yet been done by the City to know what would be given away, noting that someone may be interested in purchasing the land.

In response to Mr. Hare, Mr. Preston indicated that in 2001, the City was satisfied that the benefits from having the civic center built, the jobs that it would create, and the commercial traffic that it would generate would more than offset whatever the value of the land was, noting that he did not have any reason to believe that the analysis had changed since 2001. He stated that DSU did not have an appraisal of the property and he did not know its worth.

Mr. Preston stated his understanding that there were issues with the property that would need to be taken care of, noting that a major portion of it is fill, which would impact the value. He expressed his opinion that the City had to consider whether putting up a center that would result in 180 permanent jobs and between $5M and $7M per year, would be worth more to the City in the long term than whatever this particular 41 acres could be sold for.

Mr. Hare asked for a breakdown of the 180 full-time positions that the center would have. Noting that Mr. Preston indicated that the center would have 144 to 170 events per year and some may be fee-paying events, Mr. Hare asked if there would be any revenue to the City from taxes or anything like that. Responding, Mr. Preston stated that there would certainly be revenue to the City from utilities, as there is from the campus now. Noting that DSU pays almost $3.6M per year, he stated that the amount would increase with the construction of a substantial new building. Mr. Preston stated that they would not go forward with this project if they were not satisfied that the spin-off, in terms of revenues, jobs, etc., more than outweighed the cost of building it. He expressed his belief that this property would not be taxed any more than the rest of the University's property.

In response to Mr. Hare, Mr. Preston confirmed that the University's property is not taxed at all. He expressed hope that the City of Dover had concluded that having DSU as a neighbor was profitable in ways other than tax revenue.

Mr. Koenig, referring to staff's meeting with DSU in January, stated that the City was interested in this concept from an administrative standpoint; however, he explained that a couple of things had happened in the intervening time and the City was under pressure in a number of different areas. Mr. Koenig stated that the City wants to encourage development because it is desired that the economic base expand, both in Dover and Kent County, and this would be a good project on many facets for that. He noted that DSU was on the record as saying this would create utility revenue for the City. Mr. Koenig advised members that there were three (3) separate parcels which had been assessed in total at approximately $2.8M by the City's tax assessment office. He stated that all three (3) parcels were currently tax-exempt because they were granted to the Civic Center Corporation.

Mr. Koenig informed members that since the January meeting with DSU, two (2) things had happened which were very specific to this discussion. He reminded members that State revenues and transfers to local governments are a big question for the future. Mr. Koenig explained that it was important for the City to take advantage of opportunities to discuss PILOT agreements or long-term partnerships where the City receives revenue. He stated his understanding that DSU might not want to couple these two (2) things together; however, he advised that this was really the time to talk about it since DSU was now on record as saying that this facility would generate additional income. Mr. Koenig indicated that unless these discussions begin now, in the early stages, it would be difficult for the City to get DSU on the record in the future. He advised members that the PILOT agreement was something that the City was interested in; however, it had not been discussed with DSU prior to this evening. Mr. Koenig stated that DSU had approximately $250M of assessed land value in the City of Dover, which represents a huge economic investment in Dover. Mr. Koenig noted that having the University inside the City limits provides many advantages to the City; however, he reiterated that there was the issue of PILOT, which the City had not discussed with them.

Mr. Koenig stated that the second issue, which had come up in the last 10 days, was related to potential solar fields on this property. He advised members that, under the renewable portfolio standards, the City would be deficient in Solar Renewable Energy Credits (SRECs) in the next

couple of years. He explained that in January, staff had not discussed what the City would do in the future for the next round of these renewable energy sources. Referring to the Conceptual Site Plan on Page 16 of the Delaware State University Convocation Center Final Report, Delaware State University, Dover, Delaware, May 2014, Mr. Koenig noted that the area labeled future parking would be attractive to a solar developer for the location of a solar field. He stated that the City would like to entertain that discussion with potential solar developers for this part of the land, because this was the cap on the old landfill.

Mr. Koenig stated that the 40+ acres of land that the City owned was an inert landfill that went through a closure exercise back in the mid-1990s. He explained that for the last four (4) or five (5) years, the City of Dover had been paying a small amount for the inspection of that cap to make sure that it stays in place and that the closure documents stayed current, or green, while the Civic Center Corporation had been defunct.

Mr. Koenig reiterated that the City has a need for future solar development and advised that Mr. Harry Maloney, Electric Director, had indicated that this was a really good area based on current technology whereby a solar developer can build a floating field of solar power that would not be damaged by the differential sediment of the landfill cap. Mr. Koenig stated that staff would like to bring this matter before City Council as a discussion that the land labeled as future parking may potentially be something that the City would like to pursue for solar fields. Although staff did not currently know how much land would be needed for the solar fields, the rough estimate was in the five (5) acre range, which would still leave a substantial amount of land that the City would not have a future interest in.

Mr. Koenig advised that, from an administrative level, he would like to take the best of all the discussions going forward. He explained that he would like to continue discussing the potential transfer of the land, and evaluate whether a portion of this land that is away from the convocation center could be redeveloped or developed as a solar field through the City's integrated resource plan that is about to go out for proposals. Mr. Koenig stated that he would recommend that the City do the reversion clause, in case DSU does not move forward with the project, so that the City would have the potential to further evaluate this for either expansion of renewables or some other development application that may happen in the future.

Mr. Shevock noted that the Conceptual Site Plan indicated that the City would require 1,600 parking spaces for a 4,800-seat facility and that the proposal was approximately 500 spaces short. It was his assumption that parking would go over into the future parking area and he questioned how much of the future parking would be used for a solar panel field.

In response to Mr. Shevock, Mr. Koenig, noting that the Conceptual Site Plan depicted the electric substation in its current location, stated that DSU did not contemplate moving the electric substation, which would be substantially costly. Mr. Koenig was unsure of the exact amount of land that would be needed for a solar panel field or how it would impact DSU's plan. He stated that the number of parking spaces needed would depend on the event being held and could be worked out as the City moves through design.

Mr. Shevock asked if a waiver request regarding the specified number of parking spaces would come back to the City. Responding, Mr. Koenig stated that there could potentially be a waiver, but that would have to be granted by the City's Planning Commission through the planning process.

Mr. Hutchison asked if DSU had a timetable related to construction for this project. In response, Mr. Koenig noted that Mr. Preston said the sooner the better but that they did not have funding arranged at this time.

In response to Mr. Hutchison, Mr. Preston stated that DSU would love to begin construction tomorrow; however, they have to have the money and would not start building without having identified the sources.

Mr. Hutchison stated that he loved what he saw, noting that it was very impressive and long overdue for DSU. He expressed his hope that the City Manager, Economic Development Office staff, and DSU would work together to develop an agreement. Mr. Hutchison noted that there are many opportunities with the campus growing the way it is.

Responding to Mr. Hosfelt, Mr. Koenig reiterated that the City's parcel was approximately 41.5 acres and estimated that the assessed value of this property was approximately $2.4M. He reminded members that it should be taken into consideration that this was a landfill and not highway frontage.

Mr. Hosfelt was not sure whether giving away $2.4M of land was the best idea with the current state of the City. He expressed his opinion that this somehow needed to be tied to PILOT. Mr. Hosfelt noted that members had discussed how much the land was worth, the area that it takes up within the City, and the fact that this project would have an impact on City services, such as the police department, fire department, ambulance service, etc. He stated that it was going to have more of an impact than just paying those fees. Mr. Hosfelt thought that, going forward and especially if this would be a money-making venture for the University, it would not make sense for the City to give away $2.4M worth of land.

Mr. Hare stated that he spoke to someone from DSU earlier in the day who said that after Labor Day the City was welcome to come out and have a conversation with Dr. Williams. Mr. Hare reiterated that he did not believe that the City should make a decision without more information.

Ms. Maucher asked if DSU felt that they could not move forward without title to the land or if there could be some type of agreement that once certain goals are met by DSU, the land could be transferred. She was concerned that DSU could have the same fundraising issues as the DCCC and the property could sit for another 13 years without being utilized.

In response to Ms. Maucher, Mr. Preston stated that, under the best circumstances, raising the amount of money required to construct the proposed building would be a challenge, and he did not have any problem with the City maintaining the reversionary interest. He explained that it would

be difficult to move forward when he could not tell a potential partner that DSU had the land and show them what it looked like. Mr. Preston stated that DSU had to start the process with the foundation, which was the land.

Ms. Maucher asked how long a reversionary period DSU would want, whether it would be another 10 years or if five (5) years would be sufficient, with an option to extend. Responding, Mr. Preston stated that the City of Dover was DSU's partner and DSU would work with the City. He explained that if five (5) years with an option for another five (5) was the way the City wanted to go, DSU would be happy to discuss it. Mr. Preston stated that the problem was that there was no money in the State coffers and he did not think the State would be in a position to build a $57M building any time in the reasonable future. He indicated that DSU had to be completely different and creative, and that process was taking some time, noting that DSU had been talking to people for at least a year; however, he did not have anything he could put on the table. Mr. Preston stated that DSU had a terrific person helping them and they were confident that they would get it done, but it could easily be another five (5) years.

Mr. Sudler asked what the largest amount was that DSU had raised, and in what amount of time they had raised it. In response, Mr. Preston stated that DSU was in the midst of its most successful capital drive in the 125-year history of the University. He indicated that DSU targeted $20M, and he believed they were at $16.5M in two-and-one-half years. Mr. Preston explained that this capital drive was targeted for scholarships.

Mr. Anderson expressed his support for this concept and stated that the City needed to reclaim its interest in the property and discuss this matter to determine where the City was going. He was not sure of the feasibility of a solar park and whether this would be an ideal place for it with the building around it and all of the trees. Mr. Anderson thought that the City Manager needed more time to evaluate the options and suggested that perhaps this item could be discussed in three (3) to six (6) weeks.

Council President Slavin thanked Mr. Preston and his team from DSU for briefing members on this project. He also thanked members for expressing their concerns, which he thought were well founded and well communicated. Mr. Slavin stated that this was the period of due diligence that was needed, noting that there would be many ways of meeting all of these interests, noting that he had not heard any opposition to the idea of bringing in additional jobs or to the status and prestige that a convocation center would have for the region and DSU.

Mr. Hare reiterated his concerns regarding the current state of the City and the possibility of giving $2.4M worth of the land to DSU to build a $60M convocation center. He informed members that DSU currently had $259M worth of tax-free property in the City and the State of Delaware had $280M worth of such property in the City. This proposal would increase DSU's amount to more than $300M and result in DSU having more tax-free property in the City than the State of Delaware has. Mr. Hare expressed his opinion that more due diligence needed to be done to justify to the citizens why the City would give 41+ acres of land to DSU, while the citizens would pay more taxes because DSU does not pay any.

Mr. Sudler moved to continue conversation and information gathering from Delaware State University (DSU), as well as the City Manager, and for DSU to come back and give another presentation in regard to how they could economically benefit both the City and DSU. The motion was seconded by Mr. Cole.

Responding to Mr. Hare, Mr. Sudler and Mr. Cole agreed to stipulate that this item be considered at the first meeting in October.

The motion to continue conversation and information gathering from Delaware State University (DSU), as well as the City Manager, and for DSU to come back at the first meeting in October and give another presentation in regard to how they could economically benefit both the City and DSU was unanimously carried.

Referring to the Delaware State University (DSU) convocation center, Mr. Bill Neaton, Economic Development Manager, noted that the City's Economic Development Office had been working with DSU since the first day that their plan came out. He noted that the Economic Development Office, the State legislators, and the Chamber of Commerce were all part of the feasibility study that was funded by the State for the convocation center. Mr. Neaton informed members that a number of locations were considered prior to coming up with the proposed location and, due to the proximity to the University, the size of the parcel of land, and the parking area, this one (1) far exceeded every other parcel of land that was examined.

Semi-Annual Review - Statistics Regarding Jobs and Businesses Gained and Lost in the City of Dover Since January 2015 (Deferred by Committee on August 10, 2015 Due to Time Constraints)

Mr. Bill Neaton, Economic Development Manager, reviewed statistics regarding the City of Dover top employers, noting that DSU was one (1) of the larger employers in the City of Dover, with approximately 1,000 full-time and part-time employees. He noted that they continued to expand their programs, and the Optical Science Center for Applied Research (OSCAR) was about to open. Mr. Neaton stated that DSU continued to expand and create a base in the City of Dover that is a Center of Excellence, and the City was pleased to partner with the University.

Mr. Neaton informed members that Bayhealth continued to expand and had added approximately 100 employees since January 29, 2015, which would continue to increase. Bayhealth had purchased property south of Milford, where they would be building a health campus at a projected cost of between $250M and $275M. Mr. Neaton stated that Bayhealth was continuing to purchase physician practices which would also increase their employee base.

Mr. Neaton stated that Dover Air Force Base continued to remain stable. He explained that the City of Dover was currently involved in a community partnership initiative with Dover Air Force Base, to assist the Base in reducing their costs so they could remain a viable partner in the City of Dover. Mr. Neaton stated that the City of Dover, residents, and Dover Air Force Base have a really unique relationship, noting that those at the Base who have lived in other places say that it is probably the

best relationship of any community and military base in the country. He reminded members that several awards had been won for having that kind of relationship. Staff continued to meet with Dover Air Force Base, and the next partnership initiative meeting would be held later in the week.

Mr. Neaton explained that Edgewell, formerly known as Playtex and then Energizer, was now a separate corporation from Energizer, with their own letters on the stock exchange. Edgewell is the leading edge concentrating on well-being. Mr. Neaton informed members that Edgewell was continuing to retrofit their plant in Dover, and their engineer advised Mr. Neaton that they were on schedule to complete the project in 2017 and transfer all of their feminine care manufacturing from Canada to Dover, which would provide several hundred jobs in Dover.

Mr. Neaton reminded members of the Kraft Foods and Heinz merger, which resulted in the loss of 2,500 jobs in the company. He stated that the day that this was announced, he and the Mayor made contact with the plant manager at Kraft Foods, who was cautiously optimistic that they would not see a major impact in these job cuts. Mr. Neaton stated that Kraft was lean and mean at the levels of management, and was manufacturing products that nobody else in the country manufactures. He advised that he, the Mayor, and the City Manager would be meeting with the plant manager on Friday morning to discuss what is necessary for the City to assist Kraft in moving forward. Mr. Neaton indicated that they are truly a great partner to have in the City of Dover, and staff maintained almost monthly contact with them. He advised that when he called Kraft regarding the City's need for water for this year's Comicon at the Dover Public Library, they donated 5,000 bottles of water.

Mr. Neaton noted that Procter & Gamble, another great partner for the City, had remained steady and was preparing to celebrate their 40th anniversary.

Mr. Neaton advised members that Wesley College had a new president, Mr. Clark, who is a very progressive thinker. Mr. Neaton expressed his opinion that Mr. Clark would do great things for Wesley College.

Mr. Neaton stated that Hirsh Industries was a silent little business located on the northern edge of Dover that takes rolled steel and manufactures filing cabinets and, last year Hirsh manufactured approximately one (1) million filing cabinets. Mr. Neaton informed members that he and the Mayor met with Hirsh last month to discuss some concerns and problems they were experiencing. Hirsh asked for assistance from a few City departments, and the City responded almost immediately to their requests. Mr. Neaton advised members that the City was continuing to assist Hirsh with their warehousing. They had discussed expanding and met with the City Planner last week. Mr. Neaton stated that Hirsh discussed abandoning a lift station and going into gravity feed into the sewer system; however, it was his understanding that they were not going to do this because it would be too costly. He noted that the Public Works Department, Planning Office, and Mayor's Office had been working very closely to assist Hirsh.

Mr. Hutchison noted that Kraft Foods had expressed concerns regarding the high cost of electricity and asked if that would be part of Mr. Neaton's discussions. Responding, Mr. Neaton informed members that a meeting was scheduled for Friday, August 28, 2015 to discuss various issues, which he thought would include the cost of utilities.

Mr. Anderson asked what the current unemployment rate was for the City. In response, Mr. Neaton stated that he did not know the current unemployment rate for the City but he would forward it to Mr. Anderson. Mr. Neaton noted that it had remained fairly stable over the last few months but was a little higher than the State level.

Mr. Anderson asked if Mr. Neaton had heard any concerns from Dover's major employers other than those in regard to commercial utility rates. Responding, Mr. Neaton indicated that commercial utility rates were probably the greatest concern. He stated that they are pleased with staff's response time to their requests. For example, Mr. Neaton advised that Kraft Foods experienced power problems in their yard last year and the plant manager and the City worked very quickly to resolve their problems.

Mr. Anderson stated that he had also heard concerns regarding commercial utility rates, particularly with the small three (3) percent increase included in the FY 2016 Budget.

Referring to Edgewell, Mr. Anderson noted that there was a plan to significantly increase the jobs at the Energizer/Playtex plant, by at least 50 percent, over the next several years and asked if there were any changes to that plan, with the spin-off of Edgewell. In response, Mr. Neaton advised members that Edgewell was still on board with that plan. They are in the process of shutting down their plant in Canada and those jobs will come to Dover, which will result in the 50 percent increase. Mr. Neaton stated that there was some plastic container manufacturing at the Dover plant which had between 40 and 45 jobs, and the City attempted to keep those jobs in Dover; however, that manufacturing was unfortunately transferred to Connecticut. He explained that they already had a clean room setup in Connecticut and it would have cost them approximately $2M more to build a clean room in Dover.

Referring to the new shopping facility near Sam's Club, Mr. Anderson asked if there was a time frame for the five (5) stores, and how the facility would impact employment and the value of the City's investment in that area. Responding, Mr. Neaton advised that he had weekly contact with Mr. Dean Pletz, Vice President of The Onyx Group, which is doing that project. He noted that they expect to have the first store completed sometime in January or February 2016. Mr. Neaton indicated his understanding that the first store would be Petco. The Onyx Group expected the rest of their project to be complete early next year. As far as employment, Mr. Neaton stated that he could not guess at the numbers; however, with five (5) retail stores and a restaurant, he indicated that it could possibly be in the hundreds of employees.

Mr. Neaton advised members that the projected completion date for the Produce Junction Store was the end of September or the first of October 2015. He believed that they would employ approximately 60 to 70 people. In response to Mr. Hare, Mr. Neaton stated that the Produce Junction Store would be located at the former Office Max site.

Responding to Mr. Anderson, Mr. Neaton stated that the City's incentives had absolutely impacted these developments and had a very positive effect in bringing people into Dover.

Mayor Christiansen reiterated that City staff would be meeting with 20 of Dover's largest utility users on Friday, August 28, 2015. He stated that the meeting was facilitated at the request of the Chamber of Commerce and employers were invited to attend. Mayor Christiansen noted that the Chamber was working in tandem with the City's Economic Development Office and the City Manager's Office to guarantee that these employers would let the City know the issues that they are having, the hardships that they face, and how the City needs to protect the jobs currently in place, as well as bring new jobs to the City.

Responding to Mr. Hare, Mr. Neaton informed members that the former K-Mart is owned by people in Cleveland, Ohio and they have a tenant. He stated that he had spoken to them approximately one (1) month ago and they had submitted a plan to the Delaware Department of Transportation (DelDOT) regarding additional entrances and exits. Once that is approved, they would be able to announce who the potential tenant is. Mr. Neaton explained that he had seen the plans for the facility, which include additional landscaping and islands in the parking lot. He stated that the plans also included landscaping along Route 13, as part of the beautification of Route 13.

In response to Mr. Sudler, Mr. Neaton explained that the five (5) new retail stores would be located on the site of the former Walmart and would include Ross Dress for Less, Petco, and Five Below. He stated that there would also be an Outback Steakhouse built on a pad site at that location.

By unanimous consent, the meeting adjourned at 6:55 p.m.

William F. Hare
Chairman

WFH/TM/dd

Attachments

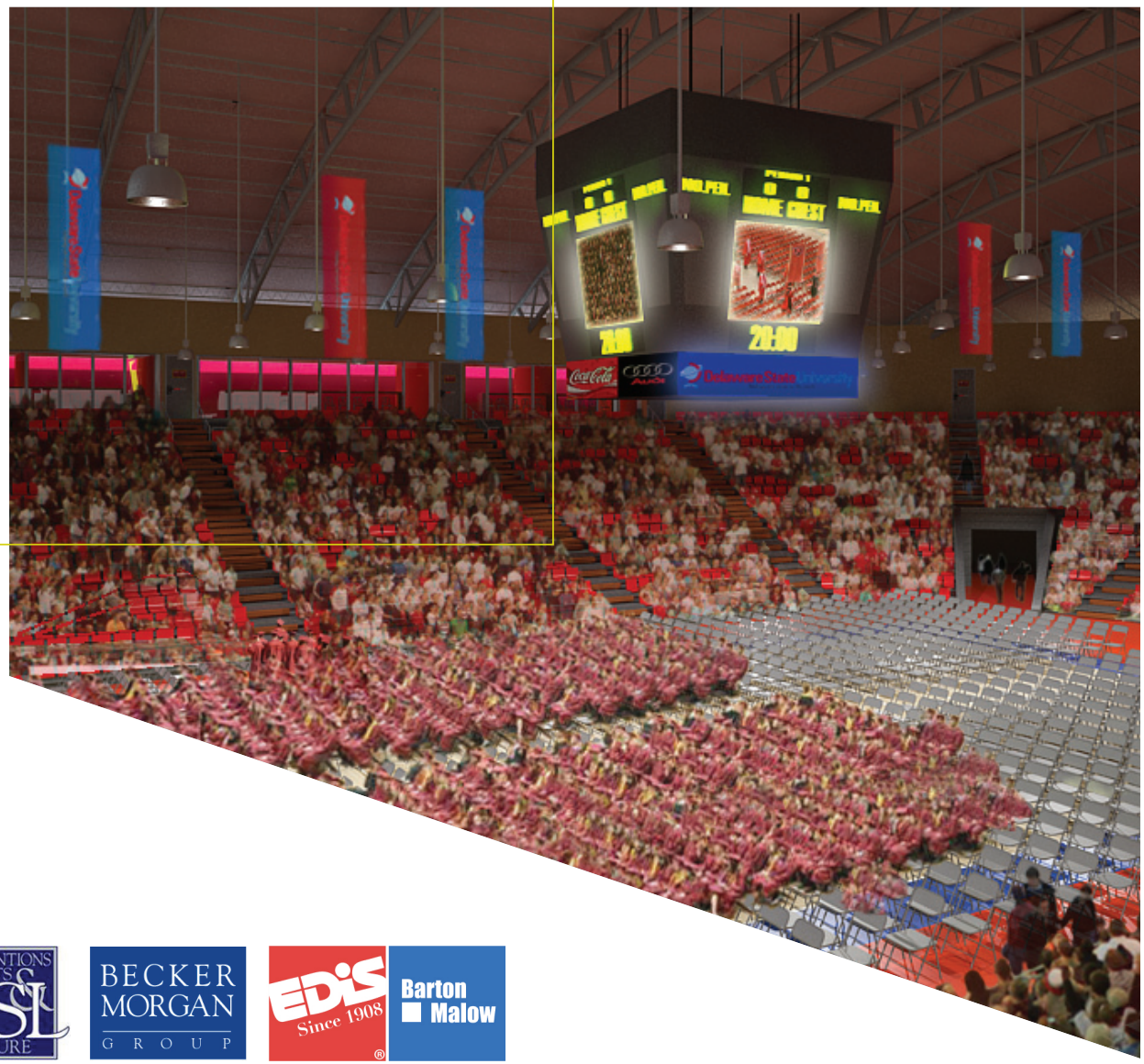
Attachment #1 - Delaware State University Convocation Center Final Report, Delaware State University, Dover, Delaware, May 2014

Delaware State University Convocation Center

Final Report

Delaware State University
Dover, Delaware

May 2014



HOLZMAN MOSS BOTTINO ARCHITECTURE

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ATTACHMENT #1
Legislative, Finance, and Administration Committee Meeting of 08/24/2015

Participants

Representatives from Delaware State University (DSU), the State of Delaware, Kent County, the City of Dover and the Greater Kent Committee, came together to participate in a series of workshops and conference calls to brainstorm and provide feedback on the Delaware Convocation Center project. We thank all participants for their assistance with furthering the project.

Steering Committee

Senator Colin Bonini, State Senator, 16th District
Senator Brian Bushweller, State Senator, 17th District
Rep. Darryl Scott, State Representative, 31st District
Mayor Carleton Carey, Mayor, City of Dover
Mr. Bill Neaton, Economic Development Manager, City of Dover
Mr. James Waddington, Director – Economic Partnership, Kent County Levy Court
Ms. Judy Diogo, President, Central Delaware Chamber of Commerce
Ms. Shelly Cecchett, Executive Director, Greater Kent Committee
Mr. Bill Strickland, Past President, Greater Kent Committee
Mr. Stuart Outten, Former Chair, Delaware Civic Center Corporation
Ms. Carolyn Curry*, Chief of Staff and VP for Institutional Advancement, DSU
Dr. Amir Mohammadi*, University Treasurer, DSU
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CONTENTS



Introduction 1
- Overview
- Process
- Mission, Mandates and Major Assumptions

Understanding the Market 5
- Methodology
- Market Characteristics

Recommendations 9
- Public-Private Partnership
- Phasing
- Building Program
- Site Options
- Cost

Projected Impact 21
- Events and Attendance
- Financial Operations
- Economic Impacts
- Funding Analysis
- Management Options



Project Objectives

Through visioning sessions with the Steering Committee, the following list of priorities for the project was established:

- *Create an academic building that supports DSU's pedagogical mission*
- *Envision DSU facility for shared use by the entire state of Delaware*
- *Establish indoor venue for DSU convocation and graduation*
- *Develop premier facility for men's and women's NCAA basketball*
- *Create multi-use facility for large assemblies, conferences, trade shows, entertainment and athletic events*
- *Assess market to estimate users, uses and financial viability*
- *Establish strategies to achieve annual financial break-even*
- *Create engine to enhance economic development (job creation and tourism)*
- *Promote active partnerships with DSU, State of Delaware, Kent County, City of Dover, and school districts*
- *Provide a premier facility through design excellence*

Introduction



Project Overview

The desire to embark on a feasibility study for the Delaware Convocation Center arises from the myriad needs of Delaware State University, the City of Dover, Kent County and the state of Delaware for an assembly and event space. The convocation center, a place to hold graduation ceremonies on a twice yearly basis, is a much-needed gathering space for the university and the residents of the surrounding region.

Capitalizing upon the potential synergies of a joint project between town and gown, the study investigates the viability of a convocation center and its impact upon the region. Reviewing current market conditions and trends, existing facilities, surveys and interviews with prospective stakeholders and users, the study presents a holistic and conservative assessment of the project's feasibility.

In conjunction with the data and information compiled, the study also takes a preliminary look into the size and usage of a facility that would be suitable for the Dover area market. The hypothetical facility allows the team to get further feedback about its appropriateness to the community, usability, cost and economic impact on the region, in addition to exploring ways of accommodating both the university's and community's programming and space needs.

Existing Conditions and Needs

It is vital for DSU to have a convocation center. The lack of an appropriate large-scale indoor location for commencement activities has resulted in the implementation of last-minute alternative arrangements due to inclement weather. In 2009, attendees sat in the rain throughout the graduation ceremony with many having to leave due to the downpour. In 2010 and 2011, the graduating class was split into three smaller groups and separate ceremonies were carried out indoors. Neither option is an ideal way to celebrate the graduates and their families on the day that caps the students' college career, a day which should be the source of many proud, happy memories.



In 2009, rain impeded the commencement ceremony, dampening the spirits of the graduates and their families. The lack of an indoor venue that could accommodate all the participants was sorely felt.

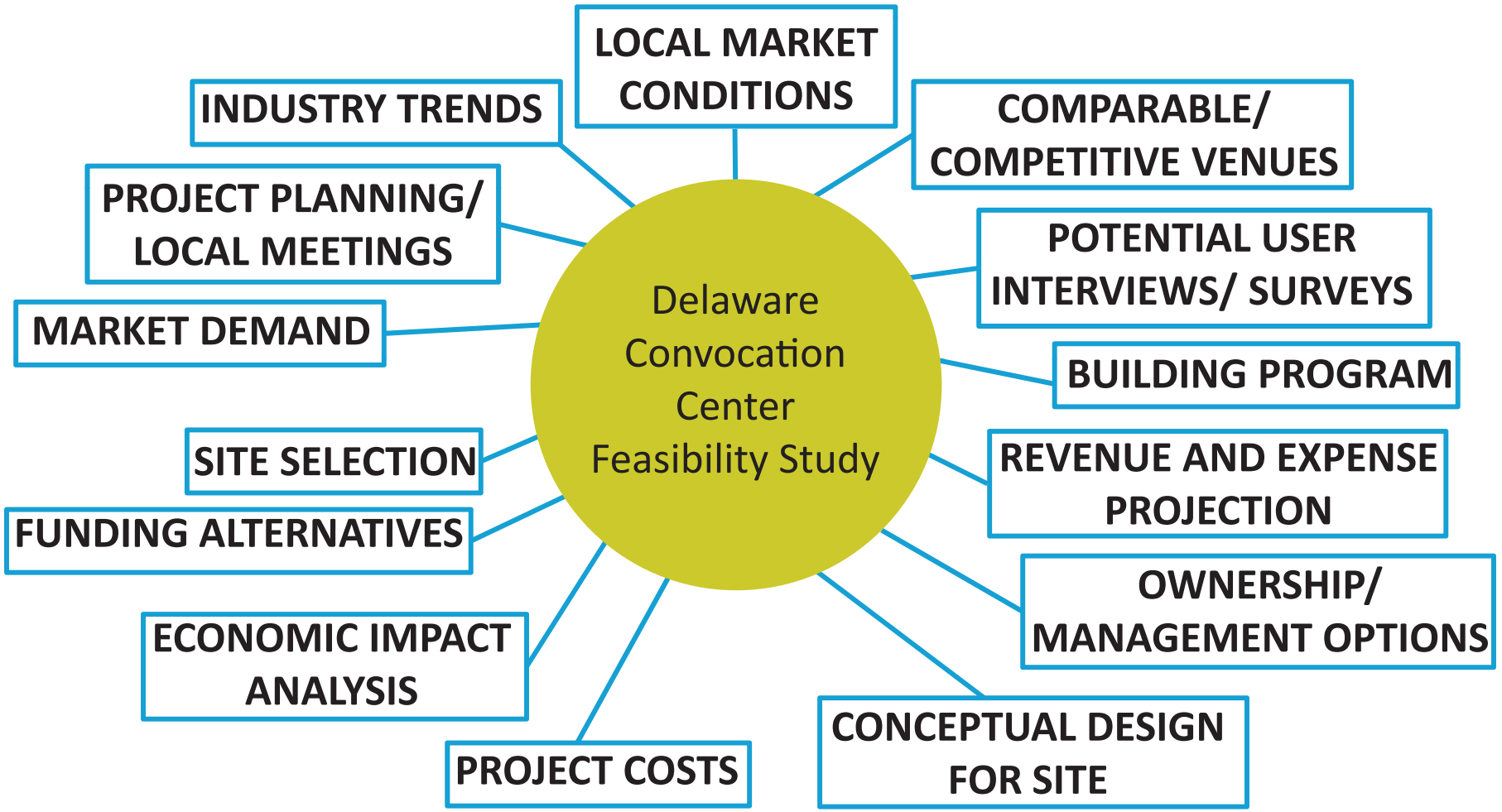


Process

Bringing together a multi-disciplinary team, Holzman Moss Bottino Architecture was commissioned to undertake this study in April 2013. The scope of work included assessment of the market conditions, investigating potential sites, establishing a preliminary program and construction cost, analysis of financial and economic operations, examination of funding options and assessment of ownership and management options.

To address the range of issues, the team includes experts from fields such as market and financial planning (CSL International), space planning (ForeSite Facility Planners), civil/ traffic/ site analysis (Becker Morgan Group) and cost estimating/ scheduling (EDIS-Barton Malow joint venture).

Over a period of nine months, the team undertook numerous surveys and interviews with members of the community, key potential stakeholders and users, in addition to market research. The team made periodic presentations to the Steering Committee to keep them apprised of our findings, while providing various options for the proposed facility in order to fine-tune our recommendations. Members of the committee included state senators, state representatives, representatives from the City of Dover, representatives from Delaware State University, members of the Greater Kent Committee, Central Delaware Chamber of Commerce and many others.



To achieve an in-depth understanding of the multiple factors affecting the viability of the proposed convocation center, the team embarked on a scope of work, as represented in the diagram above, to look at the project in a holistic and comprehensive manner. The methodology allowed the team and the Steering Committee to analyze the social, financial and economic impacts related to the project throughout its life.

Understanding the Market

"This area needs a large arena to attract big name, revenue-generating events and entertainment. Currently residents have to travel 1½ hours in any direction to get access to cultural and entertainment events of significant caliber. This is long overdue." - comment by survey respondent

Methodology

In planning the development of the proposed Delaware Convocation Center, it is important to solicit feedback from potential facility patrons and stakeholders. Interviews were conducted with more than160 organizations and stakeholders including Delaware State University; City, County and State officials; local/regional business community; spectator event promoters; state/regional convention planners; other higher education campuses; regional K-12 schools; and regional hospitality industry leaders.

A comprehensive survey was also distributed via email to the Dover/Kent County-area business community as well as university students, faculty/staff, alumni and donors and other area residents. More than 300 surveys were completed, providing important insight into the following:

- History of attendance at other event and assembly facilities in Dover and the surrounding region;
- Interest level in attending various types of events/programming at the proposed Delaware Convocation Center;
- Current relationship with Delaware State University and the local/regional community;
- Opinions on the convocation center's potential impact on the community and its residents;
- Level of support for and overall attitude toward the convocation center project;
- Level of support for various potential project funding sources;
- Local meeting and event/meeting space needs;
- Interest in using event/meeting space at the proposed Delaware Convocation Center; and,
- Interest in priority/premium seating options and potential naming and sponsorship opportunities that could be offered at the proposed Delaware Convocation Center.

The interviews and surveys identified a variety of needs not met by existing event venues, ascertained moderate demand for concerts, family and sporting events, determined a strong level of interest from state organizations, and brought to light robust support for a public-private partnership. Of vital importance, more than 90% of the survey respondents exhibited a positive attitude towards the project.

Market Characteristics

Market attributes such as local and regional market demographic characteristics, transportation access and competitive entertainment establishments in the local and regional market provide key indicators of the potential demand for the proposed Delaware Convocation Center.

The following is a summary of the key findings of the analysis of market characteristics.

- The Dover metropolitan area is home to approximately 168,000 residents. (Fig. 1) The proposed Delaware Convocation Center will have the potential to draw attendees from throughout the Delmarva region, which has a population of approximately 1.4 million, and on a more limited basis from the western shore of Maryland, southern New Jersey and southeastern Pennsylvania.

- Dover's lack of commercial air service or proximity to the I-95 corridor may impact the proposed Delaware Convocation Center's ability to attract regional conventions and certain touring entertainment events. However, the Dover market's strong highway linkages to points throughout the Delmarva Peninsula, along with its relatively central location within that region, make Dover well positioned to capture event delegates and attendees from throughout the immediate region. (Fig. 2)

- The availability of abundant, moderately priced hotel rooms in Dover could be a significant advantage in drawing conferences, sports tournaments and other such events to the proposed Delaware Convocation Center. The ability to attract these events could help increase demand for hotels, providing a needed boost to the local hotel industry.

MARKET DEMOGRAPHICS

	Dover CBSA/ Kent County [1]	State of Delaware	Delmarva Peninsula	U.S. Totals
Population				
1990	110,993	666,168	1,054,701	281,421,900
2000	126,698	783,598	1,230,899	308,745,500
2013	167,786	917,761	1,416,519	314,861,800
2018	176,439	951,813	1,459,893	325,322,300
CAGR 1990-2013	1.8%	1.4%	1.3%	0.5%
CAGR 2013-2018	1.0%	0.7%	0.6%	0.7%
Age				
Median age	36.7	39.0	39.8	37.5
Under 18	25%	23%	22%	24%
18 to 34	23%	22%	22%	23%
35 to 54	26%	27%	26%	27%
55 & Over	26%	28%	29%	26%
Household Income				
Average HH Income	$64,987	$74,471	$73,306	$49,300
Less than $25,000	21%	20%	21%	25%
$25,000 to $50,000	25%	24%	24%	25%
$50,000 to $75,000	22%	20%	20%	18%
$75,000 to $100,000	16%	13%	13%	12%
$100,000+	17%	23%	22%	19%
Corporate Inventory				
Total Corporate Base	6,276	39,064	62,961	17,186,500
By Number of Employees:				
20+ Employees	708	4,345	6,735	16,108,600
50+ Employees	318	2,003	2,988	571,100
100+ Employees	138	1,004	1,432	221,800

(1) The Dover CBSA (metro area) is defined as Kent County.
Note: CAGR = Compound Annual Growth Rate
Source: Claritas; Hoovers.

Fig. 1 This table provides some statistics about the population in the Delmarva region with regard to size, age and income.

DRIVING DISTANCE FROM REGIONAL MARKETS

CBSA	Distance (miles)	Drive Time	Market Population
Delmarva Markets [1]			
Dover, DE	N/A	N/A	167,786
Philadelphia et al, PA-NJ-DE-MD [2]	35	40 min	6,022,170
Sussex County, DE	37	49 min	204,064
Easton, MD	47	1.2 hrs	38,299
Salisbury, MD	57	1.3 hrs	125,862
Cambridge, MD	63	1.4 hrs	32,655
Ocean Pines, MD	63	1.3 hrs	51,560
Markets Beyond Delmarva within 4-Hour Drive [3]			
Vineland-Millville-Bridgeton, NJ	88	1.7 hrs	157,262
Pottsville, PA	90	2.0 hrs	146,513
Washington et al, DC-VA-MD-WV	96	2.0 hrs	5,828,935
Lancaster, PA	100	2.0 hrs	528,329
Baltimore-Towson, MD	106	1.8 hrs	2,750,201
Reading, PA	106	2.0 hrs	414,193
Trenton-Ewing, NJ	112	2.0 hrs	367,555
York-Hanover, PA	119	2.5 hrs	438,713
Lexington Park, MD	127	2.8 hrs	110,231
Harrisburg-Carlisle, PA	128	2.7 hrs	556,770
Allentown-Bethlehem et al, PA-NJ	129	1.2 hrs	829,018
Atlantic City-Hammonton, NJ	131	2.2 hrs	273,951
Lebanon, PA	131	2.5 hrs	135,132
Ocean City, NJ	133	2.3 hrs	95,762
Hagerstown-Martinsburg, MD-WV	157	2.8 hrs	274,182
Gettysburg, PA	157	2.8 hrs	101,422
New York et al, NY-NJ-PA	165	2.8 hrs	19,149,591
East Stroudsburg, PA	170	3.0 hrs	169,846
Winchester, VA-WV	171	3.3 hrs	130,915
Scranton--Wilkes-Barre, PA	176	3.0 hrs	562,468
Chambersburg, PA	185	3.3 hrs	152,179
Virginia Beach et al, VA-NC	192	4.0 hrs	1,695,181
Bridgeport-Stamford-Norwalk, CT	204	3.3 hrs	936,341
Richmond, VA	204	3.5 hrs	1,284,147
Cumberland, MD-WV	221	3.8 hrs	102,346
Harrisonburg, VA	228	4.0 hrs	128,939

(1) Includes all CBSA's located on the Delmarva Peninsula
(2) The Philadelphia CBSA includes New Castle County, which is located on the Delmarva Peninsula.
(3) Includes CBSA's with a population of at least 100,000 within a 4-hour drive of Dover.
Source: Google Maps, Claritas.

Fig. 2 This table shows the distance and length of time it would take to drive to Dover from surrounding cities.

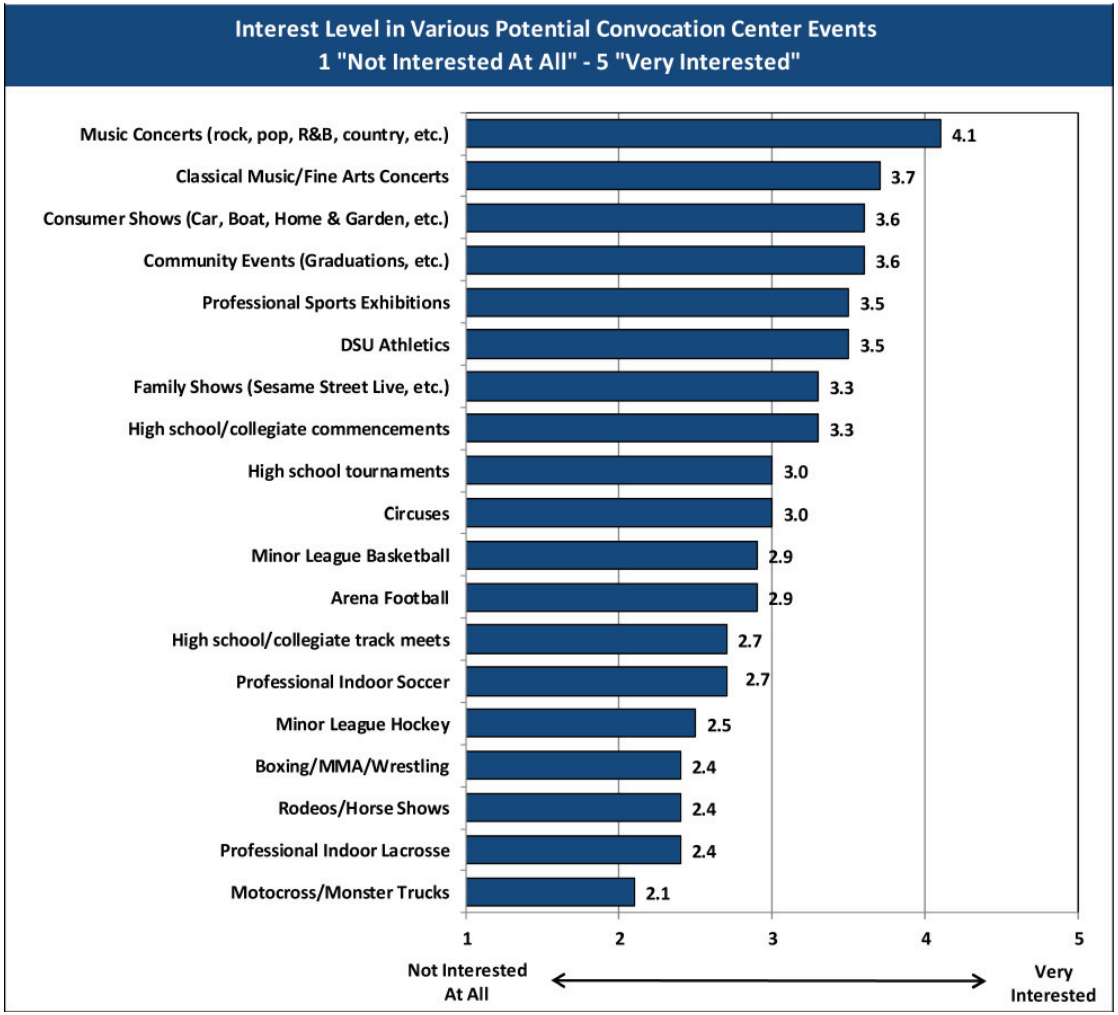


Fig. 3. This chart summarizes the levels of interest from survey respondents for various events that could occur in the proposed convocation center

- The City of Dover is not home to an indoor entertainment venue with a seating capacity greater than 2,500 seats and offers limited exhibition space, providing the proposed Delaware Convocation Center with potential untapped event opportunities. However, the facility could face competition from regional facilities such as the Chase Center in Wilmington, the Bob Carpenter Center at the University of Delaware in Newark for certain regional events.



Conceptual Rendering of Graduation Ceremony

The architect's conceptual rendering for the convocation center (a specific design has not been created) shows the arena accommodating a graduation ceremony with 1,200 graduates on the event floor and an audience of 3,600 people in the seating bowl. The arena's seating configuration is flexible, allowing it to be used for a variety of events such as concerts, trade shows, sporting events, and many others.

Recommendations

"This project would be great for Delaware State University. We will have revenues for the University and the city of Dover." - comment by survey respondent

Public-Private Partnership

Many facilities around the country that are similar to the Delaware Convocation Center are based on public-private partnerships. Not surprisingly, survey results show that approximately 88% of the respondents support a public-private partnership for the Delaware Convocation Center. This strategy ensures that the convocation center can become an asset to the university, central and southern Delaware, and the city, providing much-needed event space for various constituents, maximizing the building's utilization rate and enhancing the relationship between the academic and civic communities.

As a DSU facility with an interest in varied community and regional uses, the building program reflects the needs of diverse constituents in its listing of spaces. Anticipated activities include a mix of academic, spectator, athletic convention, conference and meeting events. The program provides the opportunity for multiple uses of the same space.

Consideration has been given to zoning the building to ensure ease of access by both the public and university students, faculty and staff. Much thought has also been given to the successful sharing of multipurpose spaces between the various entities. Conscientious scheduling of spaces will be critical to maintaining the smooth operations of the building.

Building Program

The key components of the program consist of the academic spaces of the Health and Wellness Institute, the event floor of the arena, fixed and flexible bowl seating, visitor support spaces, support spaces for the athletic teams, administration spaces and building support spaces.

The arena's event floor accommodates a variety of fields-of-play and retractable seats allow for greater flexibility. In convocation or commencement settings, an additional 1,200 loose seats can be placed on the event floor.

Academic Program

The Academic Health and Wellness Institute is a fast-growing academic program at DSU, which is sorely in need of additional space. Classroom spaces can double as meeting and ballroom spaces, and can cater to the convention and conferencing events that the facility hopes to attract.

Phasing

"Right-sizing" the facility is critical to ensuring its success. Currently, there are no facilities in Dover that seat more than 2,500 patrons for events. Based on industry trends, analysis of market characteristics and responses from stakeholder interviews, a facility with a capacity ranging from 4,300 to 6,000 would be ideal to meet the concert, family show, sport event and convocation needs of the city and university.

Keeping in mind the twin considerations of what the market can support and budget constraints, which influence the size of the proposed project, the proposal puts forth the idea of a phased project. The first phase would allow for the development of a 3,600 seat facility (4,800 seats at graduation) with the possibility of expansion to meet increased market demand, if funding permits it. All the academic, meeting and breakout spaces will be built in Phase 1 to allow the Health and Wellness Institute to be fully functional from the first day. It is also vital to note that some of these spaces provide opportunities for rental income.

Phase 2 represents an increase in the number of seats in the bowl, resulting in a total of 4,800 seats (6,000 seats at graduation), a proportional increase in visitor support spaces, and some building support and storage spaces. The enlarged seating bowl presents the ability to attract larger roadshows, better publicized concerts and more tradeshows.

Retractable Seating

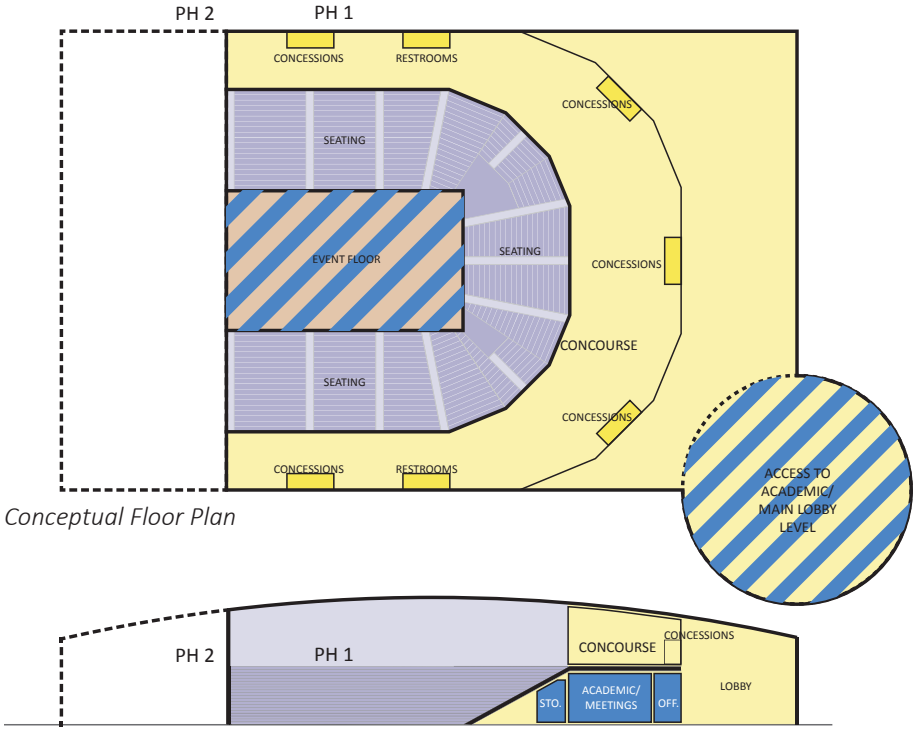
Planning for a portion of the seating bowl to be retractable allows for greater flexibility. When all the seats are pulled out, the event floor is at its smallest, accommodating activities that fit within a basketball court. When rows of seats are retracted, the event floor expands, permitting activities that require more space, such as trade shows, concerts, the circus etc, to occur, an invaluable feature given the lack of indoor exhibition space in Dover.

SUMMARY OF RECOMMENDED BUILDING PROGRAM

	Phase I	Full Build-Out
Gross Square Feet	144,408	169,135
Seating Capacity	3,682 seating bowl 1,200 temporary floor 4,882 total	4,800 seating bowl 1,200 temporary floor 6,000 total
Event Floor Square Footage	10,300 s.f. (minimum) 17,150 s.f. (maximum)	10,300 s.f. (minimum) 17,150 s.f. (maximum)
Dedicated Ballroom Space	5,400 s.f.	5,400 s.f.
Breakout Meeting Space	3,300 s.f.	3,300 s.f.
Academic Space	20,000 s.f.	20,000 s.f.

Fig. 4. The facility will meet all the needs expressed by DSU and the City of Dover from Day 1, providing all the required gathering, meeting and academic spaces. Planning for a second phase, provides the opportunity for the facility to respond to increased demand for seating in the arena.

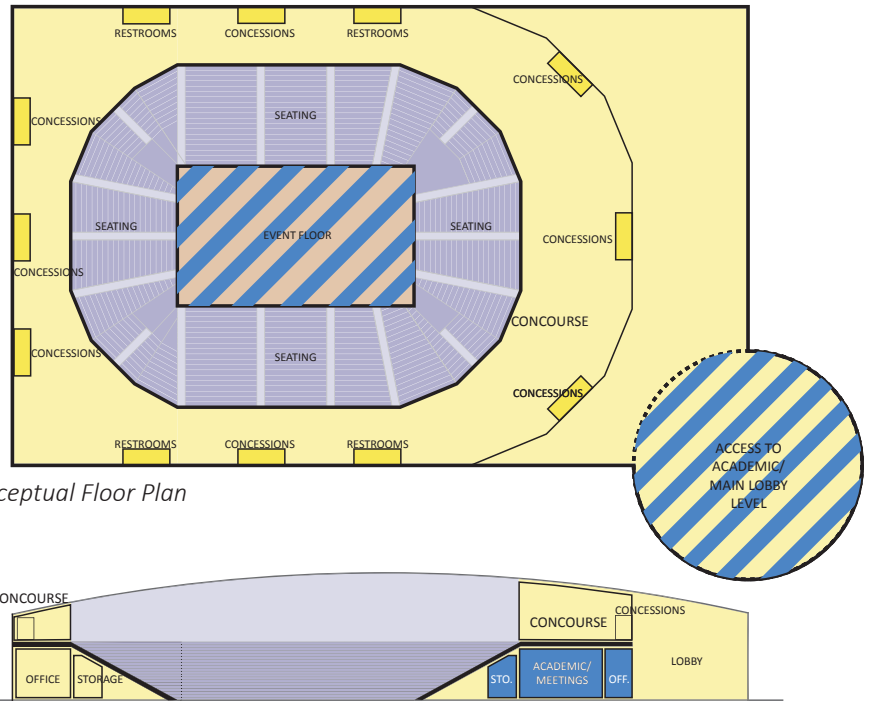
Phase 1



Conceptual Floor Plan

Conceptual Building Section

Phase 1 and 2

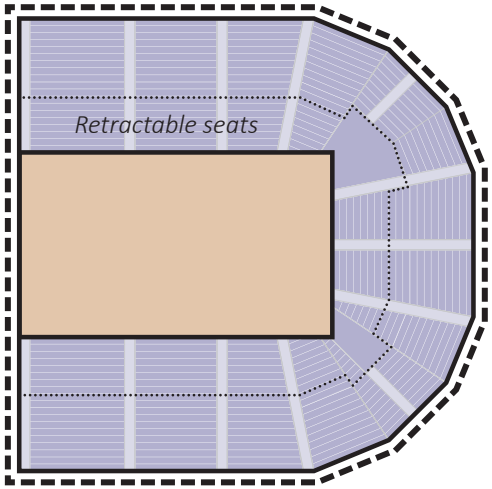


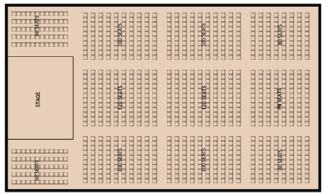
Conceptual Floor Plan

Conceptual Building Section

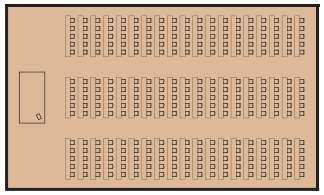
Academic *Public* *Seating* *Event Floor*

In Phase 1, the seating will form a horse-shoe shape surrounding the event floor, accommodating approximately 3,600 people in the bowl seating. Phase 2 allows for an increase of about 1,200 seats. With a total of 4,800 seats, the Delaware Convocation Center will become an ever more attractive event arena for concert organizers and roadshows.





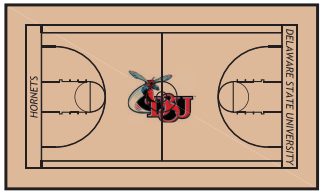
COMMENCEMENT
(additional 1,200 seats)



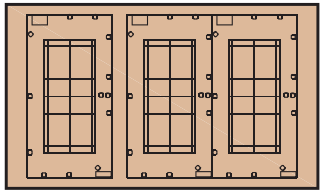
CLASSROOM/
LECTURE



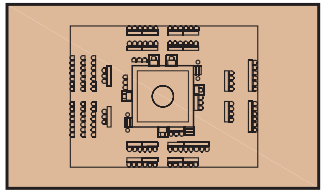
EXERCISE
PHYSIOLOGY LAB



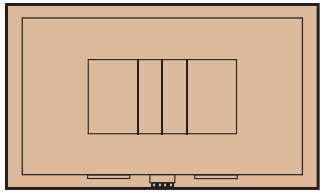
BASKETBALL



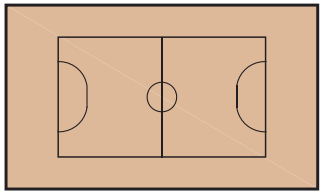
BADMINTON



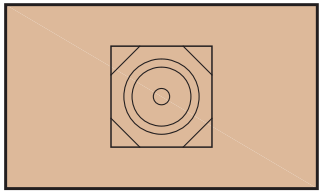
BOXING



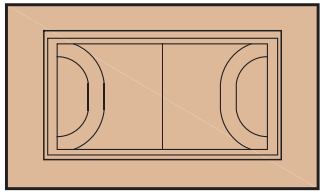
VOLLEYBALL



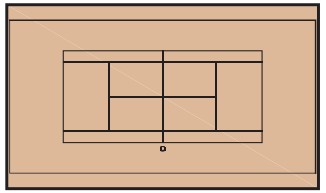
INDOOR SOCCER



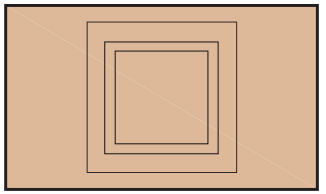
WRESTLING



HANDBALL



TENNIS



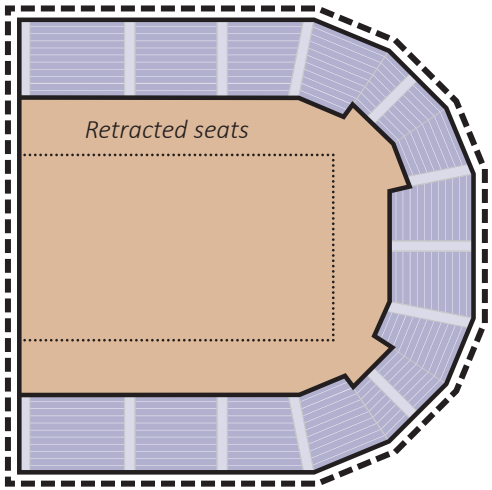
TAEKWONDO

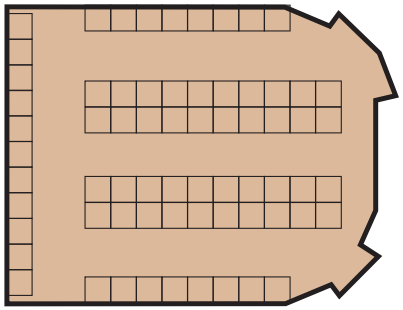
Maximum Seating Configuration

This is a plan diagram of the seating bowl and event floor. Events such as convocations and basketball games will be accommodated in the maximum seating configuration. The diagrams show additional activities that could occur on the event floor.

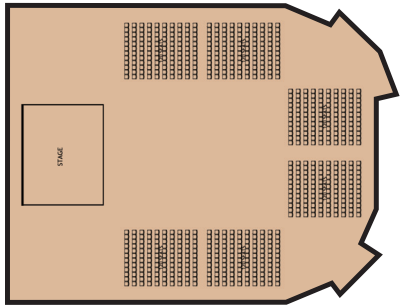
Full Seating Bowl: 3,680 seats

Event Floor: 10,300 s.f.

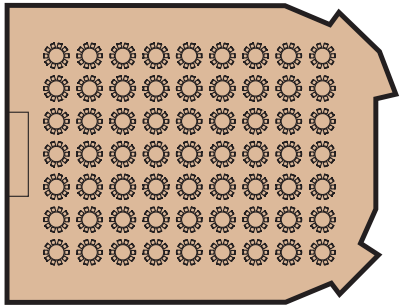




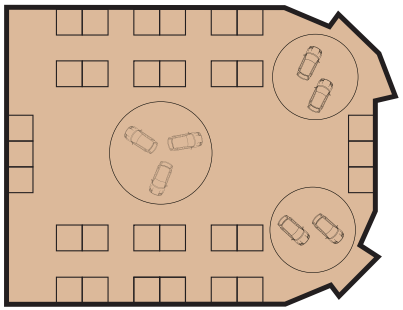
JOB FAIR



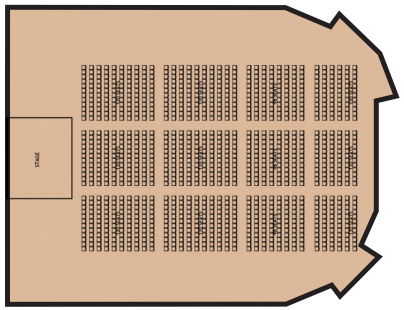
MUSIC FESTIVAL



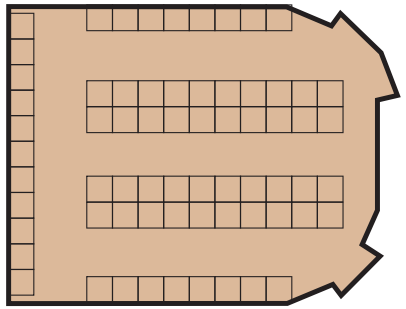
BANQUET
(630 seats)



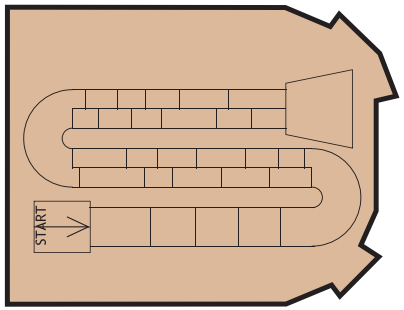
CAR SHOW



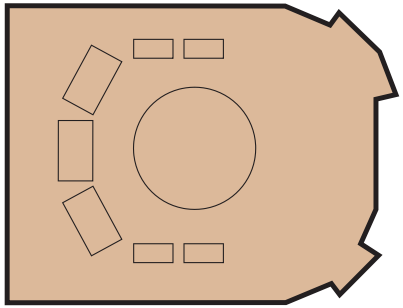
CONCERT



TRADE SHOW



BMX



CIRCUS

Retracted Bowl Configuration

This plan diagram provides maximum event floor space by retracting rows of seating. In the retracted bowl scenario, the event floor will be able to accommodate larger-scale events such as consumer shows, concerts, and many others.
Retracted Seating Bowl: 2,730 seats
Event Floor: 15,050 s.f.

Site Options

The team started by investigating 12 potential sites in and around the DSU campus, before focusing on three preferred sites. In exploring site options for the facility, we took into account issues such as:

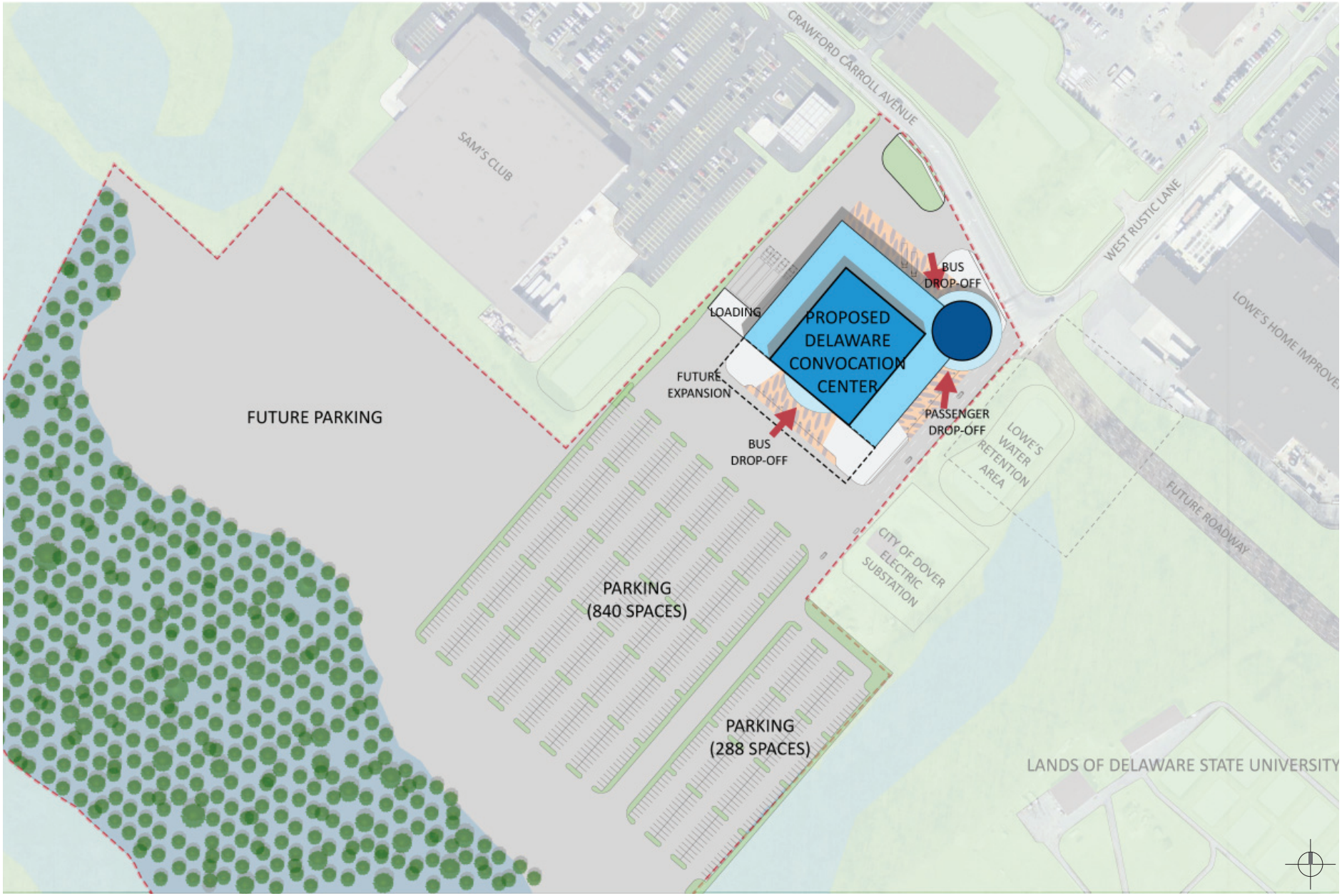
- Visibility from vehicular traffic on Route 13
- Proximity to DSU campus
- Pedestrian and bike access to DSU campus
- Traffic accessibility from Route 1 and Route 13
- Adequate space for new facility, parking, etc.
- Potential for shared parking with neighbors
- Land ownership
- Environmental conditions
- Utility infrastructure
- Relocation of existing site infrastructure

In evaluating the sites against the criteria listed above, the site highlighted in blue emerged as the favored option (refer to adjacent diagram). As the former Delaware Civic Center Site, it is currently owned by the Delaware Civic Center Association. A transfer of ownership would need to be discussed. Some of the advantages of the recommended site include:

- Adjacency to DSU campus
- Ease of access
- Adequate parking
- Reduced cost of land acquisition



The proximity of Site 2 to the DSU main campus, as well as the Commons, is a critical asset. It only takes a short walk for students to get to the Health and Wellness Institute.



Conceptual Site Plan

The proposed convocation center will be served by a primary public entrance that faces the parking lot, a secondary public entrance off Crawford Carroll Avenue, which is mainly for bus drop-offs, and an entrance for the Academic Health and Wellness Institute. Service and loading access to the building will be separate from the public entrances. Based on the City of Dover's requirements, a 4,800 seat facility requires approximately 1,600 spaces.



Conceptual Rendering of NCAA Basketball Game

As a basketball arena, the convocation center will provide the facilities needed by the DSU Hornets to hone their skills, display their talent and further their game. While the arena has not yet been designed, this architect's conceptual rendering of the space shows a long span open room without columns, which is ideal for athletic events. This illustration shows the seating bowl at the maximum seating configuration with all the seats pulled out. The estimated number of sporting events such as men's and women's basketball and women's volleyball is approximately 35 per year.



Conceptual Rendering of Academic Space

The architect's depiction of a classroom shows a space that can be used for a variety of functions, serving academic, as well as community activities. Partitions in the room allow it to be sub-divided into three smaller classrooms, accommodating DSU's academic programs and providing much needed academic space.



Conceptual Rendering of Academic Space/ Multi-use Ballroom

In addition to serving as a classroom, the room is designed to be flexible in use and accommodates a variety of activities such as community meetings, banquets and more. Equipped with audiovisual equipment, Wi-Fi capabilities, and furniture storage, this multipurpose room will be actively used throughout the day and night.

Phase I Cost

In order to accurately assess the convocation center's viability, it is vital to establish an estimate for the cost of designing and building the facility. The cost estimate below put together by EDIS and Barton Malow reflects EDIS' knowledge of local construction conditions and standards in Dover, as well as Barton Malow's experience with convocation centers. These figures are based upon the team's recommendations in terms of facility size and preliminary concept designs.

Construction Costs (includes contingency, general conditions, insurance and bonds etc.)	$46.0 M
Other Project Costs (professional fees, furniture, equipment, contingency etc.)	$8.4 M
Anticipated Cost Escalation (2017)	$3.1 M
Grand Total Project Cost	$57.5 M

"The cost model used for this study allows for a building design that provides extraordinary low cost pricing value while maintaining a high quality, functional building that meets the program needs of the university " - EDiS Company, Wilmington, DE



Conceptual Rendering of Entry Lobby

With multiple entry points, the lobby serves the patrons attending events at the arena, as well as students and faculty heading to the Health and Wellness Institute. The concourse on the upper level provides a variety of patron amenities such as the ticket office, concessions, restrooms and more.

Projected Impact

Job Creation

The construction and on-going operations of the Delaware Convocation Center will create much-needed jobs in the local economy. These jobs will include not only direct full and part-time jobs created temporarily during construction of the facility spanning jobs such as construction workers, tradesmen and manufacturers of raw materials and building supplies, but also more permanent full- and part-time jobs during the on-going annual operations of the facility including jobs such as facility operations personnel (i.e. management, marketing, finance, human resources, maintenance, event services, administration, etc.), event-day staff (i.e. box office attendances, ticket takers, ushers, security, concession workers, parking attendants, traffic control personnel, etc.) and community support personnel in areas such as hotel, restaurant, entertainment, retail, transportation and other such industries. The full-effect of employment impacts in the local economy will be further realized as initial construction and operations spending are re-spent within the community, supporting the creation of additional indirect and induced job impacts.

Overall, the Delaware Convocation Center is estimated to temporarily generate a total of 760 full and part-time jobs (stated in full-time equivalents) during construction. Of this amount, 510 construction-period FTEs are estimated to be new jobs in the State of Delaware and 230 are estimated to be new jobs in the City of Dover.

The total long-term, permanent jobs created from the on-going operations of the Delaware Convocation Center are estimated to range from 130 to 180 full and part-time jobs (stated in FTEs), depending on the level of operations achieved by the venue. Approximately three-quarters of the jobs created during the venue's operations are anticipated new jobs created in the City of Dover and about one-third would be considered new jobs in the State of Delaware.

Events and Attendance

Based on extensive market research, annual event and attendance levels were estimated for the proposed Delaware Convocation Center. Two sets of estimates were developed: a "base case" scenario representing the event and attendance levels that are estimated to be reasonably achievable on an annual basis, and "best case" scenario representing an operating level that reflects successful, aggressive facility management that results in above-peer venue operations.

"Great way to build revenue and bring people here to the middle of the state." - comment by survey respondent

The table (Fig. 5) summarizes the event and attendance estimates for the proposed Delaware Convocation Center under the Phase I building program scenario. It should be noted that these event and attendance totals do not include use of classrooms or athletic and academic offices, athletic practices, student recreational activities or other such day-to-day use of the facility that would take place in addition to the specific event types included in the estimates.

The proposed Delaware Convocation Center is estimated to host 144 to 176 annual events with annual attendance of approximately 116,250 to 153,350. Approximately 60 percent of convocation center events and attendance are estimated to be derived from non-DSU community events. In the event that Phase II of the project is completed in the future, annual attendance levels are estimated to increase by approximately 15 percent, due primarily to the facility's ability to attract additional concert, family show and sporting event activity assuming a larger seating capacity.

Financial Operations

The table (Fig. 6) presents the estimated operating revenues and expenses estimated to result from convocation center operations during a normalized year of operations. As shown, it is anticipated that Delaware State University would likely need to make

ANNUAL EVENT AND ATTENDANCE ESTIMATES
(Assumes Phase I Building Program)

	Base Case			Best Case		
Event	Annual Events	Average Attendance	Total Attendance	Annual Events	Average Attendance	Total Attendance
University Events:						
Men's Basketball	5	700	3,500	5	700	3,500
Women's Basketball	5	250	1,250	5	250	1,250
Basketball Doubleheaders	10	1,100	11,000	10	1,100	11,000
Women's Volleyball	15	250	3,750	15	250	3,750
Athletic Camps	10	50	500	10	50	500
Other University Events	19	1,500	28,500	25	1,500	37,500
Subtotal	64		48,500	70		57,500
Community Events:						
Concerts	2	3,500	7,000	3	3,500	10,500
Family Shows	3	2,000	6,000	6	2,000	12,000
Other Sporting Events	7	2,500	17,500	10	2,500	25,000
Graduations	3	4,500	13,500	4	4,500	18,000
Consumer/Trade Shows	8	1,500	12,000	10	1,500	15,000
Conventions/Conferences	12	500	6,000	16	500	8,000
Banquets	35	150	5,250	45	150	6,750
Meetings/Miscellaneous	10	50	500	12	50	600
Subtotal	80		67,750	106		95,850
Total	144		116,250	176		153,350

Fig. 5 forecasts the number of events and potential attendance.

ESTIMATED OPERATING REVENUES AND EXPENSES
Stabilized Year of Operations

	Base Case	Best Case
OPERATING REVENUES		
Rent	$206,000	$279,000
Premium Seating	66,000	83,000
Food and Beverage	148,000	198,000
Advertising and Sponsorships	135,000	158,000
Naming Rights	270,000	338,000
Merchandise, net	10,000	16,000
Parking, net	137,000	183,000
Ticket rebates/facility fees	50,000	134,000
Other	50,000	75,000
TOTAL REVENUES	$1,072,000	$1,464,000
OPERATING EXPENSES		
Salaries, wages & benefits	$453,000	$505,000
Utilities	217,000	249,000
General & administrative	150,500	176,000
Operations	315,000	362,000
Insurance	72,000	83,000
Professional Fees/Services	14,000	16,000
Management Fee	75,000	100,000
TOTAL EXPENSES	$1,296,500	$1,491,000
UNIVERSITY CONTRIBUTION	$224,500	$27,000

Fig. 6 illustrates the best and worst case scenarios with regard to operating revenues and expenses.

an annual operating contribution of $27,000 under the best case to $224,500 under the base case.

Reflective of a true town-and-gown partnership, a multi-purpose, community-oriented convocation center will benefit the central and southern Delaware region through the creation of spending, jobs, tax revenues and hotel rooms and enhancement in the quality of life for local residents, while Delaware State University benefits from facility revenues generated from non-university events which will serve to significantly reduce the required annual university contributions which could approach upwards of $700,000 as a DSU-only venue.

If Phase II of the building program is constructed, operating revenues are estimated to increase by approximately 10 percent due to increased attendance and event activity. However, operating expenses are estimated to increase by approximately eight percent due to the increased size and volume of the facility, additional staffing needs, increased maintenance costs and other such considerations. Therefore, the net financial operations following the completion of Phase II are estimated to be largely similar to those presented for Phase I in the table to the right.

These financial operating estimates do not include capital reserve funding or potential debt service payments associated with facility funding.

Economic Impacts

The operations of the proposed Delaware Convocation Center would generate economic impacts to the City, County and State on an annual basis as a result of visitation and expenditures associated with Delaware Convocation Center operations and events. The table (Fig. 7) presents a summary of the gross economic impact and fiscal revenues estimated to be generated by the proposed Delaware Convocation Center during a normalized year of operations.

Facility operations are estimated to generate approximately $5.4 to $7.2 million per year in direct spending. Counting this initial direct spending and the subsequent rounds of re-spending that would impact the local economy through a multiplier effect, the total economic activity (output) generated by Delaware Convocation Center operations is estimated to range from $7.0 to $9.4 million per year, supporting 130 to 180 jobs with $2.5 to $3.4 million in annual earnings. Over a 30-year period, the net present value ("NPV") of total output generated by the Delaware Convocation Center is estimated to range from $135 million to $183 million.

Should full build-out of Phase II of the building program be completed, the economic impacts associated with the proposed Delaware Convocation Center are estimated to increase by approximately 15 to 20 percent, due primarily to an assumed increase in

the number of events such as concerts, family shows and sporting events that could draw additional non-local attendees to the Dover area.

Hotel Room Demand

By drawing out-of-town visitors to the area, the Delaware Convocation Center will generate room nights to benefit local hotel operations. Overall, it is estimated that demand for approximately 11,000 to 14,500 new hotel room nights will be created annually in the Dover area from visiting event personnel, out-of-town patrons, business suppliers and others in connection with the on-going operations of the Delaware Convocation Center.

Funding Analysis

It is estimated that Phase I of the proposed Delaware Convocation Center could cost approximately $57.5 million to develop. Assuming an interest rate of 5.0 percent and 30-year bonds, annual debt service payments could approximate $3.7 million annually if the entire amount is financed.

Historically, the development of convocation centers, arenas, conference centers and other similar venues often involve varying degrees of partnerships between the public and private sectors. For facilities that are utilized for colleges and universities for their assembly and athletic events, the college or university typically also participates in the funding of those facilities.

Based on discussions with project stakeholders, a review of past efforts regarding potential public assembly funding in Dover, an assessment of potential taxes and other public revenue streams, and other such considerations, it is likely that the majority of funding for the proposed Delaware Convocation Center will be derived from state funding and potentially be supplemented by a number of other community funding sources.

It appears the most reasonable funding approach would include State of Delaware general fund contributions, DSU general fund contributions, private and other possible community funding sources.

Management Options

The Delaware Convocation Center will be owned by DSU. However, given the likelihood that multiple parties will likely be required to fund the construction of the facility, it is recommended that an entity such as an authority, board or commission be established to provide overall governance of the proposed Delaware Convocation Center.

This governance entity should include representation from various stakeholders to ensure that all relevant parties are included in key decisions pertaining to the respective facilities they oversee. The appropriate composition of the governing entity will ultimately depend largely on the funding partners involved with

Summary of Annually-Recurring Economic Impacts from Delaware Convocation Center Operations

Annual Impacts			
Gross Direct Spending	$5,412,000	-	$7,245,000
Total Output	$6,965,000	-	$9,442,000
Jobs Supported	130	-	180
Annual Earnings	$2,477,000	-	$3,375,000

30-Year NPV [1]			
Gross Direct Spending	$104,800,000	-	$140,300,000
Total Output	$134,900,000	-	$182,800,000
Jobs Supported	n/a	-	n/a
Annual Earnings	$48,000,000	-	$65,400,000

(1) NPV calculations assume 2.0 percent annual inflation and a 5.0 percent discount rate.

Fig. 7 shows the economic impact resulting from the Delaware Convocation Center



facility development. The governing entity should have representation from each project stakeholder, which may include, but are not necessarily limited to DSU, the State of Delaware, Kent County, the City of Dover and potentially representatives of the local and regional corporate community, hospitality industry, the Delaware Sports Commission and other relevant entities. This will ensure that the needs and expectations of each stakeholder are considered when setting policies and making decisions.

While there may be several entities that participate in funding the construction of the venue, DSU should be responsible for the venue's daily operations and provide any necessary contributions to support its daily operations. To effectively operate the venue, DSU will need to directly hire a staff with significant previous convocation center operating experience or consider outsourcing the management of the venue to a private management company with the requisite expertise. Third party management would likely represent the most efficient and effective means of operating the facility. The event estimates and financial projections presented herein assume that the proposed Delaware Convocation Center is managed by a competent and experienced arena management company.



Conceptual Rendering of Trade Show Event

By retracting the first eight rows of seats, the event floor is enlarged and accommodates events such as concerts, trade shows and consumer shows. The estimated number of non-athletic community events per year range from 86-113, attracting between 135,000-178,000 visitors.

Conclusion

"Is it feasible for DSU and the City of Dover to have a convocation center?"

Having completed:

- More than 10 months of research, analysis, workshops, presentations and feedback
- Surveys of more than 300 people including University students, faculty, staff, alumni, donors, members of the Dover/Kent County-area business community, and residents of the surrounding area
- Extensive interviews with more than 150 groups such as DSU, surrounding school districts, business and professional associations, state agencies and many more

The study finds that a convocation center is:

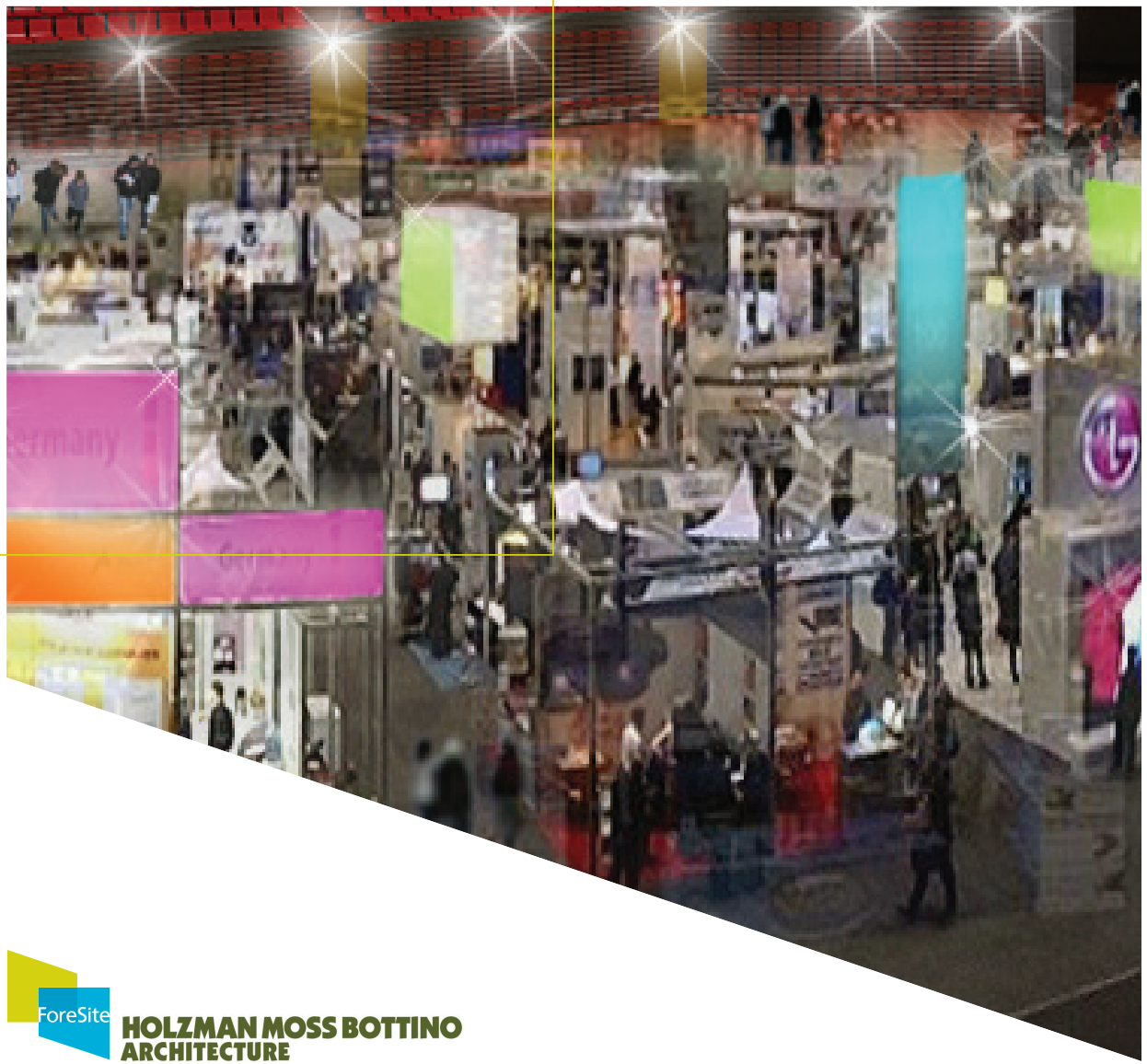
- Feasible and should be pursued
- DSU has a significant need for the educational facilities provided in the convocation center
- Growth in the number of students and educational programs demand facilities like the convocation center to allow DSU to be a world-class state educational facility
- Benefits the central and southern Delaware community from joint-use of the convocation center due to the size and design of the facility for public gatherings
- Has the potential to boost the economic development of central and southern Delaware and the City of Dover
- Funding for capital costs of the project will be augmented by income-generating community events such as concerts, trade shows, conventions, sporting events etc
- Operating costs to DSU and the State can be significantly reduced by bringing in revenues from public, community-use events

"Let's get moving on this great idea for Dover!" - comment by survey respondent

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