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NEWS

Fri, Apr 17, 2009

JOB CREATION		PUBLIC BENEFIT			
CONSTRUCTION RELATED	6,000	STATE OF DELAWARE	\$62.3 Million a year	TOWN OF MILLSBORO	\$2 Million a year in taxes
PERMANENT FULL-TIME JOBS	3,908	LR. SCHOOL DISTRICT	\$900 Thousand a year	TOWN OF MILLSBORO	\$4 Million one-time annexation fee
		SUSSEX COUNTY	\$150 Thousand a year	TOWN OF MILLSBORO	\$11 Million in fees thru 2013

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Del Pointe gamble: Winner's circle for Sussex?

Developer: Facility would feature more than gambling

By Henry J. Evans Jr.

Preston Schell has a burr under his saddle. "Can we do something for Sussex County? We think we can," said Schell, a partner pushing to develop Del Pointe Resort & Racino near Millsboro.

The source of Schell's mild irritation – resistance from some quarters of plans to build a one-mile harness racing track and slots casino on a 370-acre parcel adjacent to Route 113 which, at least for now, is just north of Millsboro's town limit.

The racino would occupy about 110 acres of the site, and a variety of amenities are planned for the balance of the parcel.

Schell, brother Chris Schell and longtime local businessman and Del Pointe principal Gene Lankford say the racino-resort is just the kind of economic shot in the arm Sussex County needs.

Jobs and revenue

"Sussex is definitely suffering more than the other two counties in terms of job loss," says Preston Schell. He said on a percentage basis, Delaware's economic plight – a \$750 million 2009-10 budget shortfall – is worse than California's \$41.6 billion two-year deficit.

Schell said if Del Pointe were already operating, the facility could have provided the state \$62 million in 2009.

Lankford said the project's pitch to the state gambling commission has resulted in issuance of a conditional license, which allows them to move forward with design.

Del Pointe offerings

Preston Schell said Del Pointe's amenities – a family-oriented resort-style hotel with an indoor water park, multi-screen theater, restaurants, retail shops and the potential for more family-friendly attractions to come – are as important as the racino.

"This really is a destination resort. There's been too much attention on the racino," Lankford said.

Schell said Del Pointe must be able to offset expenses and losses it will experience during its first five years of operation. He said amenities such as a 300-room lodge-style hotel with an indoor water park, paintball park, IMAX movie theater, an indoor sports arena, office complex and possible inclusion of a \$77 million higher-education campus – would, over time, offset initial losses.

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The partners said the racino is the economic engine that would drive Del Pointe's ability to offer more amenities and nicer attractions which, overall, those who have no interest in gambling would enjoy. Preston Schell said an economic feasibility study, commissioned by Del Pointe and conducted by Baltimore-based Sage Policy Group Inc., concluded that operating the harness track without added revenue from slot machines would be impossible.

"You certainly can't do it in a market where every other racetrack around is being subsidized by slots," Schell said.

#### Is it the right thing at the right time?

In light of current economic conditions, some might label the Schells contrarians – and given most of what's heard daily they'd be right by doing so.

"My brother and I are students of history. If you look at [financial] market bottoms in the past, they almost always hit bottom when the last professional economist says we're going to hell in a handbasket, and we're never going to recover," Preston Schell said.

Schell said he thinks the economic doom forecast by some who say recovery is 5 to 10 years away is simply wrong.

"It's not going to be back to 2004 overnight, but Chris and I are optimistic," he said.

He said the housing market, consumer spending and financial markets are already beginning to show signs of recovery.

"Economists tell the public what they think the public wants to hear," he said.

One of the next hurdles the project must clear is annexation of the site by the Town of Millsboro.

#### No conflict with other racetracks

Preston Schell said Del Pointe plans to use racing days in July and August not currently used by existing racetracks.

He said Del Pointe's one-mile track would offer harness racing fans and the region's harness racing horsemen an opportunity to race younger horses that tend to have difficulty running the tighter turns of half-mile and five-eighths-mile tracks.

As a cautionary hedge against what could happen in the future, Schell said plans for Del Pointe include construction of the underground infrastructure needed to support thoroughbred horse racing. He said thoroughbred racetracks have substantially higher operating costs compared to harness tracks and Del Pointe has no plans to make a quick conversion.

Schell said Del Pointe's market would not be the same as the one served by Harrington Raceway & Casino. He said Del Pointe would serve the beach market, which not long ago Harrington officials agreed with Schell as being different than theirs. But more recently, Harrington Raceway officials have been mute about where its market comes from.

Schell said Del Pointe's design is similar to the Vineyards at Nassau Valley, a Schell Brothers residential-commercial lifestyle-oriented community under construction about a mile west of Five Points.

"Del Pointe is a really a big Vineyards with a racetrack," he said. Schell said he's confident that a residential community at Del Pointe would work, but he said he'd prefer to develop recreational and entertainment facilities that would appeal to a wide audience.

#### Transportation assistance

Schell said the project is still on track to break ground in early July. He said Delaware Department of Transportation (DelDOT) officials have worked closely with Del Pointe because the agency sees the facility's capability to offer a number of benefits.

"We stand to create 6,000 construction-related jobs and 3,900 permanent jobs in one of the worst economic climates in history," he said. Schell said DelDOT didn't want to throw red tape and roadblocks in front of Del Pointe's plans, recognizing that a project of its size should be fast-tracked because it would be an immediate economic booster.

Schell said DelDOT's Rapid Response Team and Ted Bishop, the agency's assistant planning director, dramatically accelerated decisions on the project. "We're getting responses within hours on things that used to take 60 days," he said.

Schell said under normal circumstances, Del Pointe would be at least two years away from receiving DelDOT approvals. He said plans for road relocations and completion of the project's traffic impact assessment are also moving ahead quickly.

Schell said Del Pointe is serving as a model of how the Rapid Response Team might respond to future projects capable of providing significant economic enhancement.

If the project's momentum continues, Schell said Del Pointe plans to provide subsidies that would assist in providing regular year-round transportation to and from the facility throughout coastal Sussex County, Long Neck and other areas. As for Del Pointe's contribution to traffic congestion along Route 24, Chris Schell said the project might actually prove helpful.

"The traffic problem on Route 24 already exists," he said. Schell said over time, Del Pointe is willing to help DelDOT make improvements to help ease congestion.

#### Racino developer seeks annexation by Millsboro

Del Pointe developers would pay the Town of Millsboro a one-time annexation fee of about \$4 million if the municipality agrees to extend its boundaries and place the site inside town limits. Millsboro Mayor and Town Council will hold a public hearing on Del Pointe's annexation request at 7 p.m., Monday, June 1, at Millsboro Town Hall.

Faye Lingo, Millsboro town manager, said the mayor and council could announce a decision that evening or could postpone its decision to discuss concerns. She said if the Del Pointe site is annexed, it would have two zoning designations – highway-commercial for the portion containing the racino and most amenities and medium- to high-density residential for the area that might contain townhomes.

Lingo said if the land is annexed, in addition to a \$4 million annexation fee, Del Pointe would also pay the town about \$11 million in permitting fees throughout construction completion. If the project breaks ground in July as planned, it should be complete in 2013.

Preston Schell, a partner in the Del Pointe project, said the town homes are a placeholder on site plans, but he'd rather develop retail space and other amenities in the area.

Millsboro, like many municipalities, requires annexed parcels to be contiguous with the town limit. The Del Pointe site isn't.

A 97-acre tract owned by J.G. Townsend Inc., which is contiguous with Millsboro, lies between the Del Pointe parcel and the town limit.

Lingo said Townsend also has applied to have its parcel annexed by the town. She said the company is seeking to have the front 30 acres of the site adjacent to Route 113 zoned highway-commercial and the back 50 acres zoned high-density residential. She said Millsboro Mayor and Council would also consider the Townsend request at June's public hearing.

Lingo said Del Pointe's and Townsend's annexation requests were submitted independent of one another and are not linked.

Schell said development of an agreement with Townsend regarding its parcel – or an outright purchase of the property – is crucial to annexation of the racino site.

Del Pointe partner Chris Schell said the project is not likely to go forward if the land is not annexed but remains in unincorporated Sussex.

He said the county's approval process is too time-consuming, and beyond that, it's not clear the county council would approve of a gaming venue in Sussex County.

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