

Bidding war over EPCAL land?

Developers sharpen their pencils along with their words

[By Tim Gannon](#)

The two firms seeking to purchase 755 acres of recreationally zoned land at the town-owned Calverton Enterprise Park are getting close to a bidding war.

Representatives of EPCAL Centre, which has offered \$100 million for the land, said they would meet Riverhead Resorts' offer of \$125 million as long as Riverhead Resorts demonstrates its proposal meets zoning requirements.

But both EPCAL Centre and Riverhead Town officials agree that Riverhead Resorts' proposal far exceeds what is permitted by zoning.

Matt Frank, a vice president at Rexcorp, one of the principals in EPCAL Centre, said EPCAL Centre's proposal does meet town zoning in every area except one, and that if they could build as much as Riverhead Resorts is proposing, they would pay \$125 million or more for the property.

"We believe we can meet or exceed the current competing offer for the property based on the desire of the board to consider the alternate proposal," Mr. Frank told the Town Board at last Thursday's work session. Both companies originally offered \$100 million for the land, but Riverhead Resorts has increased its offer twice, once to \$110 million and then to \$125 million, while EPCAL Centre has stuck to its original offer, saying that it would be willing to negotiate a price increase if chosen by the town as the firm to negotiate with.

EPCAL Centre comprises Rexcorp, a major Long Island developer currently involved in the redevelopment of the Nassau Coliseum area, and Long Island Destination Group, whose principals include Jim Petrocelli, whose family built Atlantis Marine World and the Long Island Ducks stadium.

Riverhead Resorts' principals include Bayrock Group, an international real estate investment and development firm that has done projects with Donald Trump; Baldragon Homes, described as "one of the leading private homebuilders in Scotland"; and Ledo International, described as "one of the world's leading managers, planners and operators of international themed resorts."

Both groups have proposed entertainment/resort complexes that include a hotel and conference center, an equestrian complex and recreational facilities.

EPCAL Centre's plan includes a motor sports facility, and Riverhead Resorts project features an enormous 425-foot indoor ski mountain and waterpark and a 92-acre man-made lake.

The EPCAL Centre proposal calls for 688 transient housing units with fractional ownerships, while Riverhead Resorts proposes 2,500 time shares for use by resort guests.

Town officials say the indoor mountain clearly exceeds town height restrictions and would need a Zoning Board of Appeals variance that is unlikely.

Councilman John Dunleavy laughed as he said the mountain would be taller than any building on Long

Island.

While both proposals call for about 3.4 million square feet of construction, EPCAL Centre was measuring 3.4 million in floor area ratio, which calculates the amount of building in the whole project, while Riverhead Resorts proposed about 3.4 million square feet in footprint.

Mr. Frank said that if there is 3.4 million footprint, and it rises two stories, for example, that would be 6.8 million square feet of development.

He said that EPCAL Centre could meet or exceed the \$125 million offer if it were permitted to build that much.

But Don Secunda, the attorney for Riverhead Resorts, said he would determine what parts of their proposal exceed zoning, and added, "If you say that our proposal is too intense, we'd like the opportunity to decrease the intensity while not necessarily decreasing the price."

"Then show us a plan that complies," Supervisor Phil Cardinale said.

Mr. Secunda said he would try to get his architect and project designers together.

Town planning director Rick Hanley said the only area where EPCAL Centre doesn't comply with zoning is that the Hotel-Conference Center subdistrict is not in a single, contiguous parcel, as required by zoning.

Mr. Frank suggested EPCAL Centre shouldn't have to wait until Riverhead Resorts complies.

"We're ready to go to contract as quickly as possible," Mr. Frank said. He added that if Riverhead Resorts is given zoning variances for its project, EPCAL Centre should be able to amend its offer to include the same variances.

Mr. Cardinale said he would consider the possibility of holding "qualified and eligible sponsor" hearings for both applicants.

The qualified and eligible designation is required to buy land from the town in an Urban Renewal area such as the Calverton Enterprise Park. The hearing is designed to show that the applicants have the experience and financing needed to carry out whatever proposal they make for the property. This would merely be a formality for the powerhouse of Rexcorp and Long Island Destination Group.

The town recently agreed to sell about 300 acres of industrially zoned land at EPCAL to Rechler Equity Partners for \$35 million following a bidding war among three firms that generated some final offers that were double the original offers.