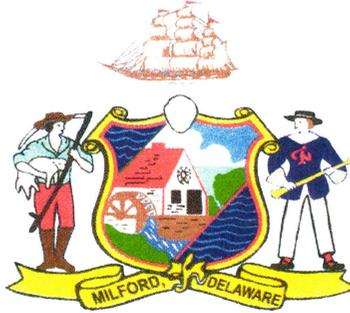


City of Milford



City Council Committee Agenda

Milford City Hall Council Chambers
201 South Walnut Street
Milford, DE 19963

ECONOMIC DEVELOPMENT COMMITTEE December 12, 2016

Time: Following Completion of 12/12/2016 City Council Meeting

Call to Order - Chairman Christopher Mergner

Proposed Amendment/Chapter 19/Economic Development and Redevelopment

Adjourn

This agenda may be subject to change to include additional items including executive sessions or the deletion of items including executive sessions which arise at the time of the public body's meeting.

SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE ACCEPTED OR DISTRIBUTED AFTER PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE.

120716 Scheduled by City Manager

CHAPTER 19 – ECONOMIC DEVELOPMENT AND REDEVELOPMENT

Article I – General Provisions

§ 19-1 Purpose

The City Council has deemed it to be in the best interest of the residents of the City and in furtherance of their health, safety and welfare to promote economic development and redevelopment within the City of Milford. In order to promote development and redevelopment, City Council has determined that incentives in the form of impact fee waivers, fee waivers, and other options should be made available to qualifying persons and businesses.

§19-2 Definitions

As used in this article, the following terms shall have the meanings indicated:

DIRECT JOB-refers to a Full-Time Equivalent Job that is created by the Incentive Beneficiary that did not exist prior to the receipt of notice of eligibility for a Specific Economic Development Incentive Program available under this Chapter. To be considered a Direct Job, there must be an increase in the total number of Full-time Equivalent Jobs employed by the Incentive Beneficiary.

ELIGIBLE PROJECT-refers to a project of an Incentive Beneficiary that is approved to receive economic incentives under a Specific Economic Development Incentive Program offered under this chapter.

FULL-TIME EQUIVALENT JOB-calculated as total hours worked in jobs created divided by the number of hours in a Full-time Schedule.

FULL-TIME SCHEDULE-an average of thirty (30) hours per week, or at least one-hundred and thirty (130) hours in a month.

INCENTIVE BENEFICIARY-refers to the person or entity that has applied for and been approved to receive economic incentives made available under this Chapter. Any individual who owns 50% or more of an entity that has been approved for economic incentives under this Chapter shall also be identified as an Incentive Beneficiary.

INCENTIVIZED PROJECT-refers to the specific project identified in the application submitted by the Incentive Beneficiary for receipt of economic incentives under this Chapter.

INDIRECT JOB-refers to a job that is created by a person or entity who is not an Incentive Beneficiary but has created an indirect job as a result of an economic incentives offered to an Incentive Beneficiary under this Chapter.

INSTALLMENT LAND CONTRACT-refers to a real estate contract between the City and the Incentive Beneficiary whereby the City agrees to sell to the Incentive Beneficiary city-owned property for an agreed

upon price that is to be paid by the Incentive Beneficiary through monthly, quarterly or annual installments. The City shall retain title to the real property until the full purchase price is paid by the Incentive Beneficiary.

OWNER OCCUPIED – refers to a residential property that is owned and occupied by the same persons.

PART-TIME JOB-refers to a job for which an employee averages less than thirty (30) hours per week on a regular basis.

SPECIFIC ECONOMIC DEVELOPMENT INCENTIVE PROGRAM (SEDIP)-refers to any incentive program under Article III that City Council has ordained to be made available to qualifying applicants. Each program may incorporate any of the economic incentives identified under Article II, subject to any unique terms and conditions as City Council may deem appropriate.

TAX ABATEMENT – refers to the waiver or reduction of City of Milford property taxes.

§19-3 Administration

The City Manager and his or her staff shall develop the administrative procedures necessary to implement any SEDIP available under this Chapter 19. The City Manager or such person as he or she may designate shall promulgate reasonable standards to be used in determining whether an applicant is eligible for economic incentives under the particular SEDIP being applied for in accordance with Article II and the specific terms and conditions of the SEDIP. The City Manager or his or her designee shall be responsible for auditing the Incentive Beneficiary as required. Revocation of eligibility shall be determined by the City Manager.

§19-4 Appeals

Any applicant denied eligibility or who is subject to revocation of eligibility may appeal the decision to the City Council within 30 days from the receipt of notice of denial or revocation of eligibility. The appeal shall be made by filing a written request with the City Clerk.

§19-5 Miscellaneous

Severability: Should any section or provision of this Chapter be declared void, illegal or otherwise invalid by a Court of competent jurisdiction such decision shall not affect the validity of any other provisions of this chapter not otherwise declared invalid or inapplicable.

Article II - Economic Development Programs

§19-6 Incentive Options

The following are a list of the incentive options that may be made available for any SEDIP offered under Article III of this Chapter, subject to any specific conditions or restrictions as may be identified in the specific program:

- A. Impact Fee Waiver or Reduction: A SEDIP may offer qualifying Incentive Beneficiaries a waiver or reduction from any City assessed water, sewer or electric impact fees to the extent provided for under the SEDIP.

B. Permit and Fee Waiver or Reduction: A SEDIP may offer qualifying Incentive Beneficiaries a waiver or reduction from any of the following permits or fees:

- (1) Building permit fee
- (2) Water service connection fee
- (3) Sewer inspection fee
- (4) Electric service connection fee
- (5) Fees associated with any preliminary or final site plan review
- (6) Other fees associated with professional services provided by the City as it pertains to planning, engineering and legal review.

C. Fees that cannot be waived: Any fees or taxes assessed by the State, County or School District and special fees payable for fire or public safety protection cannot be waived and must be paid by the Incentive Beneficiary to maintain eligibility under the Chapter.

D. Installment Land Contract: When applicable, a SEDIP may permit the City Manager, on behalf of the City, to enter into a real estate contract between the City and the Incentive Beneficiary in which the City provides financing to the Incentive Beneficiary, and whereby the Incentive Beneficiary purchases the property through monthly, quarterly or yearly installments. The City shall remain the title owner of the property until full payment is received.

E. Tax Abatements: A SEDIP may offer full or partial tax abatements on City of Milford property taxes for a specified period of time.

§19-7 Eligibility

A. Eligibility for participation in any SEDIP shall be determined by the City Manager according to the specific provisions and requirements of the SEDIP being applied for.

B. An otherwise eligible applicant shall be ineligible for any SEDIP if:

- (1) An application for a building permit for the project was filed prior to the effective date of this Chapter; or
- (2) The Incentive Beneficiary is delinquent on any taxes, assessments, sewer, water, electric, trash charges and any other fees due to the City of Milford for any property owned or leased by the Incentive Beneficiary; or
- (3) The Incentive Beneficiary has previously had its eligibility revoked for any SEDIP offered under this Chapter.

C. Revocation of Eligibility. If the Incentive Beneficiary is in default of any of the terms and conditions required under this Chapter, including any requirements specific to the SEDIP or an Installment Land Contract, the City Manager shall provide a written notice of default to the Incentive Beneficiary. In the event the default is not substantially cured within fifteen (15) days, the City Manager shall immediately revoke the Incentive Beneficiary's eligibility and assess the Incentive Beneficiary the full cost of all impact and permit fees that were reduced or waived.

Article III – Specific Economic Development Incentive Programs

An applicant for economic incentives under this Chapter must apply for and meet the conditions of one of the SEDIP programs available under this Article III.

§19-8 Greater Milford Business Complex Incentive Program

A. Eligibility

Eligible Projects shall include any new construction on city-owned, undeveloped land within the Greater Milford Business Complex. Eligibility shall be based on the creation of full-time equivalent jobs as outlined in Table 1 under this Section. The Incentive Beneficiary shall enter into an agreement with the City of Milford to ensure the eligibility criteria are met and maintained.

B. Target Area – Greater Milford Business Complex

The Greater Milford Business Complex refers to the business park created by the City of Milford, as located on the south side of Airport Road in Milford, Kent County, Delaware, as further depicted in a Revised Record Plan of record in the Recorder of Deeds in and for Kent County, Delaware under Plot Book 68, Page 44.

C. Development Incentives

(1) Impact Fee Waivers

- a) Incentive Beneficiaries may qualify to select a waiver of any of the following impact fees according to the tiers provided in Table 1 below: Water, Sewer or Electric.
- b) The City will audit the Incentive Beneficiary three (3) years after the issuance of the first certificate of occupancy to verify the job creation levels are achieved. If the required Full-Time Equivalent Job levels are not met or maintained, the Incentive Beneficiary is responsible for payment of all fees and costs not otherwise waived or reduced under this program, including any fees and costs assessed by Kent County or other governmental agencies.

(2) Permit and Other Fee Waivers

- a) The City will provide a one-time reduction of all permits and fees identified under §19-6(b) in accordance with Table 1 below.
- b) The City will audit the Incentive Beneficiary three (3) years after the issuance of the first certificate of occupancy to verify the job creation levels are achieved. If the required Full-Time Equivalent Job levels are not met, the Incentive Beneficiary is responsible for payment of any waived or reduced fees.
- c) The Incentive Beneficiary is responsible for obtaining all required local, State, County, and Federal permits and approvals as may be required to complete the project.
- d) The Incentive Beneficiary shall be responsible for the Carlisle Enhancement Fee as outlined in the City of Milford Code.

(3) Installment Land Contract

- a) The Incentive Beneficiary may apply to purchase the City owned property through an installment land contract at a price and upon such terms and conditions as may be determined by the City Manager. The acceptance of the contract is subject to the express approval of City Council, which approval may be withheld in its complete discretion.
- b) The City will audit the Incentive Beneficiary annually to verify that the Incentive Beneficiary has created and maintained the required number of Full-Time Equivalent Jobs as identified in the installment land contract. Audits shall begin thirty-six (36) months from the date of contract signing and continue until full payment is made to the City. If the Full-Time Equivalent Job level averages below the required number for a period of three (3) consecutive years, excluding the first three years, the City Manager may determine that the Incentive Beneficiary is in default and provide notice as required.
- c) In the event the default is not cured, in addition to such other remedies as may be available, the Incentive Beneficiary shall be required to choose between the following two options:
 - i. Surrender all improvements and the property to the City; or
 - ii. Pay the entire remaining principal balance to the City within 45 days following the date the default notice was issued.

D. Greater Milford Business Complex Economic Incentive Program Tier Incentives

Tier	Full-time Equivalent Jobs Created	Impact Fee Waivers	Waiver of Permits & Other Fees
1	5-9	1	20%
2	10-14	2	40%
3	15-19	3	60%
4	20-24	4	80%
5	25-29	5	All
6	30+	All	All

§19-9. – Downtown Development District Incentive Program

A. Eligibility

- (1) Eligible Projects shall include any new residential or commercial construction, redevelopment, or expansion within the Downtown Development District and meet the following criteria:
 - a) Is located within the target area; and
 - b) The fair market value of the materials to be used and the labor to be performed on the project exceeds the sum of \$15,000; and
 - c) Is for commercial, office, and/or residential use; and
 - d) Conforms to the intent of this ordinance.
- (2) In order for a residential use to be an eligible project, the object of the construction or renovation must be a dwelling unit as defined in the City of Milford zoning ordinance. Construction or renovation of an

accessory building as defined in the City of Milford zoning ordinance shall not be eligible for development incentives.

B. Target Area – Downtown Development District

The Downtown Development District refers to the area defined by Resolution/Ordinance of City Council. A copy of the district map shall be on file at City Hall, 201 S. Walnut Street, Milford, Delaware.

C. Development Incentives

(1) Impact Fee Waivers

- a) Incentive Beneficiaries shall qualify for a full waiver of impact fees.

(2) Permit and Other Fee Waivers

- a) The City shall provide a one-time waiver of permits and fees identified under §19-6(b)(1), (5) and (6) for all eligible projects.
- b) The Incentive Beneficiary is responsible for obtaining all required local, State, County, and Federal permits and approvals as may be required to complete the project.
- c) The Incentive Beneficiary shall be responsible for the Carlisle Enhancement Fee as outlined in the City of Milford Code.

(3) Installment Land Contract

- a) The Incentive Beneficiary may apply to purchase City owned property through an installment land contract at a price and upon such terms and conditions as may be determined by the City Manager. The acceptance of the contract is subject to the express approval of City Council, which approval may be withheld in its complete discretion.
- b) In the event the conditions outlined in the contract are not met, the City Manager may determine that the Incentive Beneficiary is in default and provide notice as required.
- c) In the event the default is not cured, in addition to such other remedies as may be available, the Incentive Beneficiary shall be required to choose between the following two options;
 - i. Surrender all improvements and the property to the City; or
 - ii. Pay the entire remaining principal balance to the City within 45 days following the date the default notice was issued.

(4) Abatement of Property Taxes

- a) Incentive Beneficiaries shall qualify to receive City of Milford property tax abatements for a period not to exceed ten (10) years. The abatement period shall commence from the date of final certificate of occupancy.
- b) Rehabilitation Projects
 - i. If the incentive beneficiary improves the assessed value, as determined by the City Tax Assessor, by more than 50% of the original assessed value, the incentive beneficiary shall receive a full abatement of City property taxes for ten (10) years.
 - ii. If the incentive beneficiary improves the assessed value, as determined by the City tax assessor, by less than 50% of the original assessed value, the incentive beneficiary shall receive a partial abatement of City property taxes on the value of the improvements for ten (10) years.

- c) New residential or commercial construction shall receive a full tax abatement for five (5) years.
 - d) Properties converted from rental units to owner occupied housing shall receive a full tax abatement for ten (10) years, subject to continued occupancy by the property owner.
- (5) Realty Transfer Tax Waiver
- a) There shall be no realty transfer tax imposed on those transfers where the buyer qualifies as a first-time homebuyer. See Chapter § 178-2(D).

§19-10. – City-wide Job Creation and Capital Investment Program

A. Eligibility

Eligible Projects shall include any new business or expansion of any existing business within the City. Eligibility shall be based on the creation of full-time equivalent jobs and/or capital investment as outlined Section §19-10 Paragraph D. The Incentive Beneficiary shall enter into an agreement with the City of Milford to ensure the eligibility criteria are met and maintained.

B. Target Area – City-wide

The corporate limits of the City of Milford. A copy of the municipal boundary map shall be on file at City Hall, 201 S. Walnut Street, Milford, Delaware.

C. Development Incentives

(1) Impact Fee Waivers

- a) Job Creation Impact Fee Waivers
 - a. To encourage new businesses and the expansion of existing businesses, an employer creating new full-time equivalent jobs in accordance with Table A is eligible to receive impact fee waivers. Jobs must be new to the community.
- b) Capital Investment Impact Fee Waiver
 - a. An employer expanding a facility and/or a developer constructing an employment facility with significant capital investment is eligible to receive impact fee waivers in accordance with Table B.
- c) An agreement shall be executed by the Incentive Beneficiary and the City Manager to document the terms of the creation of jobs and the terms of impact fee waiver.
 - i. Documentation sufficient to satisfy the City Manager or designee that full-time equivalent jobs are being created in accordance with the incentives described in this SEDIP, and that said full-time equivalent jobs are retained for a minimum of three years shall be provided as requested.
 - ii. Annual reports and certification shall be provided to ensure the commercial customer remains compliant with the written agreement and the terms of the impact fee waiver.
 - iii. If the criteria are not met, the Incentive Beneficiary shall be required to repay the incentives in full, or in part, as provided in the written agreement.
- d) To qualify for impact fee waivers, the commercial construction of projects;

- i. Costing \$1,000,000 or less must be completed and a certificate of occupancy received within a twelve-month period;
- j. Costing between \$1,000,001 and \$5,000,000 must be completed in twenty-four months; and projects
- k. Costing more than \$5,000,000 must be completed within thirty-six months.

D. Economic Incentive Program Tier Incentives

(1) Job Creation Impact Fee Waivers

Tier	Full-time Equivalent Jobs Created or Retained	Impact Fee Waivers (EDUs)	2016 (\$)
1	5-9	1	\$ 4,264.00
2	10-14	2	\$ 8,528.00
3	15-19	3	\$ 12,792.00
4	20-24	4	\$ 17,056.00
5	25-29	5	\$ 21,320.00
6	30-34	6	\$ 25,584.00
7	35-39	7	\$ 29,848.00
8	40-44	8	\$ 34,112.00
9	45-49	9	\$ 38,376.00
10	50+	10	\$ 42,640.00

Staff would like the Committee to consider removing the City-wide job creation incentive for Tiers 1-4. This is currently provided for in the Water, Sewer and Electric Ordinances. As a result, only larger investments would be eligible for the impact fee waivers. This would not affect projects within the Downtown Development District or Greater Milford Business Park, as these areas are under separate SEDIPs.

(2) Capital Investment Impact Fee Waiver

Tier	Capital Investment	Impact Fee Waivers (EDUs)	2016 (\$)
1	\$1,000,000 to \$4,999,999	10	\$ 42,640.00
2	\$5,000,000 to \$9,999,999	20	\$ 85,280.00
3	\$10,000,000 to \$49,999,999	30	\$ 127,920.00
4	\$50,000,000 to \$99,999,999	40	\$ 170,560.00
5	\$100,000,000 or more	50	\$ 213,200.00