

*MILFORD CITY COUNCIL*  
MINUTES OF MEETING  
*August 9, 2012*

A Meeting of the Economic Development Committee was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall on Thursday, August 9, 2012.

PRESIDING: Chairman Garrett Grier III

IN ATTENDANCE: Committee Members Douglas Morrow Sr.

City Manager Richard Carmean and City Clerk/Recorder Terri Hudson

Economic Development Director Steven Masten

Chairman Grier called the meeting to order 9:12 a.m.

*Economic Development Rates for New Business*

Mr. Grier opened the meeting by asking City Manager Carmean to provide some comments on 'Company X'\*. Mr. Grier advised they are requesting an incentive grant.

Mr. Carmean reported that he and Economic Development Director Steve Masten attended a DEDO and Kent County Economic Development meetings a couple weeks ago to discuss incentives with representatives of Company X. Their move and expansion to Milford will cost approximately \$3 million. Kent County is providing them with approximately \$85,000 in grants and tax rebates over a number of years. Though they are renting their facility, the lease agreement requires them to pay property taxes. DEDO is also giving them about \$100,000 in grants.

He explained that all grants have a clawback clause. If the company does not provide the number of jobs they are claiming, Kent County and DEDO have the right to pull their grant money back.

The city manager and Mr. Masten then discussed electric, sewer and water rates. The company does a lot of water recycling so they are not sewer and water dependent. However, electric will be a big issue for the company.

They have a three-year contract beginning January 1, 2013 in Milton where they will receive a cheaper electric rate than Milford is able to purchase it for. As a result, the city's hands are somewhat tied with electric. Mr. Carmean will offer them the best possible rate the city can afford for their first couple of years.

The city manager feels the only incentive success program we have so far is with Seawatch. Because Seawatch is sewer and water dependent (as well as some electric), they have received approximately \$12,000 to \$13,000 in rebates every quarter and it could increase to as much as \$15,000.

In Company X's case, the city manager said we can offer the same incentive though they will not receive as much of a rebate. Being a standard procedure for DEDO and Kent County to work with new businesses who guarantee a certain number of jobs, he feels the city should offer a similar grant incentive. It could be paid out of the Wawa account whose funds were set aside for land purchases. He feels that buying fifty acres of ground may be a good start for economic development, but it does not create any jobs until someone utilizes the ground. This will provide 37 to 40 jobs and an additional 20 jobs the following two years. He has heard that in five to six years, they could employ as many as 100 people.

The city manager stated this company has 13 subsidiaries. He pointed out that many times when one company bases itself somewhere, another follows.

He suggests we consider a tax forgiveness, a rebate and something similar to what we provided Seawatch.

\*Per Confidentiality Agreement

Mr. Carmean understands we need to agree to some parameters that can be transferred to a document.

Mr. Morrow asked if the same formula used for Seawatch applies. Mr. Carmean explained the problem is our rebates are based mainly on demands and not energy costs. He acquired copies of their current bills and they show very little demand. As a result, they will not get a great savings from electric.

Mr. Morrow suggests that instead of giving them a \$50,000 incentive check if it can be translated into some electric rebate would seem more appropriate. The end result would be the same.

Mr. Grier asked what the parameters would be to provide a \$50,000 incentive and if they would be required to provide a certain number of jobs, maintain those jobs for a specific time frame, etc. Mr. Carmean advised that DEDO and Kent County have those requirements.

Mr. Grier asked when this needs to be presented to the company; Mr. Carmean emphasized this company wants nothing public until after September 15<sup>th</sup>.

Mr. Carmean feels if he can make a case that they get some kind of a decent rebate like \$12,000 per quarter, it may work. Mr. Grier feels we need to give them some type of electric rebate even if that formula does not work.

Mr. Carmean and Electric Consultant Jay Kumar agreed that by the year 2015, our rates will be lower than they can get elsewhere when considering some of DEMEC's recent purchases.

Mr. Grier feels it is a good way to utilize the Wawa money though we cannot continue to use it in that manner. However, if it attracts seven or eight different companies that could create a couple hundred jobs, he agrees it is a better use versus buying a piece of raw land.

Mr. Carmean said he and Mr. Masten have also been working with Councilman Gleysteen though he works alone at his Harrington site. He has recently partnered with another person and will be leasing some space from Joe Warnell. His company has the potential to bring in six to seven jobs.

Mr. Carmean said he plans to offer Mr. Gleysteen a deal with electric, water and sewer though he doubts he will qualify for any money. However, he does qualify for incentives.

Mr. Grier asked for recommendations on the conditions of the grant as far as number of jobs; Mr. Grier suggested 30 to 35 to be maintained over a three-year period. Mr. Morrow recommends we follow DEDO's parameters.

Mr. Masten advised that DEDO normally requires an initial guarantee and then a guarantee of future jobs. He believes it was initially 37 with 20 to be added for a three-year period.

Mr. Grier and Mr. Masten recommend we mirror DEDO's agreement. Mr. Masten feels that if it comes back on the city and the clause is not there, we could then provide them the \$50,000.

Mr. Morrow pointed out that if Company X is given a rebate and eventually closes or does not meet our requirements, the rebates would then stop. Thereby, it takes care of itself.

The city manager agreed to develop an incentive package.

Mr. Grier moved that the city mirror the DEDO grant and job incentives to total a \$50,000 package. It should also contain a guarantee for a certain number of jobs and a requirement they remain for at least three years; if not, the money will have to be repaid. Mr. Morrow seconded motion. Motion carried.

Mr. Grier referenced the current impact fee waivers that expired on June 30, 2012:

*Section 1. Chapter 185 of the Code of the City of Milford, entitled **Sewers**, Article III §24 Impact Fee Established, §185-24-D shall be amended by extending the deadline from June 30, 2011 to June 30, 2012 as follows:*

*§185-24 D. The sewer impact fee described in §185-24C shall be waived for all permits issued between June 3, 2010 and June 30, 2012. The waiver shall be for a maximum of 5 EDUs per project. The City will continue to collect the impact fee charged by Kent County during this period.*

*Section 2. Chapter 185 of the Code of the City of Milford, §185-24-D(1) and §185-24-D(1) shall remain in effect until the extended deadline of June 30, 2012.*

*§185-24 D (1) To qualify for the impact fee waiver, construction must be completed and a certificate of occupancy received in accordance with the following schedule:*

<i>Single Family Residential</i>	<i>6 Months</i>
<i>Multi Family Residential</i>	<i>12 Months</i>
<i>Commercial</i>	<i>12 Months</i>

*§185-24 D (2) Any structure that does not receive a certificate of occupancy in accordance with this schedule shall be ineligible for the impact fee waiver and shall pay the required impact fee in full prior to the issuance of a certificate of occupancy.*

*Section 1. Chapter 222 §31 of the Code of the City of Milford, entitled **Water**, shall be amended by extending the deadline from June 30, 2011 to June 30, 2012 as follows:*

*§222-31 I. The water impact fee described in §222-31H shall be waived for all permits issued between June 3, 2010 and June 30, 2012. The waiver shall be for a maximum of 5 EDUs per project.*

*Section 2. Chapter 222 of the Code of the City of Milford, §222-31-I (1) and §222-31-I (2) shall remain in effect until the extended deadline of June 30, 2012.*

*§222-31 I. (1) To qualify for the impact fee waiver, construction must be completed and a certificate of occupancy received in accordance with the following schedule:*

<i>Single Family Residential</i>	<i>6 Months</i>
<i>Multi Family Residential</i>	<i>12 Months</i>
<i>Commercial</i>	<i>12 Months</i>

*§222-31 I. (2) Any structure that does not receive a certificate of occupancy in accordance with this schedule shall be ineligible for the impact fee waiver and shall pay the required impact fee in full prior to the issuance of a certificate of occupancy.*

*Section 1. Chapter 119 of the Code of the City of Milford, entitled **Electrical Standards**, shall be amended by extending the deadline for the waiver of Electric Impact Fees as follows:*

*The electric impact fee established under this Chapter shall be waived for all permits issued between June 3, 2010 and June 30, 2012.*

*Section 2. The following sections of Chapter 119 of the Code of the City of Milford shall remain in effect until the extended deadline of June 30, 2012:*

*To qualify for the impact fee waiver, construction must be completed and a certificate of occupancy received in accordance with the following schedule:*

<i>Single Family Residential</i>	<i>6 Months</i>
<i>Multi Family Residential</i>	<i>12 Months</i>
<i>Commercial</i>	<i>12 Months</i>

*Any structure that does not receive a certificate of occupancy in accordance with this schedule shall be ineligible for the impact fee waiver and shall pay the required impact fee in full prior to the issuance of a certificate of occupancy.*

Mr. Grier noted that presently, we have no incentives in relation to impact fees.

Additionally, the following tax exemption waiver expired:

*Section 1. Chapter 204 of the Code of the City of Milford, entitled Taxation, is hereby amended to include a new Article to read as follows:*

*§204-6 Eligibility for new improvement exemption of real property taxes.*

*The exemption shall apply to any improvement to any property (residential, commercial, industrial, etc.) located within the City limits that results in an increase in the improvement assessment as contained in the City's General Assessment Records. The building permit for the said improvements must be submitted to the City prior to June 30, 2012. The exemption shall be based on the change in the improvement assessment value only. The land assessment is not eligible for exemption under this Article.*

*§204-7 Amount of the exemption.*

*The amount of the exemption shall be determined by subtracting the improvement assessment value prior to the new construction from the improvement assessment value following the new construction.*

*§204-8 Application of the exemption and limitations.*

*The dollar amount of the exemption shall be multiplied by the property tax rate in the first full tax year following the issuance of a certificate of occupancy by the City. The dollar amount of the exemption shall be limited to a maximum of \$1,000 for residential properties and limited to a maximum of \$5,000 for all other properties. The exemption shall only be good for one year immediately following the issuance of a certificate of occupancy.*

Mr. Grier feels that Mr. Masten needs these tools as he works with these people. Right now, we are only offering the utilities incentives. He feels commercial impact fees are an incentive that these companies find attractive. He will agree to reducing the residential waivers with an attempt to phase it out after this fiscal year.

Mr. Grier suggests reducing the residential waiver from 5 to 2 EDU's's with the intent of eliminating it completely on June 30, 2013.

However, he believes we should leave the commercial waiver in place at 5 EDU's or make it more job specific. For example, a business that creates 30 jobs would receive a 5 EDU exemption, 20 jobs would receive 4 EDU's, etc. He feels we should provide a bigger value as more jobs are created.

Mr. Morrow feels we should also consider targeted residential areas, such as the Southeast Front Street, Fisher and Charles areas. He wants to focus on the center of town and possibly ten blocks out from the downtown. He noted that a number of contractors are buying homes in this area, tearing them down and building new ones. Mr. Grier liked the idea as well.

Ms. Hudson recalled the Live Near Your Work targeted area sponsored by the government a few years ago. That area was basically this same vicinity being described. The intent was to encourage our local work force to buy homes and rehabilitate them. Mr. Morrow recommends using that same footprint.

Mr. Grier also recommends creating two separate impact fee waivers—a residential chart and a commercial chart.

Mr. Morrow encourages the Live Near Your Work Areas and believes that the Church Street areas should also be considered. He feels it will attract contractors who are rehabbing or tearing down homes that are in need of repair.

When asked the average EDU's for a small home, Mr. Carmean said most only have one though some may have two.

Mr. Morrow likes the ability to reduce the exemption down to one EDU but rehabs in the targeted footprint could receive the maximum. He feels this will benefit the entire community.

Mr. Morrow agrees we need to phase out the exemption after this fiscal year.

Several options were then considered.

Mr. Carmean feels we need to discourage builders from constructing small homes. He also feels that we should focus on rehabs in specific areas.

Mr. Grier said we will need some parameters should we agree to that. Mr. Morrow pointed out we are not doing away with the waivers but instead focusing on some of the older areas that have a lot of potential. Mr. Grier added that if such a home creates three EDU's, he has no problem waving all of them. Mr. Carmean agreed stating the exemption could start at one and max out at five.

Mr. Carmean hopes this will encourage some of our larger contractors to consider rehabbing.

He recommends it be a test project for a year. If it works in the expanded downtown area, we will try another area next year.

The city manager will develop the plan.

It was agreed that on the commercial side, one EDU would be waived for every five jobs up to five EDU's (for twenty-five jobs).

Mr. Grier agreed to continue with the tax abatement on new construction until the end of this fiscal year.

Mr. Carmean confirmed that he and Mr. Masten would develop an impact fee waiver policy and establish a target area.

Mr. Grier then made a motion that the city manager and economic development director work on the impact fee waivers where up to 5 EDU's would apply to the targeted downtown areas discussed. On the commercial side, establish a policy with waivers based on the number of jobs created and specifically, that one EDU would be waived for every new five jobs. This waiver would remain in effect until the end of fiscal year June 2013.

He added that the one-year tax abatement would remain where a building permit was pulled prior to June 30, 2013. Mr. Morrow seconded the motion.

When asked if the ordinance could be retroactive to July 1<sup>st</sup>, it was determined that any ordinance adopted is not effective until a minimum of ten days after its passage date.

Mr. Carmean said he will have this prepared in time for the August workshop. He said in the meantime, any applicant can be held up until the ordinance is adopted.

Motion carried.

*Economic Development Budget*

Mr. Grier noted that originally he and Mr. Carmean had discussed a \$25,000 budget.

When discussing expenses, Mr. Masten explained he has found through previous experience, that advertising in industrial magazines simply does not pay.

He feels the best manner to promote Milford is to work the community. Thereafter, the community becomes the best salesperson.

Mr. Masten feels that a \$25,000 budget is excellent in terms of getting started. He said he will only have so much time to do certain things. The marketing portion is critical and needs to be in place.

Mr. Grier recommends that some of his budget be used for website development which needs some improvement. In addition, it can be used for marketing materials for brochures or improvements to the entrances of Milford if Mr. Masten feels that is appropriate.

The economic development director stated that recently, DelDOT installed Milford's first Travel Service Signs on Route 1 (north and southbound). The signs direct drivers onto Route 14 (SE Front Street) to Abbotts Grill and McDonalds. He feels there is a potential to bring many customers into the downtown Milford area through the use of one of the busiest roadways in lower Delaware.

He feels the same thing should occur on Route 113.

Mr. Carmean noted that was the joint effort of Melody Booker (DEDO) and Milford Live's Bryan Shupe. Mr. Masten said they identified the need and got it done.

Mr. Masten will continue to encourage other businesses to become a part of the program by placing their restaurant, fuel station or lodging facility on the new sign. The fees are \$1,200 annually per year.

Mr. Morrow made a motion to establish a \$25,000 budget for economic development to be paid from the Wawa proceeds. Mr. Carmean advised it will need to be broken out into line items—gasoline, supplies, marketing, etc. Mr. Grier seconded motion. Motion carried with no one opposed.

*Economic Development Director Steven Masten/Report*

Mr. Masten then submitted the following report, which he will present to the Economic Development Advisory Panel this month:

*I began my employment on July 23, 2012 as the first full time Development Director for the City of Milford. The first day was filled with adjusting to my new office and learning the established routines.*

*I am going to give a synopsis of the past three weeks in bullet points:*

➤ *Press Releases:*

*Milford Live:*

*<http://www.milfordlive.com/2012/08/07/masten-named-econ-dev-director/>*

*Beacon:*

*<http://www.milfordbeacon.com/news/x866119879/City-of-Milford-hires-its-first-economic-development-director>*

*Chronicle: 1-2 weeks an article will appear*

- *Working with Small Business Development Technology Center (They work with new businesses who require a business plan)*
- *Identified available buildings and real estate (i.e., Business Park, Shopping Centers and Warnell Building; he feels we suffer from not having a move-in-ready building for potential businesses)*
- *Referred a potential new business start up to an organization up state for business plan assistance*
- *Established working relationship with Sussex Business Development Representative*
- *Met with Key Properties Group--Gigi Windley, Executive Vice-President for Business Development*
- *Working with existing small business regarding energy consumption and possible referral for specialized assistance (has resolved a problem with a local restaurant through information obtained from metering department)*
- *Identified three potential manufacturers interested in locating in Milford*
- *Fact gathering for the three clients above and on going meetings*
- *Senator Coons visited Milford recently and had an open discussion with 15 stakeholders in council chambers*
- *Meeting with the Economic Development Committee*
- *Energy consultant, regarding using solar to curve electric cost*
- *Met with the Milford Chamber of Commerce*
- *Visited and gained information from Mill-Pond Properties, Incorporated*
- *Recent announcement about Bay Health's new \$20 Million Hospital (will bring other medial related businesses to community)*
- *Recent announcement about Sports Complex north of Milford*
- *Visited a business that is looking to expand and is considering Milford*
- *Milford Business Park, meeting with some of the businesses*
- *New Business signs that are appearing on Route 1 directing traffic to Milford Restaurants and Lodging*
- *New Construction for retail operation at Plaza at Milford, Advance Auto Parts will be relocating*
- *New Construction for retail operation at Plaza at Milford, retail sites available for lease--2,500, 4,200, 5,000 square fee*

Mr. Carmean then reported they are close to finalizing the utility agreement with Wickersham just south of Milford. He believes we will end up with the entire facility on that site.

The city manager also advised the bids are out for the southeast water main extension which will extend down Wilkins Road and across Route 1. Eventually, the sewer will come up Bucks Road and across Meadows of Shawnee.

He explained that two separate boars will be needed (water and sewer) under Route 1 per DeIDOT's recommendation.

Mr. Masten added that he spoke with Chesapeake Utilities about running natural gas under Route 1. It was agreed that all the utilities need to be coordinated at the same time. Chesapeake Utilities is prepared to proceed.

With no further business, Chairman Grier moved to adjourn the meeting, seconded by Mr. Morrow. Motion carried.

The Committee Meeting adjourned at 9:58 a.m.

Respectfully submitted,



Terri K. Hudson, MMC  
City Clerk/Recorder