

MILFORD CITY COUNCIL  
MINUTES OF MEETING  
December 12, 2016

A Meeting of the City of Milford Economic Development Committee was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, December 12, 2016.

PRESIDING: Chairman Christopher Mergner

IN ATTENDANCE: Committee Members:  
Councilpersons Lisa Ingram Peel and James Starling Sr.

Mayor Bryan Shupe

City Manager Eric Norenberg & City Clerk Terri Hudson

Chairman Mergner called the Committee Meeting to order at 8:50 p.m.

Economic Development and Planning Coordinator Rob Pierce was also present.

*Proposed Amendment/Chapter 19/Economic Development and Redevelopment*

City Manager Norenberg recalled the November 28, 2016 Economic Development Committee meeting when potential amendments to the City Code regarding impact fee waivers as economic development incentives were discussed.

He then referred to the proposed ordinance and asked Mr. Pierce to review what has been changed since the last Committee Meeting. Mr. Pierce referred and reviewed Section 19-10 entitled "Citywide Job Creation and Capital Investment Program" as indicated below:

*§19-10. - Citywide 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 - Citywide*

*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*

*i) 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*

*i) 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;
  - ii) Costing between \$1,000,001 and \$5,000,000 must be completed in twenty-four months; and projects
  - iii) 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

<b>TABLE A-JOB CREATION</b>			
<i>TIER</i>	<i>Full-Time Equivalent Job Created/Retained</i>	<i>Impact Fee Waivers (EDUs)</i>	<i>2016 (\$)</i>
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 Citywide 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

<b>TABLE B-CAPITAL INVESTMENT</b>			
<i>TIER</i>	<i>Capital Investment</i>	<i>Impact Fee Waivers (EDUs)</i>	<i>2016 \$</i>
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 +	50	\$213,200.00

He explained the first four tiers of Table A are similar to what currently exists in the water, sewer and electric code relating to job creation. However, it is being expanded up to a Tier 10 which requires the creation of 50 plus jobs and allow a waiver of 10 EDUs. Currently, the City’s maximum allowance is 5 EDUs.

In addition to the job creation incentive, a capital investment fee waiver has been added which is a new incentive and would establish levels based on project costs of \$1 million to \$100 million and more.

He recalled the Committee review of this at the previous meeting and the concern expressed at that time. His impression was that the Committee felt this could be abused. He is recommending the retention requirement be removed and the waivers would be strictly based on the number of jobs created and the amount of money invested.

Mr. Pierce referred to the Table A, blocks Tier 1-4 highlighted with a callout. He noted that staff is recommending the Committee consider removing the smaller job creation incentives that have been in place for several years and only the larger investments would receive incentives.

He emphasized this will have no impact on the Downtown Development District program or Business Park program though it would eliminate the lower number of incentives (5-24 jobs created).

Mr. Pierce explained that typically, the City does not use this as a tool to attract smaller companies. In most cases, it is something they realize after the fact and then ask for the incentive during the building permit process or later.

Mr. Pierce noted this is a slight revision to what the Committee discussed and removes the job retention requirement.

He also noted that the incentives can be a combination of the two tables. For example, if a project is creating 50 plus jobs and costs \$100 million or more, a total of 60 EDU (combined) waivers could be granted.

City Manager Norenberg explained the columns shaded in gray is only for reference and is presently based on the current year’s impact fee EDUs though the dollar amount would be removed when added to the actual code.

Mr. Pierce also noted the electric fee waiver may vary because based on the type of user/service level. In this case, he only used the base level so it could potentially be a higher number.

Mr. Pierce confirmed that a new business could receive a waiver of 20 EDU's by meeting the Tier 10 requirement in Table A and the Tier 1 requirement in Table B. Any combination of the two tables is possible.

Mayor Shupe referenced an earlier comment that the City is waiving \$200,000 in fees though he feels it is worth that because 50 plus new positions are being created in the community, in addition to acquiring a huge project. In speaking with Baltimore Air Coil, they recently suggested connecting the City to some larger employers.

The City Manager stated that if the Committee is comfortable with what is being proposed by Mr. Pierce, the smaller levels in Table A (Tiers 1-4) and the shaded columns will be removed before adding it to the January 9, 2017 agenda for ordinance introduction.

Mr. Pierce noted that additional language will have to be prepared to eliminate the references in the water, sewer and electric codes. It was confirmed that will involve three additional (separate) ordinances.

There being no further business, Chairman Mergner moved to adjourn the Committee Meeting, seconded by Councilmember Peel. Motion carried.

The Committee Meeting concluded at 8:58 p.m.

Respectfully submitted,



Terri K. Hudson, MMC  
City Clerk/Recorder

Attachment:  
§19-10 Citywide Job Creation & Capital Investment Program

## **§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

Table A - Job Creation			
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
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9	45-49	9	\$ 38,376.00
10	50+	10	\$ 42,640.00

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(2) Capital Investment Impact Fee Waiver

Table B - Capital Investment			
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