

MILFORD CITY COUNCIL
MINUTES OF MEETING
March 13, 2017

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, March 13, 2017.

PRESIDING: Chairman Christopher Mergner

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

Mayor Bryan Shupe

City Manager Eric Norenberg & Deputy City Clerk Christine Crouch

Chairman Mergner called the Committee Meeting to order at 5:33 p.m.

Economic Development and Planning Coordinator Rob Pierce was also present. Jerry Peters and Mike Metzger of Bayhealth were also in attendance.

Bayhealth Development Agreement

City Manager Norenberg referenced the following related memo:

PURPOSE AND BACKGROUND

The purpose of this memo is to update the Committee on progress in negotiating a development agreement with Bayhealth for the new Health Campus project and to review two remaining incentive topics for inclusion in the development agreement that will ultimately need City Council approval.

Since last summer, City staff has been working with Bayhealth to negotiate a development agreement. Typically, development agreements are negotiated with major developments to provide for terms and conditions related to on and offsite public improvements (utilities, roads, access, etc.) and the warranties, bonds, etc. related to those improvements. In the case of this agreement, Bayhealth and the City have also worked to find a consensus related to incentives.

DISCUSSION

While staff completes the details of other sections of the development agreement for subsequent legal review, there are there are two possible incentives that need to be reviewed by the Economic Development Committee. First relates to the building permit fees. Because building permit fees are set based on the value of the project and hospitals are expensive to construct, it is possible that the City will not expend the entire amount of the hospital permit fees. In acknowledgment of this and the benefit this project will bring to the greater community, it is proposed that the Committee consider supporting a refund of up to \$50,000 of the permit fees that remain after all reviews, inspections, etc. are complete.

In addition, the City has also reached tentative agreement with Bayhealth to receive easements for power lines to serve the Southeast Water Tower and water treatment facilities. In exchange, it is proposed that Bayhealth be compensated with a small triangle parcel of land to square off the Bayhealth property for a future entrance and a waiver of water impact fees associated with the projected that are in excess of those waived as in accordance with the Economic Development Incentives provided for in the City Code.

These two draft provisions that would be part of the development agreement are as follows:

ARTICLE TWELVE

Other ECONOMIC DEVELOPMENT Incentives

12.1 *The CITY agrees to refund to BAYHEALTH building permit fees that have been paid by BAYHEALTH but that not been spent by the CITY on direct or indirect expenses or payments related to the plan review, inspections, monitoring activities or other related activities as outlined or required in Articles Four, Five and Seven of this agreement, up to \$50,000.*

12.2 *BAYHEALTH and the CITY agree that there is value in the easements granted to the CITY for utilities as part of the PROJECT. Both parties agree that BAYHEALTH will be compensated for those easements with the following:*

- * The triangle property (portion of 3-30-15.00-058.02) requested by BAYHEALTH and deemed surplus and approved for transfer by the City Council in 2016 will be transferred to BAYHEALTH at no additional charge; and*
- * Waiver of the difference between the total EDU count of water impact fees due to be paid for the PROJECT and the number of impact fees that are eligible to be waived under the CITY's Economic Development ordinance;*

Conclusion

Staff would appreciate feedback from the Committee on these two items as we wrap up drafting the development agreement and prepare it for City Council approval.

Mr. Norenberg explained that the agreement is not yet finalized and still requires a review by the attorneys for both the City and Bayhealth.

He then discussed refunding building permit fees and anything not spent by the City up to \$50,000 at the conclusion of the project.

The second item acknowledges the value of the easements being provided by Bayhealth to the City that were used to extend power to the Southeast Water Tower and Treatment facilities. In lieu of paying them, he recommends we waive the remaining EDU fees for the impact of the medical campus.

The City Manager then recalled the recent adoption of the additional fee impact fee waivers for major projects like this. As a result, it is recommended the triangle-shaped property, next to the location of the previous chicken house, be granted to Bayhealth and the water impact fees waived.

Chairman Mergner asked the value of the property and the waivers being provided; City Manager Norenberg explained that when the code was changed in January, up to 60 EDU's could be waived. Approximately 71 is being considered which is in the \$20,000 range. Planning Coordinator Rob Pierce concurred that \$20,000 is correct with respect to the water impact fee waiver.

Neither Chairman Mergner nor Councilwoman Peel had concerns.

City Planner Pierce stated they will complete the agreement and forward it to City Attorney David Rutt before a final review by Bayhealth Officials and Attorneys.

Economic Development Attraction Efforts

Mr. Norenberg stated that Mayor Shupe and he have had discussions relative to additional efforts to attract new businesses to Milford. He referenced some consulting groups that would provide this type of assistance on behalf of the City. He has received an initial proposal of \$160,000 over a three-year period.

If the Committee is interested in that type of activity, he will obtain a more detailed proposal and have them do a presentation.

In the meantime, Planning Coordinator Pierce is creating maps to display available properties and related details that will be available on line.

They have also talked to a realtor who is offering to make available MLS (multiple listing service) data so that we are aware of when new properties are listed though we will need to tie that into our system.

It was determined that both commercial and residential properties would be included.

Mayor Shupe added that the maps could be very useful. A person would simply go online, search the available properties and click on a specific property. The City's property record would then pop up providing pertinent information including a photo.

Chairman Mergner asked if interested businesses would be directed to the site when searching the web using keywords such as investing, available commercial properties in Milford, etc. He pointed out those things do not cost money and are extremely beneficial.

Councilmember Peel asked if sponsorships could be added to the map concept because she feels there are a lot of realtors that would like to run an ad next to the map.

Chairman Mergner also recommends an information session be arranged for realtors and developers to plug the downtown area and other available sites.

Mr. Norenberg informed the Committee that a meeting was recently held for realtors, bankers, brokers, etc. to be educated on the DDD. That is when one of the realtors offered to provide regular updates of new listings. Unfortunately, there were not a lot of people that attended though they hope those in attendance will spread the word.

Councilman Starling arrived at 5:40 p.m.

The City Manager pointed out our website has a good webpage, specific to the DDD, that provides a lot of information through various links. However, the general economic development page has not been expanded much though that will continue to be worked on.

He recalled informing City Council that he is working with the City of Rehoboth Beach and has applied to host a Local Government Management Fellow. Interviews are scheduled on Friday for a one-year management intern out of a Public Administration and Grad School. He explained that sharing the Fellow will cut down the costs for both cities and will provide a very talented individual to work on projects like this.

Chairman Mergner suggested using the member pool affiliated with the Milford Chamber.

Mayor Shupe then referenced the third item on the agenda as far as how we tie into the Chamber and DMI in relation to economic development.

The Chairman asked if it could be as simple as targeting areas to determine the best matches regarding industry, then determining the most appropriate partner in relation to retail, company wise and site locations. He suggested that the Economic Development Committee support this effort by making phone calls on behalf of City Council.

Mr. Norenberg said he is unsure if the City has the data, though there are services that collect the demographic data and look at driving patterns and items such as income levels in relation to certain retail within a fifteen-mile radius for example.

Chairman Mergner agreed that his company pays for those type services when considering an area. Traffic studies, income levels, etc. are needed to make a determination on whether it is a good area to invest.

Mr. Norenberg stated there are two to three providers that have the ability to gather this information for a private sector company like Councilman Mergner's company or a retailer who may be considering a certain location. They then create data bases which can be provided to municipalities.

Chairman Mergner asked if there is any grant money available that could be used; Mr. Norenberg is unaware of any at this

point though they are keeping a close eye on the potential re-organizational of DEDO. Governor Carney has appointed a task force to look at public/private partnerships as a way to drive economic development as part of that. He agrees the City needs to keep watching that to see where it goes.

Chairman Mergner asked if Kent or Sussex County would be willing to share some of those costs; Mr. Norenberg said he can always ask. He likes the idea but he prefers we find a way to pay for it.

The City Manager will continue to explore this possibility in addition to any other potential funding opportunities that may be available.

Downtown Milford , Incorporated (DMI) Roles/Responsibilities in Economic Development

City Manager Norenberg then discussed DMI and the roles associated with economic development. He explained that DMI had asked the City to identify what we feel should be done by the board and their staff both short term and long term.

He then referred to the following memo that was prepared by Mayor Shupe and himself:

Purpose and Background

To further the economic success of downtown Milford, Downtown Milford, Inc. (DMI) and the City of Milford need to work closely together. As a result of the resource limitations of both organizations, we cannot afford to duplicate efforts, nor can we afford a missed opportunity due to lack of coordination or follow through. This document was requested to provide an outline of the City of Milford's expectations regarding the roles and responsibilities of DMI - both its Executive Director and its Board.

Discussion

The following is a list of key priorities and responsibilities that we see as critical for DMI to operate effectively as the "lead organization" representing the interests of and serving the needs of the downtown community. DMI needs to be able to effectively lead efforts on a number of critical fronts, as well as to collaborate and support complementary initiatives led by the City.

Though these items are grouped by timeframes, it is important to note that we believe a number of the items on the list (particularly those in the "immediate" timeframe) should have been in place and active months ago, even prior to the transition to the new Director.

Immediate: 0-3 Months

**Restructure DMI website and keep it current to promote downtown successes, encourage investment, and provide information, forms, etc. related to current events, programs and activities. (Social media should complement the website, replace it.) This includes:*

- Embedding local / regional news articles promoting / featuring downtown.*
- Featuring changing, current, and seasonal photos of downtown Milford*
- Building/property inventory including photos, history, uses, contact info.*
- Programs and incentives for downtown investors including:*

- > Downtown Development District*
- > Facade improvement program*
- > Paint program*

- Current information about annual events with photos, registration information, and how to get involved*
- Committee information, including roles, responsibilities, how to get involved*

- Promotion of the Rivertown Rebirth Plan and DDD

- * *Establish and maintain effective working relationships with all businesses in the DMI footprint and as many commercial and residential property owners (particularly those with multiple properties) as possible.*
- * *Regularly communicate with stakeholders about the activities and initiatives of DMI and those of other entities that impact downtown.*
- * *Maintain the interior, exterior and grounds of the DMI building as provided for in the lease.*
- * *Build effective working relationships with local realtors and land owners. Map out a succession plan for key properties.*
- * *Understand City of Milford code enforcement activities and property maintenance violations. Assist with identification of potential violations in downtown area for City of Milford to enforce.*
- * *Maintain regular offices hours.*
- * *Establish and maintain regular volunteer support, recruitment and appreciation efforts (including board members, committee members, and other volunteers).*
- * *Engage and support downtown businesses through the Entrepreneur Network and other committees to harness local economic opportunity and create a supportive business environment for small business owners, entrepreneurs, and innovators. **
- * *Develop and maintain a strong organizational structure for a sustainable economic development effort, with a focus on ensuring that all organizational resources (partners, funding, volunteers, etc.) are mobilized effectively. **
- * *Position downtown Milford as the center of the community and the hub of economic activity, while creating a positive image that showcases our community's unique characteristics, highlighting cultural traditions, celebrating and preserving important architecture and history, encouraging local businesses to market cooperatively, and hosting special events. **

Near future: 3-6 Months

- * *Develop plan with downtown businesses/stakeholders for an extended hours campaign. (How can we reach a goal of having downtown open Saturday afternoons/evenings and Sundays?)*
- * *Expand use of social media beyond Twitter and Facebook.*
- * *Measure progress toward goals and document the benefit and impact of DMI for regular reports to the City and State and for use in promoting downtown. **
- * *Vacant building campaign: Identify targeted commercial properties, discuss best use, pro-actively seek investors.*
- * *Regularly review all standing and future DMI events to ensure that they are meeting the goal of engaging visitors, residents, investors, businesses, and property-owners to share the message that this place is special and worth visiting and supporting throughout the year.*
- * *Identify facade improvements needed and introduce building/business owners to the DDD and to DMI programs*
- * *Identify strategic residential properties (gateways, near commercial, etc.) that need repair and introduce DDD, DMI grants and other programs to owners.*
- * *While ensuring short-term and regular events happen, DMI should sustain a focus on implementation of longer-term projects (like the Rivertown Rebirth) and activities that are the building blocks for substantial change over time. ***

*** Items based on the Four Point approach.*

Mayor Shupe explained they came up with the list at DMI's request and are now asking the Committee for their opinion and whether additional items are needed or some should be removed. He said the reason the City provides DMI financial assistance of \$40,000 a year is for economic development; he and the City Manager need to make sure we are getting some payback.

He pointed out the success of the DDD with more than \$3 million being granted to private investments. He believes this is the time they need to be hitting the pavement the hardest. If that is done successfully, it will show in the manner in which Milford grows and breeds success into the rest of the City.

Councilmember Peel pointed out the three-month period will run into the City's budget time. She suggests that we ask for an update during the budget hearings.

Councilmember Peel feels they need to be addressing these items.

Mr. Norenberg agrees stating that he suggested to DMI in December that late winter/early spring would be an appropriate time for an update. DMI asked for the City's expectations and they hope to use this information to help drive the recruitment of a new director and the development of the job description as they move forward.

The City Manager said he stressed to their board members that this is not something that should be linked to a specific paid position. He pointed out DMI is a very strong volunteer organization and there are a number of things on the list that can be handled by volunteers.

Mr. Norenberg feels that is one of the gaps in terms of the website though they have been doing a lot of promotion through Facebook.

Chairman Mergner agrees they should be reporting to Council on a more regular basis.

Mayor Shupe said his plan is that the zero to three months is only a recommendation. He prefers to have an actual plan with a list of items and associated time frames.

Councilwoman Peel noted that the City Departments report on a regular basis and feels it would be appropriate for DMI to do the same.

The City Manager said that there are regular reports from the DMI Committees, as well as their Executive Director during their monthly meetings. He agrees that we should receive a regular monthly report from DMI because so many of their activities tie in with the City's progress downtown.

According to Councilwoman Peel, she does not know any other organization that receives money from a government entity that is not required to provide a monthly report on deliverables, including the federal and state level. That includes grants where reports are required. She would like them to provide the evidence that the money is being used for the goals that were agreed upon.

Mr. Norenberg said he will pass that information along.

A discussion then followed about the lack of visitors to the downtown area because of the number of store that are closed at night. He and Mayor Shupe look forward to the 'Third Thursday' resuming again.

There being no further business, Councilmember Peel moved to adjourn, seconded by Councilmember Starling. Motion carried.

The Economic Development Committee meeting adjourned at 6:00 p.m.

Respectfully submitted,



Terri K. Hudson, MMC
City Clerk/Transcriptionists