

MILFORD CITY COUNCIL
MINUTES OF MEETING
April 24, 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, April 24, 2017.

PRESIDING: Chairman Christopher Mergner

IN ATTENDANCE: Committee Members:
Councilman James Starling Sr.

Mayor Bryan Shupe

City Manager Eric Norenberg & City Clerk Terri Hudson

Chairman Mergner called the Committee Meeting to order at 6:13 p.m.

Recommendation/Washington Street Property RFP

Planning/Economic Development Coordinator Rob Pierce was also present.

Mr. Pierce referenced the memo and original RFP that was advertised on the City website and well as several newspapers. Only one proposal from Milford Development Associates LLC was received prior to the March 10, 2017 deadline.

Mr. Pierce reported that the proposal is for a mixed use structure with commercial on the first floor and forty market-rate apartment units above. Parking is proposed to be onsite with a portion possibly beneath the building. The apartments would contain a mixture of one, two and three bedroom units. Also included are amenities such as a potential fitness center as well as rooftop terraces.

The site is the former Washington Street Water Treatment Plant across from Milford Public Library.

Two additional outbuildings proposed along the Riverwalk would contain retail. Included is enhanced landscaping on the property edges and the enhancement of the existing park space on the north side of the river. The developer is considering a small amphitheater or some improvement on the north side of the green area.

The developer anticipates the project cost to be between \$4 and \$5 million dollars and anticipates completion within thirty-six (36) months of construction commencement.

The RFP requires staff to evaluate the proposal based on responsibility and responsiveness. Staff believes that the development team has the ability, capacity and skill to design and construct the proposal and the character, integrity, reputation and experience to complete the work.

The developer recently completed a similar type project in the City of Seaford though it was mainly apartment or residential uses and no commercial component. They are also working in the City of Salisbury on a similar waterfront redevelopment project.

Mr. Pierce noted that the proposal is consistent with the City's Comprehensive Plan, Downtown Master Plan and the goals and objectives outlined in the City's Downtown Development District Plan. The proposed mixed use structure will provide residential options in the downtown area while engaging the river, promoting positive activities and providing additional commercial retail space.

The project is anticipated to provide new jobs and an influx of people into the downtown area, as well as increase the City's property tax base.

The Coordinator reported that the proposer submitted an offer of \$1.00 to purchase the land though City Council will need

to approve that value for the purchase. They also requested a waiver from the performance bond requirement for the construction of the building.

The project site is severally impacted by some items outside the control of the development team including the floodplain, the well-head protection area and a portion of the land that is under conservation easements with the State of Delaware and the Federal Government.

The City will need to work toward relocating some of the facilities to provide a more defined project area. Mr. Pierce said he has been working with the State the past few months on some possible resolutions.

Mr. Pierce then referred to the artist renderings of the proposed buildings. He reported the developer has requested a five-story complex (not six as depicted in the rendering). However, City code only allows four stories.

He also recommends input from City Council regarding the exterior look as it relates to the compatibility of surrounding architecture and uses.

The City has 180 days to award the contract from March 10th. If City Council agrees to move forward, the City would enter into a sixty-day negotiating period with the Development Team followed by the execution of a Land Purchase Agreement.

Mr. Pierce informed the Committee that because only one proposal was submitted, he recommends the proposer present their ideas and vision for the property.

Principal Keith Fisher of Fisher Architecture addressed the Committee stating he will be working with Developer David Perlmutter and his team from Milford Development Associates LLC on this project. He spoke about their project 'The Residences at River Place, LLC' in Seaford, a waterfront property on the Nanticoke River and the difference it has made to that community by giving the City an identity and a lifestyle. He sees that transcending into this project as well.

Similar to what they did in Seaford, Mr. Fisher said they plan to meet with a lot of people and not only City employees and officials, but people in the community that will be impacted. By doing that, they were able to garner a significant amount of feedback that shaped the project in its final stages.

He explained that the rendering is simply his team's vision and an image of what could be done though that does not mean it will be identical. Instead, they want feedback and are willing to work with the City to find solutions to the land trust and wellhead protection issues. Those pieces will shape their site plan and ultimately create the program.

Mr. Fisher believes the area will be an even better project than what has been done, particularly because they learned a lot during the Seaford project.

When asked about their planned project in Salisbury, Mr. Perlmutter shared that it involved a long term land lease in the area of the City parking lot and the Port of the Salisbury Marina next to Brew River. Mr. Fisher confirmed that current River Place Apartments complex is a tax credit development that was done by another developer. North of that is a vacant piece of land where a similar project will be developed.

A land disposition agreement is already in place and site plan approval has been granted.

He advised there was a significant amount of Program Open Space monies that had gone into the marina project. Neither the City of Salisbury nor the developer were aware of that when the project was planned. As a result, it was financially infeasible for the developer to buy the land. They got creative with portions of the property purchased for the upland portion while other areas were leased. As a result, there was a lot of arranging and evolving that went into the project.

Chairman Mergner then referenced the forty plus units in Milford and asked if that is a concrete number or whether it was based on other projects. Mr. Perlmutter responded by stating that developers always more than they can physically fit though that is just 'the nature of the game'.

Chairman Mergner believes that is a big number in his opinion. Mr. Fisher said they had the same feedback in Seaford initially.

Mr. Perlmutter explained that in Seaford, the first phase consisted of two buildings; the first had thirty-six units and was just completed. They are preparing to start the second building. They have pre-leased approximately thirty units and anticipate they will be 100% leased over the next two weeks.

He pointed out that the market is there and the leases are market-rental rates. He anticipates that Milford's rental rate may be slightly higher than Seaford. They are planning to attract professionals, particularly with the new Bayhealth campus being built. They also feel Milford has a good market of retirees and with its close proximity to the beach, many people locate here who cannot afford beach properties.

Mr. Perlmutter shared that the units will be good quality construction with granite countertops, stainless appliances, nine-foot ceilings, trash shoots in the hallway and elevator buildings. He emphasized this will be luxury, vacation living in a downtown community.

The properties will be managed themselves and though there will be no full-time maintenance person, the residents will have a number to call at which time someone will be dispatched.

When asked how much experience Mr. Perlmutter has in renting retail space, he stated that his family has been developing commercially for sixty years in the Washington, D.C. area. He has done a number of shopping centers with retail leasing. They are currently working with a big restaurant group for the Salisbury project and a restaurant group that is interested in the Milford project.

Mr. Fisher noted that with Seaford project at the point it is, their team now has more available resources to meet the City's schedule and work toward what is needed to get this project accomplished. He emphasized the need for the land disposition agreement to be worked out so that Mr. Perlmutter can proceed. He agreed there will be a number of details that need to be worked out though they are ready when the City is.

When asked if the Committee had any concerns, Chairman Mergner said he is comfortable with moving forward with the next steps; Councilman Starling agreed.

Mayor Shupe said that in talking with Mr. Perlmutter, he wants the City to be in the room and at the table when making many of the decisions and stressed that this will be a "Milford" project. In that manner, some of the aesthetics and many of the little things that are important to this community can be worked in. He looks forward to developing the project together and believes this will be a great asset to this area.

Chairman Mergner appreciates Mr. Perlmutter's interest and agrees this needs to be more unique to Milford with its own touch and the input of the public. He feels the City wants this to be very successful and looks forward to being involved.

Mr. Pierce explained the next step will be to draft the land disposition agreement though he is sure the Economic Development Committee and City Council will want to see more detail before the City signs off.

Chairman Mergner asked that Council be involved as well. City Manager Norenberg asked at what point he recommends Council involvement; Chairman Mergner suggests Council see it as we proceed.

Mr. Fisher stated that considering their experience, they are willing to put together a rough draft of the agreement for the City to review and comment.

Mr. Pierce said there will be some insurances in the agreement that whatever is developed is some thing the City desires versus totally signing over the right to develop that land. He said the City will be fully engaged throughout the project in terms of site design and architectural review.

Mr. Fisher pointed out that ultimately they will be subject to Planning Commission review and other development approval

and reviews.

Armory Reuse

City Manager Norenberg recalled the conversations he and Mayor Shupe have had with a number of groups about potentially using the armory. He recalled the deed restrictions associated with the acquisition of the facility from the State of Delaware that requires the use to be for public purposes.

The Parks and Recreation will have more extensive uses of the storage buildings at the back of the Armory property for parks maintenance. They had been using a couple off-site buildings for storage in the past though they are being sold or will no longer be available. As a result, three buildings at the back of the site will now be used for this purpose.

That leaves only the main building and the front half of the site to be discussed.

Mr. Norenberg advised the Civil Air Patrol is requesting to use the lower level of the building and a Community Gardening group is proposing a pilot community garden on a portion of the land.

He then introduced Lieutenant Colonel Richard Senato, Recruiting and Retention Officer out of Dover Air Force Base.

Colonel Senato then introduced Lieutenant Fox who will possibly be the Immediate Commander until Senior Member Stokes becomes the Permanent Commander upon completion of her training.

Colonel Senato then provided a brief background on the Civil Air Patrol (CAP). The organization was founded in December 1941, one week before the Japanese attack on Pearl Harbor, as a result of more than 150,000 citizens concerned about the defense of America's coastline. It was composed of pilots that were unable to join the military at that time.

Delaware is home to one of the original Coastal Patrol units, based in Rehoboth Beach

A number of submarine patrols were done and the CAP pilots were credited with sinking two German submarines.

After World War II, the CAP became the auxiliary of the U.S. Air Force and was charged with three primary missions-- aerospace education, cadet programs and emergency services.

Colonel Senato is attached to the Squadron at Dover Air Force Base who primarily handles search and rescue. Approximately 85% of the Air Force's search and rescue duties within the United States are handled by this unit who possesses the largest civilian aircraft fleet in the country.

The cadet program, a paramilitary organization guided by the Air Force, consists of male and females between the ages of 12 and 18 years old. The cadets are trained in search and rescue, communication, rocketry, flight, customs, etc. The Senior Program participates with the cadet squadrons. The CAP also regularly assists DelDOT through the use of their planes, as well as Homeland Security.

Colonel Senato announced their purpose is to start a unit in Milford. He explained they are a volunteer operation whose money comes from members' donations. They typically meet in churches, on military bases, in armories and airports throughout the country. They understand the responsibility of maintaining any facility they are using. Their cooperation with any organization that allows them to use a facility has always been 125% in addressing any problems during their weekly meetings.

He believes that Milford is prime for a cadet program for the youth of this City and this will be a unique opportunity for the armory to be used. Their intent is to use the lower level. Being a paramilitary organization, they need an office area, office space, drilling and muster area and primarily classrooms. Colonel Senato feels the lower level of the armory would meet those needs.

Most buildings used by the CAP throughout the country are multi-usage with the areas they use available for use by other organizations. He feels with this being an ex-military building, will very efficiently serve the Dover and Milford areas.

Councilmember Mergner asked how many cadets Colonel Senato anticipates; the Colonel said it is difficult to estimate, but Dover Air Force has a cadet squadron of 31. The current minimum is three senior members and eight cadets though there are no limitations to their numbers. They have a lot of ex Air Force that work with the cadets. There is also a unit in Georgetown and Milford being in the middle would be a good nucleus to bring in more youngsters.

He confirmed there is a program within the school system and recruiting usually begins in the elementary schools though that is not the case in the Milford School District or the private schools in this area.

Mr. Norenberg said a potential draft lease was prepared considering there is a considerable amount of space that would be a shared common area with at least one other tenant. They would be jointly responsible for utilities and maintaining the common areas of the building though the entity using the upper level would be responsible for that refurbishment.

He is hoping to find a positive use that will not require the City to do a lot of maintenance on the building prior to it being leased. If they are willing to remodel the basement and bring the building up to code and collaborate with the other tenant, this could be a win-win for the community.

The City Manager noted there has been other interest though there were conflicts with the deed restrictions as a result of those potential uses.

He will be bringing back a negotiated lease to Council for their consideration if the committee does not object to this use.

Chairman Mergner recommends pursuing this use as he believes it will be a positive influence for the City and a great fit. Councilman Starling agreed.

Community Garden/R. Blake Moore, CCA, Delaware Department of Agriculture

Mr. Norenberg then referenced the grass area to the north of the parking lots adjacent to the cemetery and east of the fence that is being proposed for a small community garden.

Blake Moore of the State Department of Agriculture said he is representing LEADelaware and Milford Resident Juanita Smith who would like to start a Community Garden.

He explained that LEADelaware is a two-year leadership program that is overseen by the University of Delaware Extension and Delaware Department of Agriculture. It is designed to promote leadership in the next generation of leaders in the agriculture and natural resources sectors in Delaware.

Each class is assigned a two-year program to create something in a Delaware community that would be a long-term resource and a place the community can come together, all while leaving behind a legacy.

LEADelaware Class IV consists of ten fellows who have until March 2018 to work on the project.

In April, of last year, they met with Mayor Shupe and talked about the community garden. At the same time, Juanita Smith was hosting an interest meeting.

Mr. Moore commented that Juanita Smith had indicated there was plenty of interest from the community though she was unable to get the support needed to move forward with its creation. Since that time, LEADelaware has agreed to work with her and the City of Milford to create a community garden in Milford.

They have since been working with the City Manager on locations and an opportunity to start the community garden.

Any upkeep would be overseen by Mr. Moore and Ms. Smith, as well as any addition community members who choose to be elected to the board.

Chairman Mergner asked why that location and if there may be a more appropriate location in Milford; Mr. Norenberg shared

that they had considered two locations because there is very limited City property available. The other site is the vacant lot next to the City's new well behind City Hall. There was also some support from Kent County though that may not be available at this site. He feels it would positive to have that activity in this particular neighborhood and this site would have easy access for the public.

In regard to the lease, though there are a couple details that still need to be worked out, there is also a water line which runs across this site that will have to be avoided.

Mr. Norenberg reported that he wanted to present the information to the committee for their opinion considering this will be a three to five-year pilot program even though the garden could be easily moved if necessary at some point in the future.

When asked how large it will be; Mr. Moore explained that it can be big or small depending on who is interested. It can anywhere from two raised beds to twenty or thirty. He has participated in a community garden on the Herman Holloway Campus in New Castle County which is used for many different things. It is a therapeutic garden for some of the patients at the hospital and a CSA (community supported agriculture method) to raise funds for the gardens. Local education including food preparation and programs on how to grow and use fresh vegetables are part of their training programs.

Mr. Moore announced they have also received a \$1,000 micro-grant from the Delaware Department of Agriculture to get the project started.

With no objection from the Committee, Mr. Norenberg will continue to work on the lease. In the meantime, more soil testing will be done to ensure there are no environmental hazards.

Chairman Mergner and Councilman Starling both recommended proceeding.

New Economic Development Opportunities/Strategies for Maximum Benefits

City Manager Norenberg said he wanted to discuss some strategies we should be thinking about considering the economic opportunities as a result of DE Turf and the new Bayhealth Campus.

Chamber of Commerce Executive Director Jo Schmeiser and DMI Board President Lisa Fitzgerald were also in attendance.

Ms. Schmeiser reported that she is a member of the DE Turf Usage Committee. At this point, they have been working with the 81-room Hampton Inn and local hotels and businesses to provide information. Bayhealth was generous in donating several hundred bags that will be filled with the Quality of Living book, Milford map and other items from local businesses. They want to encourage those visitors and participants at the sports complex to come to Milford versus going to the beach towns.

She is also meeting with Kent County Tourism who is considering a mobile site at the sports complex and is willing to provide information from Milford though she will be able to report more on that after she meets with them tomorrow.

The goal is to disseminate a lot of information from Milford retailers and Downtown Milford, Inc. as a way to get people here to support our businesses economically and in particular, get them to return and visit on a future vacation.

Mr. Norenberg advised there have been a number of meetings in recent weeks though this is an area where staff and other officials want to make sure we are capitalizing on the opportunity and taking advantage of the many visitors to DE Turf.

Mayor Shupe advised he will be meeting with the DE Turf Director on May 1st to discuss how Milford can be more active with DE Turf. He wants to discuss at what point we need to connect with the individuals who are planning to attend these tournaments and whether Milford could be included at the registration point, when they are searching for information or at the point they physically show up on site.

The Mayor is unsure if that requires a partnership with the business community or if the City of Milford should be responsible. He thinks it is important that these people understand that Milford is only two miles to the south of the site.

He commended Ms. Schmeiser on the great job she has done for the Chamber and the reason he will discuss this from the City side in some form of a partnership.

Chairman Mergner stressed that from his involvement in that lifestyle over the past eight years with his children, it is all about DE Turf and how they want to help Milford. When they call or go online, Milford would be linked to their site and would direct them. For example, the user would have the ability to click on links for lodging, restaurants, etc. He feels their site will heavily dictate where these people end up and if it is in Milford or Dover or the resort area.

The Chairman also suggests getting the local restaurant owners to meet with DE Turf and as a group, talk about what they can do to attract people to Milford. He recommends vouchers, coupons, specials be considered as part of their tournament packet, for example.

Chairman Mergner agrees the first thing they will want to do is go to the beach and Milford needs to reach out in an appealing manner that will need the group effort of local businesses.

Mayor Shupe believes there may be a more unique way of addressing it which could possibly be through a sponsorship at DE Turf such as having a field named after the City. Chairman Mergner disagrees that it needs to be more on a personal level.

Councilmember Burke arrived during the meeting and referenced the electronic billboard in the southbound lane by the sports complex that rotates every eight seconds. There is a second one being added as well that could be considered.

Chairman Mergner feels it will mean much if they are provided with something they can use or get in an email such as a 10% discount at a Milford restaurant or store. He feels it is very important to have some kind of promotional strategy.

Mayor Shupe stated that this needs to be done through the Milford business community and he encourages finding more details about those opportunities.

Chairman Mergner reiterated that a community strategy meeting needs to be scheduled with DE Turf and local businesses. Included should be DMI and the Chamber. He recalled Kent Economic Partnership Board Director James Waddington offering their assistance when this project was only a vision.

It was discussed that DE Turf was willing to find ways to add links to the Chamber, DMI and City of Milford website though that has not yet happened. Mr. Norenberg hopes that is still being explored because the construction is not yet complete and they are still working through a lot of issues.

Solicitor Rutt also arrived during the meeting and announced that he is a member of the DE Turf Board and an Open House is scheduled on May 13th beginning at 9:00 a.m. He encouraged the Committee and Council Members to attend.

Due to the scheduled time of the Council meeting, Councilman Starling moved to adjourn the meeting, seconded by Chairman Mergner. Motion carried.

The other agenda items will be added to the next meeting.

The Economic Development Committee meeting adjourned at 7:13 p.m.

Respectfully submitted,



Terri K. Hudson, MMC
City Clerk/Recorder