

MILFORD CITY COUNCIL
MINUTES OF MEETING
February 6, 2018

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 Tuesday, February 6, 2018.

PRESIDING: Chairman Christopher Mergner

IN ATTENDANCE: Committee Member: Councilmember Lisa Ingram Peel
Mayor Bryan Shupe (Participated by telephone)

STAFF: City Manager Eric Norenberg and City Clerk Terri Hudson

ABSENT: Committee Member: Councilmember James Starling Sr.

CALL TO ORDER

Chairman Mergner called the Committee Meeting to order at 6:02 p.m.

City Planning Director Rob Pierce and Milford's IACP Fellow Evan Miller were also present.

NEW BUSINESS

Milford Armory Tenant

City Manager Norenberg recalled previous conversations regarding potential partners interested in leasing the armory. The last time it was discussed, there were a couple nonprofit agencies interested in using some or all of the armory. Neither have worked out at this point. In the meantime, the Community Garden Project is underway on the northern side of the building. An agreement has been executed and trees have been planted and currently they are preparing the raised beds and talking with the Planning Department about a shed to store some of their equipment.

In addition, Parks and Recreation has taken occupancy of the three buildings behind the fence for their maintenance operations as was previously discussed.

More recently, a non profit group has expressed an interest and Lillian Harrison is in attendance to discuss that potential plan. Another group is also interested though the City Manager is unsure if that will work out.

Lillian Harrison, Delaware Community Reinvestment Action Council (DCRAC) Housing Director reported that the organization last year celebrated their 30th Anniversary at the same time the Community Reinvestment Act (CRA) was celebrating the 40th year of its enactment by Congress.

In addition to her position with DCRAC, Ms. Harrison is the Executive Director of WGM Outreach Ministries, President and CEO of Innovative Success Enterprises, Incorporated, Publisher/Editor in Chief of Innovative Success Magazine, Founder of Delaware Advocate, Owner of LHO Business Services, business development coach and consultant, motivational speaker, author and entrepreneur.

When Congress enacted the CRA, the intent was to encourage banks to meet the credit needs of local communities in which the banks operate. It includes addressing the needs of low-to moderate-income neighborhoods. The CRA responded to the often underdeveloped and inadequate flow of capital funds into low-income neighborhoods to aid in the fostering of neighborhood development, economic growth and wealth building.

Their mission is to ensure equitable treatment and equal access to credit and capital through Education, Outreach, Advocacy, and Legislation. Their vision is to be a trusted and caring advocate for Delawareans by providing consumer protections,

financial services, educational programs and counseling.

DCRAC is a tax exempt, charitable nonprofit whose mission is to ensure equitable treatment and equal access to credit and capital throughout Delaware. She reported that they currently have two offices in Wilmington and one at the Georgetown Professional Park in Sussex County.

They serve Delawareans by helping clients resolve their issues with the IRS, mortgage lenders and credit bureaus. The organization tries to be the watchdog because they feel everyone deserves a chance to succeed and be able to provide for their families. They want to end predatory lending practices by some financial institutions that are charging unjustified and unpayable interest rates and fees of specific segments of our community.

They also provide the only low income tax clinic in Delaware to educate taxpayers of their rights while providing representation before the IRS and/or the tax court. Another credit clinic was designed to help Delawareans build their credit scores.

Ms. Harrison also noted they work with a host of volunteers that helps make their programs successful. They were looking for another space and after her visit in February, she believes they would fit nicely in the armory. A number of other nonprofits with whom they work may be willing to share the space as well. It would provide a central location in the middle of Sussex and Kent Counties which will allow them to reach more clients, particularly in the Kent County area.

City Manager Norenberg explained this is a similar model to what was proposed a year ago by the Chamber of Commerce who was proposing the building be used as a hub for several nonprofits. Unfortunately, based on their need to move suddenly, there was not enough time for them to spearhead this project.

He noted that the City would have to go through the Conditional Use application process to allow these type uses at the site. Also, any reuse of the building must comply with the deed restriction that requires a purpose that will benefit the public. That in itself prevented a number of requests from being eligible, including churches and private schools. A charter school would be eligible though after they viewed the facility, felt it was too small for their purposes. Since then, the City has been promoting the building and talking with various partners.

He recalled when the Civil Air Patrol came before City Council, adding that they could be a potential collaborator with this agency. However, they are only interested in using classroom space that a church or school can provide versus having to do the renovations that are needed at the armory.

Chairman Mergner expressed concern about the armory's location in the middle of a residential area. He feels that a site more visible and with higher traffic volume would be more appropriate. Ms. Harrison said that was taken into consideration and they are in an even more secluded area in the Georgetown Professional Park though people are able to access it easily. She feels the armory would be easy to find as they typically direct people to Google maps for their various locations and they would do the same in this situation.

She also noted that in a number of cases, their clients are homebound so the staff goes out and visits them versus having the clients come to the office.

Ms. Harrison also emphasized they are very well aware of what type of improvements will be needed to the building so that is not a concern.

City Manager Norenberg advised that when this item was added to the agenda, there was another possible tenant interested though that has changed in the last few days and they have decided to go in another direction. The big concern at this point is the building is not ADA accessible so there are some mandatory upgrades that are needed.

Chairman Mergner agreed adding that its current condition does not make the building marketable for most organizations.

Mr. Norenberg added there were some roofing conditions that had to be addressed on an emergency basis due to recent winter storms. Unfortunately, the City does not have the finances to put into the building to make it more appealing. More importantly, we do not want to put money into a design that accommodates one tenant though a different configuration would be needed for other uses. He has approached it from the standpoint of offsetting the first few years of rent in exchange for tenant improvements.

The City Manager stressed that whoever the partner is will need to make a significant investment to ensure its accessibility, add air conditioning and address other issues. The City has been setting aside \$10,000 to \$12,000 a year for utilities and repairs, though the roof is going to cost an additional \$3,800 that was unanticipated.

When asked about its zoning designation, Planning Director Rob Pierce explained it is zoned R2. Both zones allow a conditional use to permit a community center or community service office. The new City Comprehensive Plan also allows the site to be rezoned to OB1 (Office Building) which would allow the same uses that are being considered.

Mr. Pierce compared the site to the offices of Mow Podiatry and Masten Dermatology on Lakeview Avenue that were in the middle of a residential area zoned OB1. He noted there are a number of other offices in this area that meet the low profile, low volume office building zone that he feels is appropriate in a residential area. In this case, a public hearing will be required for the conditional use and property owners within 200 feet will receive notices. Conditions can be placed on the property that would include hours of operations, parking requirements, etc.

Mr. Norenberg explained that we are still in preliminary discussions and there are a number of items that need to be flushed out. Tonight, they are asking for feedback from the Committee. However, he is not asking for a recommendation at this point and wants to be able to address any concerns or issues. Ms. Harrison will then plan to come back to the Committee with a more final plan within a few weeks, depending on the Committee's direction this evening.

Councilwoman Peel feels that more information is needed though she is a little more cautious about referring to this as a community center, particularly in a residential area. She feels the traffic flow and hours of operation need to be considered in addition to the type of services being offered.

She agrees there are other buildings in that area, including the church and stores that are non residential, but the residential area is still a serious consideration.

Ms. Harrison agrees that it needs to be understood it will not be used as a community center that would be open all hours. However, there would be agencies providing community services during the more traditional hours, though one operates directly after school. She does not feel this use would align with her perception of a community center.

Chairman Mergner continued to express his concern regarding the residential area versus a more visible commercial type location. He would like to have more information on what is proposed before he is able to make some final comments. He did state that if this does not work out, perhaps there is another area that could be provided that makes more sense for Ms. Harrison's organization, in addition to a budget-standpoint.

City Manager Norenberg said he will continue the dialogue with Ms. Harrison and her organization to come up with a more complete plan before they bring it back to the Committee.

Realtor RFP

Since City Council's decision, City Manager Norenberg stated that he and Planning Director Rob Pierce have worked together to create an RFP to secure a realtor who will list and market the available lots in the Greater Milford Business Park and Independence Commons. The City has one lot remaining for sale in the Business Park and eight in Independence Commons as is shown on the provided exhibits. Lot prices range from \$100,000 for a one-acre parcel to \$460,000 for an eleven-acre parcel. Only one lot in Independence Commons has been sold in the past thirty months.

He reminded the Committee members that funds from the sales of lots in the Business Park and Independence Commons go into the City's Economic Development reserve fund which is primarily used for capital improvement projects and one-time projects. Previously, a policy was set that the City would not pay a commission to a realtor representing the buyer of a City-owned parcel in the Business Park and Independence Commons. However, during that time, sales were brisk and the City did not need a realtor's involvement.

It has since been discussed that paying a commission on lot sales in the Business Park and Independence Commons would create more of an incentive for realtors to bring potential buyers into the City. They hope this would speed up the sales and development of the remaining lots. Typically, a real estate commission is set at six percent, with three percent going to the seller's agent and three percent going to the buyer's agent.

The following options had previously been presented to City Council noting that option two had been chosen:

1. Offer a Commission of 1% to 3% to a Buyer's Agent:
This would cost the City approximately \$1,000 to \$3,000 per lot. Advantage: There could possibly be additional realtors marketing the lots. Disadvantage: There would be the expense of paying a commission.
2. Hire a Realtor and Pay Commissions:
Prepare an RFP to solicit proposals from realtors to represent the City and select one or multiple realtors based on their proposed marketing plan and commission rates. Advantage: A realtor would actively be marketing the lots, featuring on the MLS, etc. Competition through an RFP process could ensure we get the lowest commission. Disadvantage: There would be the expense of paying a commission to both the seller and the buyer.
3. No Change: Continue current practice.

Mr. Norenberg then reviewed the RFP which was included in the Council packet.

Councilman Mergner referenced the previous conversation and asked if we should consider adding the armory to the list of available properties. He feels there may be some other uses for the building and understands we have been struggling with this for several years and the building is still vacant.

Mr. Norenberg explained that part of the problem is when the property was deeded to the City of Milford, only public purpose uses could be considered though the City would retain ownership. If someone wanted to purchase it, the matter would need to go back before the General Assembly for consideration.

Councilman Mergner recalled that Ms. Harrison indicated they hired a realtor to help them find a location so there may be other nonprofits or community services that may be suitable.

Mr. Norenberg agrees that once we hire a realtor, we could ask them for some professional advice on how to market the building.

He brought this before the Committee in case there were any concerns, though after discussing it, he feels it is ready to be finalized and publicized. If the Committee prefers, they can bring back the recommendations or take it directly to City Council.

Chairman Mergner believes the Committee should review it first. He also noted that one of our challenges is that Parks and Recreation is already using a large portion of the property. He agrees that some feedback from a realtor would be helpful with any potential leasing issues for the remaining portions of the property.

Mayor Shupe (by telephone) stated that he feels it is a good idea to bring it before the public so that their concerns can be expressed.

When questioned, it was confirmed the City does own the current Parks and Recreation building, and before they moved into the buildings in the rear of the armory, the Department has equipment scattered in various locations, including the Growmark Building, their maintenance office/shop on Mill Street, as well as at their primary office on Franklin Street. They are now using the three buildings behind the armory.

Councilwoman Peel asked if there are grants available to make the armory ADA compliant so that the entire Parks and Recreation operations could be moved there; Councilman Mergner noted that we have their main office by Milford Little League and asked if the City has thought about selling that site and using that money to upgrade the armory into a Parks and Recreation Center.

It was also recalled the concerns expressed with the current location of the basketball courts by Salvation Army and the possibility to move them over by the Parks and Recreation Office site.

Councilman Mergner feels we need to take advantage of the armory and their current main office by the ballfield seems to be wasted space when we are using these other locations for storage. He feels that relocating the office staff to the armory, where there is sufficient storage capability, should be considered. He feels the City may find more of a value selling the main Parks and Recreation facility.

Planner Pierce asked what an appropriate use of that facility would be; the Chairman is unsure though several things could be considered including a house or some type of small office.

City Manager Norenberg also reminded the Committee that the public regularly uses the current Parks and Recreation's classroom, as does the City for training purposes. Chairman Mergner understands though he is just trying to come up with a solution and prevent from being spread throughout the City as is currently done.

Planner Pierce also pointed out that in addition to the basketball courts being moved there, there is also a playground behind the building that is used on a regular basis.

City Manager Norenberg stated that the limitation on usages at the Milford Armory has been a major obstacle since the City first acquired it. In addition, multiple activities occurring within the building could present a problem to the surrounding residents.

Councilwoman Peel pointed out there is some open space for additional parking though it has not been designed; Chairman Mergner feels a new design should be considered and believes that quite a bit parking though it will need to be rearranged. City Manager Norenberg also pointed out the Community Garden space will have an impact on parking as well.

Planner Pierce pointed to an area on the map where more parking space could be added and are presently angular spaces. However, if an office-type use is selected, he does not feel it will be as much a problem. However, the public hearing process would allow neighbors to voice their opinions and Council would have the ultimate decision to approve or not approve, based on the impact to the area.

Chairman Mergner then stated that he does not have an issue with the RFP.

City Manager Norenberg stated that the dates will be updated and they will move forward with the process. However, he agrees that we may want to consider adding the lease of the armory. Chairman Mergner said he is unsure of the value of the current Parks and Recreation building by Milford Little League. Planner Pierce said there is a lot of land in the front though he is unsure of what type of restrictions are involved because he believes some of the land may have been donated for dedicated park areas.

Councilwoman Peel asked that it be checked out for at least for the two parcels in the front of the property.

Several options were discussed though it was agreed to continue with the conversation at a later date.

Chairman Mergner recommends the armory be added to the list of City properties in the RFP to attract some possible tenants. He feels that we can at least get the information out and be able to make a better decision down the road.

The City Planner will research the properties to find any others that may be available for sale. Mr. Norenberg noted that the Public Works Director recently created a list of properties the City is responsible for their maintenance and will determine if there are any remnants that have a value to sell.

It was clarified that Milford Little League's property is made up of several parcels owned by the City of Milford, Burriss Foods and Milford Little League.

City Manager Norenberg will amend the RFP to enable additional properties to be added along with the armory for leasing purposes

Business Park Land Sale

City Manager Norenberg explained that Mayor Shupe asked for some type of concurrence on moving forward.

Planner Pierce recalled that a few years ago, the City was approached by C&C Drywall to expand their lot. At the time, they worked with DBF to determine the minimum area needed to give trucks full access around their building. This was a result of problems that existed due to loading and unloading out on the street.

As a result, thirty feet was removed from the parcel of land behind their property and sold by the City to C&C Drywall. That allowed their trucks to maneuver around the building and not have to use the areas in the public right of way as had been done for a number of years.

The owner of Moore's Bus Service, who is next door to C&C Drywall, has now approached the City with a similar request to extend their back property line. His recommendation is to mirror what was purchased by C&C Drywall and provide them with another thirty feet to help with the circulation on their site.

After the last conversation, the owner was asked to determine exactly how much room was needed. Since, the property has been surveyed and there are some options, including parking, that may need to be reconfigured.

Mr. Pierce confirmed they are interested in purchasing thirty additional feet of land. The previous sale was based on the appraised value of similar properties in business parks and then prorated per acreage.

He recommends taking the same approach be used in this sale to Moore's Bus Service. If the Committee has no problem with handling in this manner, Mr. Pierce will have the documents drafted and have our City Solicitor work with them.

Mr. Pierce noted that we must also take into consideration some future stormwater management needs as we continue to develop.

It was agreed to wait until the survey is completed and at that point, Mr. Pierce will calculate the price and move forward.

Building Code Update

Chapter 88 - Building Construction

Planner Pierce reminded the Committee that the construction and alteration of all residential or commercial structures within the City of Milford are governed by Chapter 88 Building Construction. It includes the adoption of the 2006 International Residential Code (IRC) and 2006 International Building Code (IBC) which regulate residential and commercial building construction within City limits. These standardized codes are developed by the International Code Council (ICC) and are updated approximately every three years.

The adopted codes being used by each county and larger municipalities are provided below for comparison:

Kent County	2012 IRC, 2012 IBC
Sussex County	2012 IRC, 2012 IBC
Wilmington	2012 IRC, 2012 IBC
Dover	2009 IRC, 2009 IBC
Newark	2012 IRC, 2012 IBC
Middletown	2012 IRC, 2012 IBC
Smyrna	2012 IRC, 2012 IBC
Seaford	2009 IRC, 2009 IBC
Georgetown	(codes currently adopted by Sussex County)
Elsmere	2000 IRC, 2000 IBC
New Castle	2000 IRC, 2000 IBC
Millsboro	2003 IRC, 2003 IBC
Laurel	2009 IRC, 2009 IBC
Harrington	2012 IRC, 2012 IBC
Camden	2006 IRC, 2006 IBC

Also, each community may have different additions, insertions or deletions of specific portions of the adopted IRC or IBC code.

In 2017, the City was graded by Insurance Services Office, Incorporated (ISO) under the Building Code Effectiveness Grading Schedule (BCEGS) that assesses the building codes in a community and how the community enforces those building codes. Municipalities with well-enforced, up-to-date codes should demonstrate better loss experience and the corresponding insurance rates reflect that. The BCEGS program assigns each community a grade from one (best) to ten (worst).

That audit returned a grade of ten for the City, primarily due to the fact that the City is still operating under an older version of the ICC. For comparison, the City had undergone a similar audit in 2011 where it scored a six on both the residential and commercial building codes. By adopting the 2012 IRC and IBC, the City would improve their BCEGS grade to five.

In January 2017, the Department notified homebuilders and individual contractors of the proposed code update and offered to meet with them to discuss concerns. These same contractors were invited to attend the Economic Development Committee meeting this evening.

The Department compared the current City additions, insertions and deletions with those adopted by both Kent and Sussex Counties to formulate the draft additions, insertions and changes in the proposed code amendment. The main modifications include the following:

- *R311.7.5.1 Risers (similar to Kent and Sussex County) increases the maximum riser height from 7 inches to 8 inches.
- *R311.7.5.2 Treads (similar to Kent and Sussex County) decreases the minimum tread depth from 10 inches to 9 inches.
- *R313 Automatic Fire Sprinkler Systems will be deleted in its entirety (similar to Kent and Sussex Counties)

Staff recommends adopting the 2012 International Residential Code and 2012 International Building Code along with the proposed additions, insertions and deletions. The City recommends moving to the 2018 IRC and IBC once both Kent and Sussex County adopt the newer version.

Mr. Pierce explained that this will impact homeowners' insurance rates because that is what is used by underwriters to determine costs. City Manager Norenberg agreed this is something the municipality can control and influences the scores; the lower the number, the better for our homeowners.

The financial impact would be the cost of purchasing new code books.

Councilwoman Peel pointed out that both Kent and Sussex County are using the 2018 and asked if those municipalities that have not upgraded will eventually move into it. Mr. Pierce explained they are using the 2012 volume at this time though the goal of both counties this upcoming year will be to consider the 2018 code. That is the reason Mr. Pierce is recommending upgrading to the 2012 code. Once everyone moves into the 2018 version, the matter can be re-evaluated at that time.

Some clarification was needed in regard to the various codes and Chairman Mergner confirmed that Mr. Pierce is recommending upgrading from 2006 to 2012 in order to align with Kent and Sussex Counties. Planner Pierce stated that is correct and once the Counties upgrade to the newest version, he will ask that be readdressed by this Committee.

Mr. Norenberg stated that one of the things that needs to be considered is when adopting new building codes, the local jurisdiction often makes some local amendments and deviations. That is the reason we may need some input from the Counties in the review process. He emphasized that can some times take as long as a year to complete the process.

He noted that presently, there is sometimes some confusion because the contractors are also working with Kent or Sussex County who are using a more updated code. Because of that, the City is not going to tell them to do something less restrictive or out of date. However, it will be beneficial to use the same codes along with the same amendments.

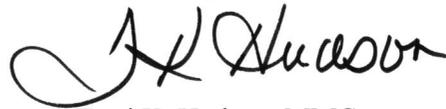
The matter will be placed on an upcoming agenda as a recommendation from this Committee.

ADJOURNMENT

Councilwoman Peel moved to adjourn the Committee Meeting, seconded by Chairman Mergner. Motion carried.

Chairman Mergner adjourned the Public Works Committee meeting at 7:15 p.m.

Respectfully submitted,



Terri K. Hudson, MMC
City Clerk/Recorder