

MILFORD CITY COUNCIL
MINUTES OF MEETING
October 4, 2010

A Meeting of the Economic Development Committee of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, October 4, 2010.

PRESIDING: Chairman Garrett Grier

IN ATTENDANCE: Mayor Joseph Ronnie Rogers
Committee Members-Councilman Douglas Morrow and Councilman James Starling, Sr.

ALSO: City Manager David Baird and City Clerk Terri Hudson

The meeting was called to order at 4:06 p.m. by Chairman Grier.

Economic Development Strategy

Chairman Grier advised there is a need to establish a direction the city is trying to accomplish and in doing so, a couple of options are being considered for consultants. He then asked the city manager to comment.

Mr. Baird advised that Mayor Rogers, Mr. Grier and he have had many conversations, in addition to meeting with the Chamber of Commerce and Downtown Milford. He advised that Downtown Milford is moving forward with a lot of their targeted economic development for the downtown area. However, there is nothing in place for a city-wide proposal. Once a mission is put in place, that will assist as marketing material for those interested in Milford and as background information when applying for funding from the state or federal government in the forms of grants or loans.

The city manager reported that two proposals have been received. The first is from Development Counsellors International (DCI). Mr. Baird advised that Mayor Rogers and he spoke with Ted Levine, Chairman of DCI. He feels they are more than capable of handling the project though they typically work for places with more needs than Milford and felt it may be a lot of overkill. In addition, their price was in the neighborhood of \$60,000 plus. As a result, he and Mayor Rogers discounted their firm very quickly.

The second proposal came from Moran, Stahl and Boyer (MS&B). Mr. Baird said this firm has worked with Kent County to put an economic development strategy together. Their proposal is not just a basic report and strategy, but also lays out the framework and was found to be similar to the city's thoughts. The city could use that as a foundation moving forward as the economic development program is put together. They also offer a marketing component called the Economic Development Resource Profile. This was outlined in the proposal for the Elmira-Corning Area of New York State and is where a lot of the marketing material comes into play. It would then be used as a catalyst for economic development.

Mayor Rogers felt very comfortable with this firm noting the work they had done with Dover and Kent County. He said their representative was very familiar with Milford and our Riverwalk and Greenway Project. Mr. Grier agreed that he knew a great deal about this area and had worked with Dover City Council in the past.

Mr. Baird advised their package includes a consulting fee of \$6,500 and two estimated trips at \$1,750 which is approximately \$8,500. He feels this approach is more suitable for the city and they are prepared and ready to proceed. He recommends funding from the Capital Improvement Fund where the proceeds from our business park sales are placed.

Mayor Rogers stated if the committee agrees, he recommends authorizing up to \$10,000.

Mr. Baird asked if the committee felt it was appropriate to keep this at a committee level or present the matter to city council.

Mr. Morrow then questioned how this will tie into the current downtown and chamber projects. He does not feel it would be feasible for three or four different groups to go in different directions.

Mr. Baird said in his opinion, the city has a number of different areas to hone down into. The first area is the business parks-both the city owned and Mastens Circle that provide opportunities for businesses to come into the city; the second area is along Route 113 which is traditional commercial areas; the third area is the downtown area; the fourth area is in the southeastern part of town where older industry exists along Marshall where Clariant & Steiner was located, extending out toward Rehoboth Boulevard where Seawatch, Perdue and KSI are found; the fifth area is on the southeastern edge of town where the potential mall will be located, Innovation Park east of Route 1, etc. He said those five areas will be the marketing pitch with one area or another appealing to everyone. This will put an umbrella strategy in place for the entire city while diving into specific areas.

The city manager plans to incorporate into the city plan what Downtown Milford is doing. The chamber will participate in the overall city plan.

Mr. Grier explained that is what MS&B will address as part of this project. They will sit down with the chamber and the downtown group in addition to Milford's larger employees to determine what they feel is needed to grow.

Mr. Baird feels this will build some bridges that were taken down the past couple years and is a good way to get input from various developers and businesses. He feels this will provide an opportunity as the economy starts to come back and will give options on where people can make investments.

Mayor Rogers added that though these are five target areas, the consultant may learn of other areas that should be included. Mr. Grier agreed this will provide some good direction and though they may point out some things we know, they will most likely discover other things that will help as well.

Mr. Grier suggests we proceed and present the proposal and the committees' recommendation to city council Monday night; the committee agreed.

Mr. Morrow agrees we should refocus our efforts in the hope of bringing new business into town which will help our overall fees remain the same or possibly be reduced.

Realtor Commission-Independence Commons

Mr. Grier advised that he has had some local realtors suggest commission be paid for promoting and selling business park land though Mr. Baird has already suggested this be done. Currently, there is no real incentive for a realtor to get involved. By not providing a commission, the realtors lean toward selling private lands versus the city business park. They have talked about a small commission rate, possibly a flat rate of 1, 2 or 3%. Mr. Baird agreed it would not be the full 6% currently earned on private sales.

Mr. Morrow explained that was never needed because the lots sold themselves with the infrastructure in place and the prices below market. The city felt that any profit would be eaten up if a commission was provided. He feels if this is done, the price of the lots should be increased to offset the commission. He noted the tremendous savings to the buyer with the infrastructure and stormwater ponds already in place.

Mr. Morrow also recalled several rules in place when we purchased the land using state funds. Part of the agreement, was that the city, through the city planner's office, would sell the lots. Before this is decided, Mr. Morrow suggests we compare similar industrial lands to our prices.

Mr. Baird said that when the north side of the park opened, they were sold at market rate and were based on an appraisal price. The least expensive lots are one acre lots for \$125,000 while lots on the south side of the park were selling for around \$30,000 an acre.

The city clerk confirmed the business park lots started at \$24,000, then doubled and increased again in price; the Independence Commons lots started at \$160,000 but were reduced in 2008 to approximately \$124,000 an acre. Mr. Baird explained that was based on the appraised value. He said that most buyers' initial reaction is that it is high until they realize that stormwater, utility extensions and roadways are already in place. Mr. Morrow recalled the buyers paying that through shared costs noting the stormwater costs are being paid annually by the property owners; Mr. Baird agreed.

Mayor Rogers agrees to a realtor commission if that fee is added in the cost of the lot. He suggests referring to the original agreement that Senators Adams, Ewing and Representatives Carey and Caulk were part of to ensure this can be done noting there were numerous restrictions in it. He recalled a realtor at that time asking permission to sell the properties for a commission, though council would not agree at that time.

Mr. Starling agreed that this must be done correctly and in line with the manner in which it was set up.

The city clerk will research the old records but believes they were kept in the city planner's office. She also recalled there was a package that was put together with numerous documents used for promotional purposes. Those packages were also distributed from the Chamber of Commerce Office.

Mr. Baird said the account that contains the business park lot proceeds has over \$1.6 million in it. The city manager believes the money generated from business park lot sales should be used as an economic development account for an investment that will continue to produce a return.

Mrs. Hudson will add the business park information back on the city website.

Mr. Morrow pointed out there are still a couple of lots that have not been developed and recalled the conversation in a council meeting. Mr. Baird agreed that a buyer is required to build within two years otherwise the city is able to buy the land back at the original price.

Mr. Starling asked that the city manager follow up on those lots that have not been developed as are required by their contract. The committee agreed that action should be taken immediately so they can be re-marketed.

In the meantime, Mr. Baird will also review the original agreement. He will also compare the current sales prices to current values elsewhere and consider some additional marketing material and the reverter clause on those properties that have not developed.

Utility Extensions

Mr. Grier then referred to the three properties being considered for water main extensions and well and treatment sites.

Mr. Baird advised the city is ready to move forward with a new water tower on the southeast side of town. Three locations are being considered.

Option one is a ten-acre parcel belonging to Bev Thawley just east of Route 1 and north of Cedar Neck Road. It is for sale and meets our needs both now and in the future. However, it will be costly to acquire. She is asking almost \$1 million though the appraisal came in at \$750,000 to \$800,000.

The city manager said it is a good location geographically and makes sense from an engineering standpoint and will cost approximately \$1.4 million to complete. It will also get water to the east side of Route 1 with the tank, tower and well facility on this site.

The second option involves the Nelson Hall property that was recently annexed into town. It is on the west side of Route 1, east of Route 30 and south of Wilkins Road where a commercial shopping center is proposed. The developer is willing to provide a portion of their 36 acres. The cost will be \$426,000 based on the engineer's estimate.

Mr. Baird noted this is a significant savings, though the drawbacks are at some point in the future, water will still need to be extended to the east side of Route 1. In addition, we are missing an opportunity to go under Route 1 at the same time the overpass is being constructed.

It will serve our needs in the southeastern area but mainly on the west side of Route 1. The problem is the properties on the east side of Route 1 that will still need water service.

The third option is on the MBT Land Holdings which is the former Mills property. This would extend utilities to this site east of Route 1 at an estimated cost of \$1.4 million. Approximately five acres would be provided at no cost though the extension will be more expensive according to Mr. Baird. This takes the utilities east of Route 1 and instead of paying land acquisition costs, we are putting pipe in the ground and extending the water system further which will potentially serve more properties over time.

Mr. Baird is presenting this issue to this committee because he feels this is an economic development decision. From a utility perspective, the extension can be done any of these ways.

Mr. Grier pointed out that in addition to these utilities, there will be additional land for other uses. Mr. Baird said we may also possibly need a place to make a small interconnection with the electric. The developer is willing to provide the amount of land the city needs. This will also be a big benefit to the property owners to have water on site.

Mayor Rogers feels that this will be the least sightly in comparison to the other two sites. The Thawley property is somewhat landlocked which will not be a problem to the city, but his main concern is the upscale homes in this area which are going to be a major problem. The same applies to the Hall property Mr. Baird reported and referenced the Macklin property and Matlinds and West Shores properties.

Mr. Grier pointed out the advantage of doing this utility construction as the overpass is built, which will save the city money as well as inconveniences to property owners and traffic.

When asked Mr. Baird's preference, he said from an engineering standpoint, the Thawley and Hall pieces are better properties because of the higher elevation. However, the tank can still be built on the MBT Property which puts the city in a good position in the future. It would also make those properties east of Route 1 more marketable. Once the overpass is in, access will much easier in addition to the utilities being in place. When people are ready to make an investment, it will be ready. Ultimately, it will increase utility sales and property tax revenues.

Mr. Baird said that though this will cost approximately \$1 million more, council will need to decide if it is worth the initial investment.

Mr. Grier noted that the Hall property keeps the infrastructure west of Route 1 and he recommends Thawley or the MBT property. He feels there is an advantage to extending the utilities east of Route 1, particularly with the opportunities available as a result of the overpass being built.

Mr. Baird said he will work on some of the details for the land purchase.

Mr. Grier confirmed that extending to the MBT property would be similar in costs to the Thawley property, but pointed out we are gaining a great deal more infrastructure. Mr. Baird verified that is correct; another 3,500 to 4,000 feet of water main can be installed versus waiting until the land is developed.

The mayor agreed that it will be less expensive to run it now than in the future.

Mr. Baird said what will need to be done is to compare the options in order to show the better option. Mr. Grier feels the only downfall is the slight elevation; it was agreed it would need to be built a few feet higher. The city manager noted that will cost an additional tank fee of \$4,200.

It was agreed that option 3 would be recommended to city council.

Mr. Morrow confirmed that this would accommodate all development east of Route 1 up to the Mispillion River; Mr. Baird stated yes.

Mr. Morrow then confirmed the Hall property south of Matlinds Estates would be served by existing infrastructure as well as the new infrastructure. Mr. Baird answered that both towers will contribute though the new tower will benefit all the new area where growth will occur. The water extension will tie in at Cedar Neck Road and Route 1 where the new overpass is planned. In the future, there may be a loop on Beaver Dam Road or on Sharps or Johnson Road.

Impact Fee Waiver Extension

Mr. Baird referred to the charts noting the building permit value dropped considerably in September 2010 compared to the first three months of the incentive. However, there continues to be many people putting together plans because of the incentives. Many projects are moving forward as a result.

He reported that over four months, \$101,728 have been provided in incentives. The total investment is \$5.7 million over those four months.

He said the current deadline for the impact fee waiver expires January 1, 2010. He asked if the committee feels it should expire at that time or should it be extended. Council needs to make a decision by November.

When asked the recommended time for an extension, Mr. Baird pointed out the property tax incentive is through June 2011. Mr. Morrow suggested that if council agrees, the impact fee waiver only be extended six months. At that time, its impact on the budget must be considered.

The consensus of the committee was to recommend a six-month extension. It was agreed this is a good way to show the city is working with people to ensure Milford wants to attract new projects.

The ordinances will be placed on the October 11th agenda for council consideration. Introduction will occur at the October workshop with adoption at the November monthly meeting.

Monday's packet will include the proposals for the Economic Development Strategy with a recommendation to approve the MS&B contract and \$10,000 from the General Fund Capital Improvement Account.

Mr. Baird will follow up on the business park with current sale prices compared to market value, obtain a copy of the original agreement when the city acquired the land, copies of the original marketing material and follow up on the reverter clause for those lots that have not been developed.

The last item he will address is the land for the water tower noting the committee is leaning toward Option 3--MBT Lands east of Route 1. The city manager will put some details together to present to council when the timing is right.

Mr. Morrow moved to adjourn the Economic Development Committee meeting, seconded by Mr. Grier. Motion carried.

The Committee Meeting was adjourned by Chairman Grier at 5:16 p.m.

Respectfully submitted,



Teresa K. Hudson, CMC
City Clerk