ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee met on February 8, 2017 at 2:01 p.m. with Mayor Christiansen presiding. Members present were Councilman Cole; Mr. Koenig, City Manager; Mrs. Ann Marie Townshend, Director of Planning and Community Development; Mr. Gregory Moore, President, Downtown Dover Partnership (DDP) Board of Directors; and Mr. K.C. Sheth. Councilman Hare and Mr. Hammond were absent.

AGENDA ADDITIONS/DELETIONS

Mrs. Townshend moved for approval of the agenda, seconded by Mr. Moore and unanimously carried.

Mayor Christiansen welcomed Mr. Sheth as a new member of the Committee.

Economic Development Committee Transition Discussion

During their meeting of September 13, 2016, the Committee considered the Economic Development Committee Transition Discussion and deferred this matter due to time constraints.

Review Purpose of Committee and Adopt a Goal/Vision

Mayor Christiansen stated that the purpose of the Committee reflected the need, as a body politic, to address the economic development needs of the City, provide for that economic development, and create meaningful, well-paying jobs for citizens, as well as to look into workforce development and incubation of small and large businesses alike. He stated that one (1) of the main focuses of the organization should be marketing the Downtown Development District (DDD), the Bay Road area, and the Garrison Oak Technology Park.

Mrs. Townshend informed members that staff would begin updating the City's Comprehensive Plan later this year and noted that a chapter of this plan deals with, and lays out strategies for economic development. She stated that she would look to have this Committee involved in updating this chapter of the plan and the outreach related to the development of that chapter, not in the immediate future, but when staff gets to this point. Mayor Christiansen indicated that he thought that would be appropriate.

Mr. Koenig stated that economic development relates to new business and new facilities, but also to getting rid of vacancies and existing buildings if possible, and he noted the benefit of fostering redevelopment of existing parcels. He also mentioned temporary or permanent incentives to development, as well as trying to identify particular industries that the City would like to see added to its business mix that might be a benefit, not just to Dover but also to Kent County.

Mayor Christiansen stated that the goal and vision of the Committee should be to continue to be a driver for new business. He noted that retention of current business sometimes gets lost in the mix and stated that he would like to add this to the goal, vision, and purpose of the Committee.

Mrs. Townshend indicated that it should be made clear that retention of business extends beyond just business and noted that there are a number of public and non-profit sector employers that are significant to the City. She stated that the City would not want to lose entities such as the State of Delaware offices and any of the large employers. Mayor Christiansen suggested using the term

"employers" rather than "businesses," noting that this would include major, minor, future, and existing employers and would be a good generic term.

Identify Challenges to the Goal/Vision and Develop Strategies

Mrs. Townshend advised that one (1) of the challenges to the vision would be communication. She indicated that when she attends Restoring Central Dover meetings, she is regularly asked about the City's new economic development structure. Mrs. Townshend stated that the business community also probably wants to have a sense of where to go since there is no longer a City Economic Development Office.

Mayor Christiansen stated that the Chamber of Commerce had called and asked to attend Economic Development Committee meetings so that there is not duplication of efforts.

Mrs. Townshend informed members that the economic development page on the City's website goes back to the time when the City had staffing for economic development. She suggested looking at what members wanted under economic development for the website, so that someone who knows nothing about Dover and clicks on economic development would get information regarding where to start, rather than calling an office that is no longer there.

Mayor Christiansen asked Mr. Koenig if anybody on staff could feed current information into that portion of the City's website. Responding, Mr. Koenig stated that Mr. Kirby Hudson, Assistant City Manager, would be working on this.

Mr. Cole noted that one (1) of the challenges would be existing building vacancies.

Mayor Christiansen asked if there was a current inventory of vacant buildings downtown and throughout the City. In response, Mrs. Townshend indicated that there is a vacant building registration that monitors the fact that buildings are vacant but does not give details on condition. She noted that staff inspects buildings to make sure they are secure and that most of the vacant buildings at this point would probably need an architect in order to be re-occupied. Mrs. Townshend advised that a building that has been vacant for five (5) years or a decade typically has some deterioration, and there is a challenge because a lot of these buildings are not turnkey space.

Mr. Koenig noted that the vacant building registry would not be a full inventory, because there may be vacant commercial properties that are listed with a commercial realtor. Mrs. Townshend stated that these properties would still be on the list. Mr. Koenig commented that the realtors' inventory changes quickly.

Mrs. Townshend advised that if part of a building is vacant, it would not be registered. She explained, for instance, that a lot of commercial vacancies downtown had occupied apartments above them; however, they are not part of the the vacant building registration, which only includes buildings that are fully vacant. Responding to Mayor Christiansen regarding whether there was a way to remedy this, Mr. Koenig advised that there was no easy way to do so. Mrs. Townshend commented that this could only be remedied through the code; however, the code had been changed

to create this exception. She explained that staff had received a lot of negative feedback from the real estate community because realtors did not believe it was necessary to register properties that had vacant commercial space but also people living in them. Mrs. Townshend indicated that the code had been changed to accommodate this; however, it could be changed back through the action of Council.

Mr. Donald Rowe stated that he is one-half of the team that owns TR Nail Spa at 1188 Forrest Avenue. He asked if the properties on the vacant building list were split between office spaces and warehouses and if warehouses were also available on the list to be reviewed. Responding, Mr. Koenig advised that it is difficult for the City to manage the information on the list, noting that there is a requirement to register vacant buildings, but this is not a register that someone would consult to find space. He suggested contacting a commercial realtor who could take someone through spaces, show the pros and cons of each space, and be able to talk about cost. Mr. Koenig explained that the City may know when a space was vacated but not the history of the space, its quality from a rental standpoint, and if this is a space where someone would like their business to go. Mr. Koenig indicated that commercial realtors can be depended on for lists of available spaces and to know what the market is doing. He informed members that the City has a very generic registry that is not a depository of the best information to help someone to make a decision whether a space suits them.

Ms. TR Rowe, TR Nail Spa, asked if the City could go to the Multiple Listing Service (MLS) and ask for this information. Responding, Mr. Koenig explained that an individual could do this. He noted that if the City did this, the City would have to be in the process of updating this information all the time, which is not a business line that the City had been in.

Mrs. Townshend explained that the vacant building ordinance was created as part of the City's code enforcement program and is managed under this program. She noted that genesis of the ordinance was in monitoring the buildings, keeping an inventory, and collecting fees to try to discourage people from keeping buildings needlessly vacant. Mrs. Townshend advised that the registry is just a list of addresses and does not distinguish between a house, a commercial building, or a warehouse. She stated that there are registered vacant buildings of all of those varieties, but this cannot be determined by looking at the list. She indicated that she was unsure if the City's Naviline system could be set up to do this if this was something that Council desired, noting that this would be a very large task.

Ms. Rowe asked if a building could be listed on two (2) different registries and if buildings downtown that have a vacant business and also apartments are listed as business or residential. In response, Mrs. Townshend indicated that vacant buildings are listed only as vacant and the City's level of inventory does not include information regarding whether the property is business or residential.

Mr. Rowe asked if realtors who own properties are required to register properties through the City. He questioned if someone driving who saw a sign posted could have come to the City as a starting point to find information about a building, not necessarily its condition or what was needed to bring it up to code. Responding, Mrs. Townshend advised that most of the vacant buildings are not owned

by realtors but by individuals, LLCs, or banks. She indicated that the City has information about who the responsible party is that owns the property and may or may not have information regarding who has listed it.

Ms. Rowe stated her understanding that someone coming to the City who was looking for buildings would have to go to a realtor who would hopefully know all the vacant buildings or businesses, and this person could not click on a City page that would show the locations of vacant businesses. In response, Mr. Koenig stated that he, personally, would suggest that they go to a realtor, because they would then be connected with a broker or agent who would work tirelessly to put them in a space. He explained that realtors would work 24/7 and call their contacts and everybody who could put them in a space. Mr. Koenig advised that the City only knows what is registered as vacant. He advised that if something came up the day before, it may not be required to be on the City's vacant building registry yet. He pointed out that calling the City versus a realtor could cause someone to miss an opportunity because the City would not know about this vacancy yet.

Ms. Rowe asked what City areas are eligible for incentives. She noted that Route 8 was a country area with cornfields when she was growing up, but now it is considered the City of Dover. She advised that she had not received incentives and asked where the incentive area starts and ends. In response, Mrs. Townshend explained that there are a number of sets of incentives, including some that apply in the downtown area. Ms. Rowe was provided a brochure regarding the Downtown Development District (DDD) Program that included a map of the downtown area ***(Attachment #1)***. Mrs. Townshend stated that there is a set of incentives for vacant commercial and industrial buildings that provide some relief of the building permit fee, tax relief on the value of improvements, and a discount for applicable impact fees for commercial and industrial buildings that are over 5,000 square feet.

In response to Ms. Rowe, Mrs. Townshend explained that DDD incentives are separate from the incentives for vacant commercial and industrial buildings. She stated that any building in the DDD district can qualify for incentives; however, the incentive with the 5,000 square foot limitation could apply outside of the DDD.

Mr. Koenig advised that it is best to set up a meeting with staff to go over all the incentives, because they vary depending on location within in the City. He stated that information regarding incentives is on the City's website and staff had reviewed incentive information with realtors, although realtors change and they may not always have current information. Mr. Koenig suggested setting up an appointment to go over the individual incentive packages, especially if there is an idea of an actual property where there is interest, noting that this is very much a one-on-one conversation.

Mr. Koenig stated that, during the Council Retreat held on January 6, 2017, members discussed a business ombudsman position, which would potentially be a new position created in a future budget. He explained that people could make an appointment to see the ombudsman, explain what they want to do, and find out what incentives the City has to offer. Mr. Koenig advised that a businessperson could bring in their representatives, such as a real estate agent, engineer, or others representing their interests, and meet with a number of different staff people. He advised that the City does not have an ombudsman right now; however, there were many members of staff who could at least get Mr. and Ms. Rowe through the first couple of steps. Mr. Koenig indicated that one (1) of the current

problems at the staff level was that people come in with an idea but do not bring in all the information, which in many cases they do not have. He stated that they may not have their agent or engineer with them, and everyone tries to make notes that may not make sense when they go back to review them. Mr. Koenig explained that the City was in a transition, reiterating that there had been discussion at the Council retreat about potentially having a person who could help people navigate some of the regulatory hurdles of opening a business, reach out to more people, and get more small businesses interested in the City of Dover.

Ms. Rowe indicated that approximately five (5) staff members had come to her business. She stated that they did not have complete information, noting that some of them thought that she was eligible for the incentives. Ms. Rowe advised that she had a representative from every facet that she would need to make her business come to fruition. Mrs. Townshend stated that there had been staff there from the regulatory end but not the incentive end. She noted that the business was just outside the DDD.

Mayor Christiansen suggested considering the expansion of the incentive district in the future. Responding, Mrs. Townshend advised that, under the State program, the City was limited to 225 acres for the DDD program and was maxed out.

In response to Mayor Christiansen regarding other City incentives, Mr. Koenig advised that these incentives were at the pleasure of Council. Mayor Christiansen stated that Mr. and Ms. Rowe could appeal to Council through the Economic Development Committee, and Ms. Rowe asked for the process for this. Mrs. Townshend advised that this would require a legislative change and that this was something that could come out of the Committee.

Mayor Christiansen asked Ms. Rowe to write a letter to the Economic Development Committee making her request.

Mrs. Townshend stated that TR Rowe Nail Spa was under 5,000 square feet, and Ms. Rowe confirmed this. Mrs. Townshend advised that if the business was larger than 5,000 square feet, it would have been eligible for one (1) set of incentives, so it may be a matter of reviewing the current 5,000 square foot threshold.

Organizational Items

During their meeting of September 13, 2016, the Committee considered the Economic Development Committee Transition Discussion and deferred this matter, due to time constraints.

Identify Meeting Roles

Mayor Christiansen advised that he would be a non-voting, ex officio member of the Committee, as specified by Council. He noted that Councilman Hare would represent the Legislative, Finance, and Administration Committee, Councilman Cole would represent the Utility Committee, Mr. Koenig would serve on the Committee as City Manager, Mrs. Townshend would represent the Planning Office, and Mr. Hammond and Mr. Sheth were citizen members. He explained that the Committee was established by Council's action in 2016 and the structure was amended by adding additional members. Mayor Christiansen stated that the Economic Development Committee is a

Council committee, and appointments are made by the Council President and approved by Council. He stated that the membership of the Committee had been established by the members of Council.

Mr. Bobby Wilson asked if another African American would be appointed to the Committee. In response, Mayor Christiansen explained that he could not answer this and suggested that Mr. Wilson ask the Council President, because he made the appointments to the Committee.

Discuss and Adopt Ground Rules for Future Meetings

Mr. Koenig questioned how the agenda would be set for future meetings and noted that all the other agendas for Council committees are set at the Council President Agenda meeting. Responding, Mayor Christiansen stated, since he was charged with the responsibility of chairing the Committee, that members should present agenda items to him, and the agenda would be established through him. Mayor Christiansen advised that the public should contact Committee members or the Mayor if they would like to bring items forward for the agenda.

Mayor Christiansen stated the desire to meet every two (2) weeks and noted that there were requirements under the State of Delaware Freedom of Information Act (FOIA) to post meeting agendas seven (7) days prior to each meeting. Mrs. Jody Stein, City Clerk, noted that the agenda title deadline is typically approximately 12 days before each meeting.

Mr. Christiansen suggested having information to the Mayor's Office on days of the Council President's agenda meeting.

Mayor Christiansen stated the desire to hold meetings every two (2) weeks and suggested 2:00 p.m. on Wednesdays.

Mr. Koenig moved to meet at 2:00 p.m. on the Wednesdays that the Council President's agenda meeting are held, seconded by Mr. Cole and unanimously carried.

Mayor Christiansen stated that Dr. Michael Casson, Delaware State University Center for Economic Development and Trade (UCEDIT) Program, would like to make a presentation on behalf of Delaware State University at the Committee's second meeting in March. In addition, he noted that he had invited Mayor Mike Purzycki from Wilmington to speak to members and this would be added to the agenda as soon as Mayor Purzycki provided a firm date.

Mr. Frederick Tolbert asked if meeting minutes would be made available. Responding, Mrs. Townshend explained that minutes would be posted to the City's website.

Mrs. Townshend noted that the Committee would have meetings on March 1, 2017; March 15, 2017; and March 29, 2017.

Mr. Moore moved for adjournment, seconded by Mrs. Townshend and unanimously carried.

Meeting adjourned at 2:39 p.m.

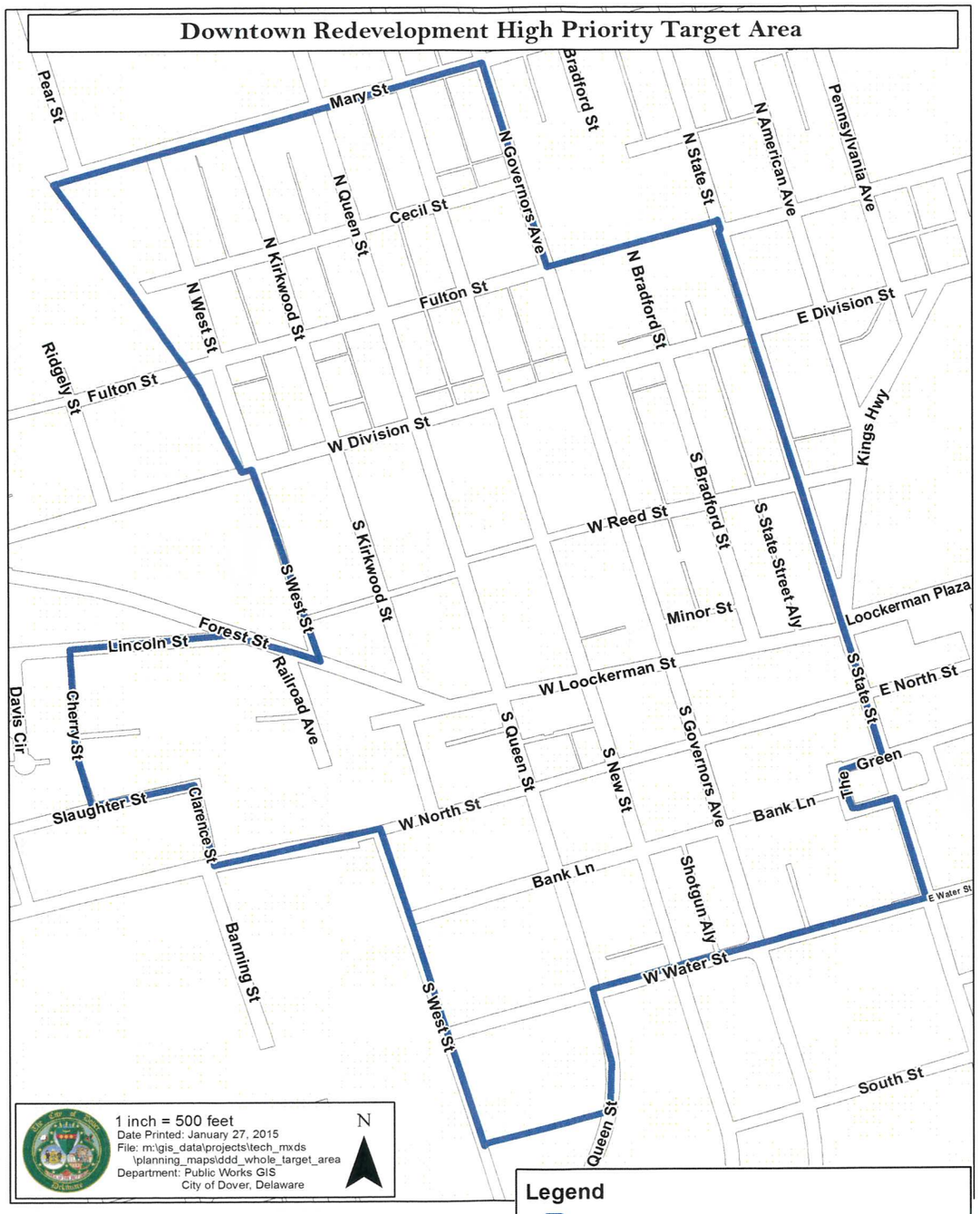
Robin R. Christiansen
Chairman

RRC/JS/js/dk

Attachments
Attachment #1 - Brochure - Dover's Downtown Development District - Overview

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Downtown Redevelopment High Priority Target Area



For More Information:

Department of Planning & Inspections
Phone: 302-736-7196
Fax: 302-736-4217
http://www.cityofdover.com/Planning-and-Inspections

Economic Development Office
Phone: 302-678-4858
Fax: 302-678-2132
http://www.cityofdover.com/Economic-Development/

Dover City Hall
15 Loockerman Plaza
Dover, DE 19901

February 2015

I BELIEVE IN Dover

Dover's Downtown Development District – Overview

Downtown Development Districts
State of Delaware

Dover's Downtown Development District

On Sunday January 11, 2015 Governor Jack Markell announced he had selected, Dover as a Downtown Development District. Established in the Downtown Development Districts Act of 2014, Downtown Development Districts are designed to:

- Spur private capital investment;
- Stimulate job growth and improve the commercial vitality;
- Help build a stable community of long term residents; and
- Assist municipalities in strengthening neighborhoods while harnessing the attraction that vibrant downtowns hold for talented people, innovative small businesses and residents from all walks of life.

Construction projects and new businesses within Dover's Downtown Development District (referred to in City Code as the **High Priority Target Area**) may qualify for a variety of incentives from the State of Delaware, Kent County, the City of Dover, and the Downtown Dover Partnership.

State of Delaware

Downtown Development District Grants

- Administered by Delaware State Housing Authority.
- Up to 20% cash rebate for qualifying construction projects (capped at $1 million/ property).
- http://www.destatehousing.com/Developers/dv_ddd.php
- For questions call (302) 739-4263.

State Historic Preservation Tax Credits

- Administered by the Division of Historical and Cultural Affairs.
- Assists with the preservation and rehabilitation of historic buildings.
- http://history.delaware.gov/preservation/taxcredit.shtml
- For questions call (302) 739-7400.

Sustainable Energy Utility

Expanded *Home Performance with Energy Star Program* to include:

- Energy Audits for $50 (normally they are $200).
- High rebates for energy efficiency improvements.
- Include Commerical Units less 2,500 S.F. in mixed-use buildings where residential units are being audited.
- For information, call 1-877-524-1337.

City of Dover Incentives

Business License Fee Waiver

- For new businesses or businesses that expand or relocate to the HPTA on or after March 1, 2015, City of Dover Business License Fee waiver for three years.
- All businesses are required to obtain a City of Dover Business License, but the fee for the license will be waived.

Transfer Tax Rebate

- For properties that transfer on or after March 1, 2015, the property owner shall be eligible for a rebate of the buyer's portion of the real estate transfer tax upon issuance of a certificate of occupancy, provided that a certificate of occupancy is issued for improvements to the property within five years of the payment of the real estate transfer tax.

Permit Fee Waivers

- Waiver of building, plumbing, mechanical & fire protection permit fees.

Impact Fee Waiver

- Waiver of City sewer and water impact fees.

City of Dover Incentives, cont'd

Property Tax Abatement

- 10-year abatement of property tax on the value of improvements.
- 10-year period begins with issuance of the building permit.

Additional City of Dover Incentives

- Homeownership Incentives.
- Tax Credit for Historic Properties.

Kent County Incentives

- Kent County will match the State's Downtown Development District grant, up to $10,000.
- Contact Kent County Economic Development at (302) 678-3028.

Downtown Dover Partnership Incentives

- Façade Improvement Matching Grants to help business owners improve their storefronts.
- DDP will reimburse architectural expenses up to $5,000 for new or expanded businesses in the HPTA.
- For more information, contact the Downtown Dover Partnership at (302) 678-2940.