ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee met on March 1, 2017 at 2:03 p.m. with Mayor Christiansen presiding. Members present were Mr. Hudson, Assistant City Manager; Mrs. Ann Marie Townshend, Director of Planning and Community Development; Mr. Hammond; Mr. Gregory Moore, President, Downtown Dover Partnership (DDP) Board of Directors; and Mr. Sheth. Mr. Cole, Mr. Hare, and Mr. Koenig were absent.

AGENDA ADDITIONS/DELETIONS

Mrs. Townshend moved to defer Item #1A - Adoption of Mission Statement until the next meeting and to approve the agenda as amended. The motion was seconded by Mr. Hudson and unanimously carried.

NEW BUSINESS

Request for Incentives - Nail Spa by TR

Mrs. Ann Marie Townshend, Director of Planning and Community Development, referred to the letter dated February 17, 2017 received from Ms. TR Rowe, Nail Spa by TR, requesting incentives. She explained that the letter requested that a variety of incentives that are available within the Downtown Development District (DDD) be applied to Nail Spa by TR, and Mrs. Townshend noted that this would mean applying the incentives to an area larger than the DDD.

Referring to the list of incentives requested in the letter, Mrs. Townshend explained that incentives #1 - Architectural Support and #2 - Facade Improvement Grants were Downtown Dover Partnership (DDP) incentives that the City of Dover does not have authority over and could not act on. She advised that incentive #3 - Sustainable Energy Utility and #7- Kent County Incentives were administered by Kent County, noting that #7 applied only to projects in the State's designated DDD.

Mrs. Townshend advised that the remaining incentives, which were in the City's purview to consider, included #4 - Business License Fee Waiver, #5 - Permit Fee Waiver, #6 - Property Tax Abatement, and #8 - Square Footage. Members were provided Appendix E - Commercial and Industrial Building Redevelopment Incentives of the Dover Code ***(Attachment #1)***. Mrs. Townshend explained that it is this section of the code, rather than the DDD incentives, that requires a 5,000 square foot minimum.

Mrs. Townshend stated that the business license fee waiver incentive was created when the City submitted its DDD application. She noted that the application requested that the City develop incentives that would be specific to the district and would not be Citywide; therefore, she stated that she did not believe the City was in a position to alter this incentive.

Mrs. Townshend stated that she thought an option that might be available to Council, if they wanted to move forward, would be to consider the commercial and industrial building redevelopment incentives in Appendix E. She noted that these incentives are slightly different and not quite as generous as the DDD incentives, nonetheless they have some cash value. Mrs. Townshend explained that Appendix E addresses vacant commercial and industrial buildings or tenant spaces and tries to encourage their utilization. She noted that a minimum 5,000 square foot floor area had been set for projects to qualify for these specific incentives, and if this requirement was eliminated,

a project such as the Nail Spa by TR would be eligible for the incentives under that program. Referring to Appendix E, Article III - Incentives, she pointed out that the program allows for a partial waiver of permit fees, and that 50% of the fees for building, plumbing, mechanical, and fire protection permits would be waived, as well as 50% of the City impact fees. Mrs. Townshend advised that there would be a property tax waiver not to exceed 10 years on the value of the improvements.

Mrs. Townshend stated that if members wanted to entertain projects such as this in the future, simply striking the 5,000 square foot minimum would work. She noted that if they wanted the change to apply retroactively to the requested project, an ordinance amendment would be needed to strike the 5,000 square foot minimum and include a retroactive date so that the amendment could be applied to any other property that would qualify. Mrs. Townshend cautioned members that if the amendment is retroactive, the City would be refunding money that it has already collected due to the need to be fair. She stated that the 5,000 square foot minimum could not be stricken for just one (1) business and not for others.

Mr. Moore asked if the response to the request for incentives #1 and #2 would be that applications for these incentives must be filed separately to the DDP. Responding, Mrs. Townshend explained that Nail Spa by TR was outside the downtown area; therefore it would not qualify.

She advised that the answer from the City would be that incentives #1, #2, #3, and #7 are not within the City's purview to do anything about, but the City could specifically look at Appendix E of the code to address the fee waiver request.

Ms. TR Rowe, TR Rowe Nail Spa, 1188 Forrest Avenue, explained that her business is located in an area on Forrest Avenue that was expanding, noting that Autozone, Starbucks, a bank, and some more facilities will be coming out that way. She stated that, although this was not a historic district like the downtown area, people would be employed, which would help the City of Dover, and this was why she was asking for these considerations.

Mayor Christiansen suggested forwarding this matter to Council for assignment to the Legislative, Finance, and Administration Committee for review of Mrs. Townshend's recommendations and the recommendations of the Committee, and perhaps consider the request for reciprocity on the current project to hopefully encourage expansion once everything else out there starts to expand.

Mrs. Townshend moved to forward this matter to Council and to present a proposed amendment to the ordinance to the Legislative, Finance, and Administration Committee, along with a retroactive date and the number of other permits and properties the amendment would apply to, so that there would be a sense of what the amendment would do to the revenue that had already been collected. The motion was seconded by Mr. Sheth and unanimously carried.

Presentation - Icehouse Entrepreneur Development Program (Clayton Hammond)

Mr. Clayton Hammond, President, Delmarva Black Chamber of Commerce, advised that minority entrepreneur businesses are growing three (3) times faster than general businesses and that the Delmarva Black Chamber of Commerce felt a need to begin to accelerate or replicate that growth

in Dover. He noted that a significant number of the businesses making investments in downtown Dover are African American businesses. Mr. Hammond explained that small businesses are important to the economy of Dover because of the desire not to have the economy specifically linked to large corporations such as Kraft-Heinz, whose decisions are not made locally but outside of Dover.

Mr. Hammond indicated that the Delmarva Black Chamber Icehouse Program is unique in that it is not a traditional entrepreneur development program, most of which focus on developing business plans. He stated that the Icehouse program helps to provide an understanding of how to adopt the entrepreneurial mindset to low-income people, the youth, people who are engaged in activities that are not positive, and people involved in workforce development. Mr. Hammond stated that there are certain qualities and characteristics that denote successful entrepreneurs and, while a lot of programs help develop business plans, they do not necessarily relate to what it takes to have the mindset of being an entrepreneur. He advised that the Icehouse program was developed by the Ewing Marion Kauffman Foundation, in Kansas City, which is the premiere entrepreneurial foundation in the country. Mr. Hammond stated that the program immerses individuals in the real world of entrepreneurship with various projects that relate to their development skills. He noted that participants are partnered with successful entrepreneurs in their field, because there is nothing better than learning how to be successful from successful people.

Mr. Hammond advised that everybody may not be an entrepreneur and the timing of being an entrepreneur is critical; however, everyone can benefit from an entrepreneurial mindset, whether they are a business owner or an employee. He indicated that this program offers a framework for participants to lift themselves up out of poverty and have an empowered mindset, apart from an employer controlling their destiny. Mr. Hammond stated that the initial concept was to have 10-12 participants; however, there had been challenges in coming up with that number, noting that they had four (4) confirmed participants. He advised that participants are required to attend for seven (7) weeks, and those who cannot attend may not participate. Mr. Hammond indicated that many people had said that the $200 cost was too much for them, even though it was broken down into weekly payments.

Mr. Hammond explained that there were several issues they hoped to address over the next few weeks, including coming up with a pool of applicants. He expressed their commitment to a target date of April to start the program. Mr. Hammond advised that they wanted to enlist more churches and organizations in the City to be trusted messengers in getting the word out and utilize print and broadcast media more to enlighten readers and viewers about the program. He noted that they had received feedback that many people thought the program was only for black people because the Delmarva Black Chamber of Commerce's name was put on the flyer, even though it was clearly stated that it was for everyone in the City. Mr. Hammond stated that, in the future, their name would take taken off when marketing.

Mayor Christiansen asked if the Delmarva Black Chamber of Commerce would be interested in co-joiners to the program. Responding, Mr. Hammond stated that they would be happy to add the Downtown Dover Partnership (DDP) and Restoring Central Dover logos to make this broad based. Mr. Hammond advised that they would also partner with the Dover Housing Authority and the

Delaware State Housing Authority to reach their population, which is a target population that includes people on assistance and those who are trying to lift themselves up. He advised that they would provide scholarships for select low income people in the target area and throughout Dover. Mr. Hammond stated they hoped that these plans would help them reach their target goal of 10 participants, noting that it did not make sense to invest time and money for only four (4) participants. He explained that they were committed to the program and thought it would be helpful in creating home-based businesses, internet businesses, and micro-enterprise in the City that would produce jobs, revenue, personal income, and licensing fees.

Mayor Christiansen noted that Dr. Michael Casson, from the Delaware State University Center for Economic Development and Trade (UCEDIT) Program, would be making a presentation on business incubation to the Committee, and asked if the Icehouse project could dovetail with Dr. Casson's efforts. In response, Mr. Hammond that it could, noting that workforce development people were part of their target market. He noted that for many years the State had said that unemployment money could be used for entrepreneur training, and this was a target market that was needed. Mr. Hammond indicated that he had already spoken to Dr. Casson about this.

Mayor Christiansen questioned if Mr. Hammond was working with any other partners in the community. Responding, Mr. Hammond stated that they were reaching out to the Cen-Del Foundation and were trying to move past the view that this program was just for black people. Mr. Hammond asked for additional suggestions, noting that they would be happy to partner with anyone because they feel this is a great program that had met with a lot of success in other cities and that they just had to get the word out.

Responding to Mayor Christiansen regarding the program's funding, Mr. Hammond stated that funding was through the DDP and Restoring Central Dover.

Mr. David Hugg, 125 West South Street, Smyrna, Delaware, asked if Mr. Hammond was touching base with the Kauffman-funded One Million Cups program at Delaware Technical and Community College. He noted that this program has a similar focus, meets every Wednesday morning, and is for predominantly new entrepreneurs. Mr. Hugg explained that a group from across the business and government spectrum talks with program participants about their businesses or business plans and noted that this is a very good program. In response, Mr. Hammond stated that he had held conversations with people about this program, noting that the One Million Cups is for existing businesses, which would be next in the process and part of the evolution. He indicated the need for Icehouse to partner with One Million Cups since people need to develop a business plan. Mr. Hammond stated that their target market would be to help people understand the concept of being an entrepreneur, noting that not everyone is or should be an entrepreneur.

In response to Ms. TR Rowe regarding when the program would be held, Mr. Hammond explained that Saturday seemed to be the only day that people could participate, and it was found that evenings did not work. Mr. Hammond indicated that the program would be held on seven (7) consecutive Saturdays at Whatcoat Church from 10:00 a.m. to 2:00 p.m. and lunch would be provided.

Mayor Christiansen asked if the program would also be beneficial to established businesses, noting that some businesses could use assistance. Responding, Mr. Hammond advised that it would be useful for some entrepreneurs who do not understand the nuances of business. However, he

suggested that those who have businesses that are up and running would benefit more from going to the Small Business Development Center or One Million Cups. Mr. Hammond explained that Icehouse was geared toward those who are interested in pursuing entrepreneurship but do not know how to do it.

Mrs. Kim Hawkins, Human Resources Director, asked who the instructors are. Responding, Mr. Hammond advised that the instructors are local experts in the field and that the program's core themes are opportunity, resources, wealth creation, and choice. He stated that Mr. Mike Cassidy from the Delaware Economic Development Office had been invited to discuss opportunities. Mr. Hammond indicated that the program's facilitators had gone through the Icehouse training program, noting that he and someone else in his division were the only people certified in the State of Delaware.

Mrs. Townshend indicated that flyers for the program were available in the lobby of City Hall.

In response to Ms. Rowe regarding posting information on Facebook, Mr. Hammond indicated that several people had put information on Facebook and Linked In; however, there was a need to connect with people to help them understand the program and how it would benefit them. He noted that they had met with people who did not want to participate to find out the disconnect and how to advance. Mr. Hammond stated that the program had been posted to the Facebook page for the Delmarva Black Chamber of Commerce and, and the Resident Empowerment Director for the Dover Housing Authority had also posted it on her Facebook page. Mayor Christiansen suggested approaching the Central Delaware Chamber of Commerce about putting it on their website, and Mr. Hammond stated that he would be speaking to them about this.

Mayor Christiansen noted that Dr. Casson would be making a presentation to the Committee during the meeting in March and Mayor Mike Purzycki from the City of Wilmington would be presenting an overview of Wilmington's economic development success in April. Mr. Hammond asked if Mayor Purzycki would be discussing what he had done for the riverfront or his vision for the City as whole. In response, Mayor Christiansen stated that Mayor Purzycki's crowning glory was the riverfront; however, it was his understanding that Mayor Purzycki had a vision for continued economic development beyond the river involving Southbridge and other neighborhoods in of Wilmington.

Mr. Kirby Hudson, Assistant City Manager, advised that Market Street in Wilmington was starting to take flight. He noted that Wilmington had received money through a program that the City of Dover did not get and business owners were recipients of those dollars. Mr. Hudson indicated that he lives in Wilmington and, when traveling through the area on a Friday night, parking cannot be found. Mr. Hudson explained that a couple of years ago this area had been a ghost town, and they were doing a good job in this area.

Mayor Christiansen indicated that he and Mr. Hammond would be visiting businesses in the downtown area and throughout the City to check on their health.

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

Meeting adjourned at 2:27 p.m.

Robin R. Christiansen
Chairman

RRC/JS/

Attachment
Attachment #1 - Appendix E - Commercial and Industrial Building Redevelopment

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APPENDIX E - COMMERCIAL AND INDUSTRIAL BUILDING REDEVELOPMENT[1]

Footnotes:
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Editor's note— *Printed herein is the Commercial and Industrial Building Redevelopment Ordinance of the city, Ordinance No. 2012-07, as adopted on April 9, 2012. Amendments to the ordinance are indicated by parenthetical history notes following amended provisions. The absence of a history note indicates that the provision remains unchanged from the original ordinance. Obvious misspellings and punctuation errors have been corrected without notation. Additions made for clarity are indicated by brackets.*

ARTICLE I. - INTENT

The city council has deemed it to be in the best interests of the residents of the city and in furtherance of their health, safety, and welfare to promote the renovation and utilization of commercial and industrial buildings on the city's principal commercial corridors. In order to promote the business growth and reutilization of vacant commercial buildings along these corridors, city council has determined that incentives in the forms of tax abatements, impact fee waivers, and building permit waivers should be offered.

ARTICLE II. - ELIGIBILITY

Section 1. - Eligible project.

Eligible project shall mean the renovation and establishment of a business in an existing commercial or industrial building or tenant space which:

~~(a) Is a minimum of 5,000 square feet of floor area; and~~

(b) The fair market value of the materials to be used in and the labor to be performed on the project exceeds the sum of $15,000.00; and

(c) Is for commercial, industrial, or office use; and

(d) The establishment of a new business is proposed; and

(e) Conforms to the intent of this ordinance.

Construction or renovation of accessory buildings as defined in Appendix B—Zoning, Article 12—Definitions, of the Dover Code of Ordinances shall not be eligible for redevelopment incentives. Construction or renovation which constitutes ordinary replacement or routine maintenance shall not qualify as an eligible project. Construction of new buildings shall not qualify as an eligible project.

(Ord. No. 2014-01, 2-10-2014)

Section 2. - Redevelopment incentive ineligibility.

An otherwise eligible project shall be ineligible for redevelopment incentives if:

(a) An application for a building permit for the project was filed prior to the effective date of this ordinance; or

(b) Construction or renovation commenced prior to the effective date of this ordinance; or

(c) Issuance of the certificate of occupancy and/or the completion and finalization of the building permit occurs before the application for redevelopment incentives is received; or

(d) Construction or renovation commenced prior to the issuance of a building permit by the City of Dover; or

(e) The subject property is exempt from City of Dover real estate taxes; or

(f) The beneficiary of the incentives is delinquent on any of the obligations listed in section 1-13(b).

For the purposes of this section, the beneficiary of the incentives shall include the person or artificial entity that receives the incentive and the owner of one-half or greater interest in an artificial entity that receives the incentive.

(Ord. No. 2014-01, 2-10-2014)

Section 3. - Revocation of eligibility.

The beneficiary of the incentives provided by this Appendix must remain current on all obligations due the city. If, at any time after the incentives have been granted, the beneficiary of the incentives becomes delinquent on any of the obligations listed in section 1-13(b), the city manager shall revoke the eligibility for any portion of the incentives not yet received by the beneficiary. Notice shall be given to such beneficiary in writing.

For the purposes of this section, the beneficiary of the incentives shall include the person or artificial entity that receives the incentive and the owner of one-half or greater interest in an artificial entity that receives the incentive.

(Ord. No. 2014-01, 2-10-2014)

ARTICLE III. - INCENTIVES

Section 1. - Waiver of fees.

Renovations meeting the eligibility requirements shall be eligible for the following incentives:

(a) *Partial waiver of permit fees.* Fifty percent of the fees for building, plumbing, mechanical, and fire protection permits shall be waived for eligible projects. Sign permit fees shall not be waived.

(b) *Partial waiver of impact fees.* For projects where renovation will constitute an increase in equivalent dwelling units (EDU's) and require payment of impact fees, fifty percent of the city's portion of the water and sewer impact fees shall be waived. The Kent County impact fees and administrative charges shall not be waived.

Section 2. - Tax abatement.

Eligible projects shall receive property tax waivers for a period not to exceed ten years so that improvements to the properties made in accordance with the intent of this ordinance will not be taxed for a period of time not to exceed ten years from the date of the making of the improvements. The said ten-year period will commence with the date of issuance of a building permit. The property tax waiver shall apply only to the improvements and not to the property value assessed prior to the improvements.

ARTICLE IV. - ADMINISTRATION

The city manager and his staff shall develop the administrative procedures necessary to implement this ordinance. The city manager and his staff shall promulgate reasonable standards to be used in determining whether an eligible project shall receive redevelopment incentives and, if so, which incentives shall be granted. Administrative staff shall review applications for redevelopment incentives and grant incentives to eligible projects. Applicants shall be notified in writing of the action taken on their applications.

ARTICLE V. - APPEALS

Applicants denied redevelopment incentives shall have the right to appeal the decision to the city council within 30 days from the date of mailing of the formal notification. Such appeal shall be in writing, signed by the owner of the property in question, and filed with the city clerk.

ARTICLE VI. - SEVERABILITY AND EFFECTIVE DATES

Section 1. - Severability.

Should any section or provision of this ordinance be declared to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the ordinance as a whole or any part thereof other than the parts so declared to be unconstitutional or invalid.

Section 2. - Effective dates.

This ordinance became effective April 15, 2012. The provisions of this ordinance shall no longer apply after December 31, 2018.

(Ord. No. 2014-16, 6-23-2014)