



## REVISED DAY

**CITY OF NEW SMYRNA BEACH  
ECONOMIC DEVELOPMENT ADVISORY BOARD MEETING AGENDA  
TUESDAY, DECEMBER 7<sup>TH</sup>, 2010 – 6:00 PM  
CITY COMMISSION CHAMBERS  
210 SAMS AVE., NEW SMYRNA BEACH, FLORIDA**

**1. CALL TO ORDER**

**2. ROLL CALL**

**3. APPROVAL OF MINUTES – Regular EDAB Meeting November 17, 2010**

**4. PRESENTATION**

None

**5. OLD BUSINESS**

**A. Economic Incentives Program and How do we define targets for incentives**

**a. Issues for Discussion/Decision**

(Note: EDAB members are asked to bring the September, October, and November agenda packets to this meeting for reference. Please call the CRA office at 424-2265 if you do not have these agenda packets.)

**6. NEW BUSINESS**

None

**7. BOARD MEMBER COMMENTS**

**8. REPORTS AND COMMUNICATIONS**

A. None at this time.

**9. FUTURE AGENDA ITEMS**

A. City Website Report by Joe Mikos

B. Review of the potential for development on SR 44 by Paul Mayer

C. Marketing of Airport Properties

D. Review of the Top Priorities for 2011

**10. ADJOURNMENT:**

Pursuant to *Florida Statutes* 286.0150, if an individual decides to appeal any decision made by the Economic Development Advisory Board with respect to any matter considered at this meeting, a record of the proceedings will be required and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based. Such person must provide a method for recording the proceedings. In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the Community Redevelopment Office in person or by mail at 210 Sams Avenue, New Smyrna Beach, Florida 32168, (386) 424-2265, prior to the meeting.

# ***CONSENT AGENDA***

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**CITY OF NEW SMYRNA BEACH  
ECONOMIC DEVELOPMENT ADVISORY BOARD (EDAB)  
REGULAR MEETING MINUTES NOVEMBER 17, 2010  
City Hall Commission Chamber, New Smyrna Beach, FL**

Mayor Adam Barringer called the meeting to order at 6:00 p.m.

The following members answered to the roll call:

Mayor Barringer  
Jill Carlton  
Jack Holcomb  
Paul Mayer  
Arlen Stauffer  
Bill Hall  
Randy McHenry

Also present were CRA Director Tony Otte; CRA Administrative Assistant Claudia Soulie; Planner Jake Baker; City Attorney Frank Gummey; members of the City staff, the Press and the public.

**APPROVAL OF MINUTES** – - Regular EDAB Meeting October 19, 2010

**Mr. Mayer made the motion to approve the above referenced minutes as written; seconded by Mr. McHenry. Motion carried unanimously on roll call vote.**

**OLD BUSINESS**

- a. Utility Commission - Economic development statement of policy and directives for assistance

At the October 19, 2010 EDAB meeting the members suggested to have an Economic Development representative from the Utilities Commission (UC) present to talk about the UC's current policies on Economic Development.

In response to staff's request, UC CEO Ray Mitchum sent an email stating that the UC's legal structure as well as current policies did not allow incentives for economic development. Furthermore, he referenced an attachment from the UC's Attorney William Preston explaining the UC's Structure, Financing, Policies and Costs for Development.

Mr. Bill Hall, UC Commissioner and Ex Officio Member of the EDAB asked to respond and stated that there were several points that he needed to cover.

1. The Utilities Commission was chartered and the act gave the UC "*full and exclusive authority over the management, operation and control of all of the City's utilities and the property of the Commission*".

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50 2. The autonomy of the UC is the manner in which long term debt is used. None of the UC's  
51 financial obligations were the responsibility of or affected the creditworthiness of the City.

52  
53 3. Key sentence in Florida Statutes, Section 366.03 "General Duties of public utility" states that  
54 each rule of such public utility shall be fair and reasonable and that no public utility shall make  
55 or give any undue or unreasonable preference or advantage to any person or locality, or subject  
56 the same to any undue or unreasonable prejudice or disadvantage in any respect".

57  
58 Mr. Hall felt that the UC would not be debt-free for a long time and that they did not have the  
59 authority to levy taxes.

60  
61 4. UC's #1 priority is welfare and services to rate payers. Resolution 28-78 states "*Commission will*  
62 *not render or cause to be rendered any free service of any nature by the System nor will any*  
63 *preferential rates be established.*"

64  
65 Mr. Hall reiterated that the UC offered a great service to new Development coming into town, by  
66 providing service for all the utilities, thus saving them time. Mr. Hall felt that the best economic  
67 development incentive the UC offered was to be an outstanding organization with great employees  
68 that gave quick service.

69  
70 5. The construction of infrastructure in geographical areas where pipes are underused can cause  
71 them to deteriorate.

72  
73 6. "Chapter 2005-290, infrastructure planning and funding requirements incorporated into  
74 addendum by developing proportional contributions that are tendered by Developers at time of  
75 addendum signing" (page 3 of Mr. Preston's letter dated 11/9/2010).

76  
77 Mr. Hall stated that the UC appropriated cost to developers on an equitable basis.

78  
79 7. The UC keeps records of all payments made pursuant to the Addendum as well as the demands  
80 placed on the system for ten years and that the UC was assisting the developer with  
81 understanding and implementation of the addendum.

82  
83 Mr. Hall stated that the UC did not call their fees "Impact Fees" but rather "Capacity Fees" and that  
84 they also had infrastructure fees. Mr. Hall mentioned that the UC was ranked in the top third  
85 percentile of overall cost, which meant that the UC was able to reduce the cost to their rate payers.  
86 Furthermore, the UC was saving money due to a conservation movement.

87  
88 A discussion ensued about the development (ABC Liquor) that came to a halt due to sewer impact  
89 fee assessments.

90  
91 Mr. Hall felt that the UC had to be careful about putting in infrastructure prematurely, as the  
92 Developer could withdraw, which meant that the taxpayer would have to carry the cost. The UC  
93 supports the City's economic development efforts; however they were restrained to a degree by  
94 state law and local resolutions.

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96 Ms. Brangaccio stated that three options had been discussed in reference to the ABC Liquor project  
97 of either having the developer pay the cost for tying into the sewer line, asking the City  
98 Commission to upfront the project with general fund money and then do a sewer assessment to  
99 recoup the funds, or to build on septic. Ms. Brangaccio stated that UC staff had been very helpful  
100 when approached about cost estimates and questions about septic.

101  
102 Ms. Brangaccio stated that the City had approached the UC about “Pioneer Agreements”, where the  
103 initial developer pays for all the costs and would be reimbursed by subsequent developers and  
104 informed the UC that the City staff would recommend the City Commission amend its codes if  
105 these Pioneer Agreements could assist the UC in anyway. Ms. Brangaccio commented that she  
106 would like to have the City and the UC work together in identifying areas of commercial or  
107 industrial annexation that don’t have sewer service. She continued that the City was doing a joint-  
108 planning agreement with Volusia County within the next couple of month.

109  
110  
111 Mr. McHenry asked how the City can help to entice development to this area as there was a rather  
112 large fee hurdle.

113  
114 Mr. Stauffer questioned how the UC defined giving a preference or advantage to a person or  
115 locality and felt that they should put infrastructure in a development based on the area’s potential of  
116 attracting development.

117  
118 Mr. Hall stated that the UC is a non-profit organization and Ms. Brangaccio clarified that the UC’s  
119 “no free service” rule was a standard restriction in all bond covenants in regards to enterprise funds.  
120 Ms. Brangaccio continued that she felt nobody was asking for “free service” but rather the ability to  
121 discuss the projected funding of proposed projects from the UC’s capacity fees and tie that into the  
122 City Commission’s priorities for annexations and economic development. Ms. Brangaccio stated  
123 that she understood the position the UC was in, since there had not been a lot of development lately  
124 to pay into their capacity fee account.

125  
126 Mr. Gummey commented that he had experience with representing governmental utilities and that  
127 the parameters of the rate design limited utilities on how they can generate revenue and still be in  
128 compliance with law and covenants. Mr. Gummey stated that he had seen several different rate  
129 designs and commented that the UC’s rate structure had changed over the years based on policy and  
130 financial decisions.

131  
132 Mayor Barringer thanked Mr. Hall for his comments and answers to all the concerns. He suggested  
133 that UC staff look into the Pioneer Agreement based on the recommendation of the EDAB and how  
134 City staff can assist the UC.

135  
136 Economic Incentives Program and How do we define targets for incentives

- 137  
138 1. Incentives for the development of Brownfields: Mark Mulligan, Nodarse and  
139 Associates  
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141 Mr. Otte introduced Mr. Mark Mulligan with Nodarse & Associates who was present to inform  
142 the EDAB about current Brownfield incentives offered by the State. Mr. Otte continued that  
143 Nodarse & Associates was recently hired by the City/CRA to perform a citywide inventory of  
144 possible Brownfield sites.

145  
146 Mr. Mulligan gave a brief summary on the highlights of the State of Florida Brownfields  
147 Redevelopment Program benefits, like a bonus refund for job creation, loan guarantees for  
148 primary lenders, sales tax credits on building material and Brownfield area benefits administered  
149 by Enterprise Florida. Mr. Mulligan stated that any sites within the CRA district automatically  
150 qualified as a Brownfield area and thus for those benefits.

151  
152 Mr. Mulligan thanked the EDAB for their time and interest.

153  
154 Ms. Carlton inquired if the City was marketing the Brownfield incentives. Ms. Brangaccio stated  
155 that staff was in the process of advertising this benefit.

156

157 2. Issues for Discussion/Decision

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159 Ms. Brangaccio stated that the EDAB had been presented examples of successful programs and has  
160 had various levels of discussion regarding Economic Development Incentives. Ms. Brangaccio  
161 stated that successful projects really honed in on target markets and that incentives should be tied  
162 directly to the creation of quality jobs; off-setting of City impact fees instead of cash payments and  
163 fast track permitting to eliminate or circumvent existing land use regulations or construction  
164 standards.

165

166 Mr. Holcomb stated that he talked to several local business owners and most of them were not  
167 necessarily looking for financial incentives, especially if it was time consuming to qualify, but  
168 rather how quickly can they start operating their business and not have to be subjected to stringent  
169 regulations.

170

171 Ms. Brangaccio understood Mr. Holcomb's concerns and stated that some restrictions could be  
172 revised or eliminated, but others might not, because they were necessary compromises between the  
173 City and the UC and the City and Volusia County.

174

175 Ms. Henrikson stated that the P&Z Board will be holding a special workshop on December 1, 2010  
176 where they will discuss the topic of how to remove barriers in the City's process to make it easier.  
177 Ms. Henrikson stated that the workshop had been advertised.

178

179 Ms. Brangaccio commented on the Development magazine's 23<sup>rd</sup> annual site selection survey on  
180 the Enterprise Florida website that referenced Highway accessibility; labor costs; occupancy and  
181 construction costs; tax exemptions; energy availability and costs; availability of skilled labor; state  
182 and local incentives; corporate tax structure; low union profile and available land as the top ten  
183 incentive points.

184

185 Mayor Barringer stated that he appreciated staff's efforts in streamlining the City's processes to  
186 facilitate economic development and the City was moving in the right direction.

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187 Ms. Brangaccio stated that a workshop will be held the second week of January between the City  
188 Commission and the CRA about expanding incentive programs. Ms. Brangaccio felt strongly about  
189 focusing on the development of quality jobs and stated that the incentives can be tailored to include  
190 waiving/eliminating of various City fees, which would not impact the County or the UC.

191  
192 A brief discussion ensued about tax abatement and when that could be voted on.

193  
194 Ms. Carlton felt that developing designated areas, like a hospital or an airport district might attract  
195 specialized businesses to those specific areas.

196  
197 Mr. Mayer felt that the EDAB had been asked the question of how they defined targets for  
198 incentives. Mr. Mayer reiterated that at an earlier EDAB meeting they discussed the possibility of  
199 adjusting the Mixed Use Zoning for New Smyrna's Downtown to encourage housing development.  
200 Mr. Mayer asked if density and height restrictions could be changed, as he felt this was one idea  
201 that could be focused on immediately.

202  
203 Ms. Brangaccio stated that a Form-base zoning code was scheduled as a topic on the November 30,  
204 2010 City Commission agenda, which addressed some of these changes and facilitated the process.  
205 Ms. Brangaccio continued that staff had been receiving comments from the State and Federal  
206 agencies on the City's Evaluation and Appraisal Report amendments (increasing of densities),  
207 which questioned the City's ability to handle the water/sewer/road capacity demands that will come  
208 with increased densities.

209  
210 Mr. McHenry inquired about parking fees. Mr. Baker stated that the CRA had a parking lease  
211 program at \$150 per space per year. A brief discussion ensued about removing these charges as an  
212 incentive. Mayor Barringer suggested that Mr. Otte review this waiver as an incentive, because of  
213 the possible implications that could have on the current parking situation.

214  
215 Ms. Henrikson stated that Flagler Ave and Canal Street were considered special parking districts  
216 which allowed for 50% reduced parking. Ms. Henrikson continued that the CRA had authorized  
217 Planning staff to expand these reduced parking requirements to the mainland district of the CRA for  
218 Canal Street only and that this topic would go before the P&Z on December 6, 2010 and that staff  
219 would review Flagler Ave at a subsequent P&Z meeting. Ms. Henrikson clarified that not all  
220 businesses that open up needed to lease parking spaces; it just depended on their use and the  
221 corresponding parking space requirements.

222  
223 Mr. Hall recommended accepting the City Manager's incentives proposal as submitted as it can be  
224 changed at a later date.

225  
226 Mr. Stauffer felt that the incentives should try tying job creation into instant cash by eliminating  
227 upfront fees and continued that he considered business retention/expansion very important and  
228 would allow for a greater chance of success.

229  
230 Mr. Holcomb felt that as long as a business met the 115% average wage requirement, the City  
231 should waive the type of jobs restriction for the next two years in this current state of the economy.

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233 Ms. Brangaccio cautioned that only Quality Target industries (QTI) qualified for the Volusia  
234 County and Enterprise Florida incentives and felt that incentives can be given to the businesses that  
235 most improve their capital (real property value).

236  
237 Ms. Brangaccio asked if the suspension of Police and Fire impact fees was in lieu of payment for  
238 high quality jobs. Mr. Stauffer stated that he agreed with the City of Edgewater's stipulation that the  
239 suspension applied to each FTE (Full Time Employee) job and not the type of job.

240  
241 Mayor Barringer summarized that the EDAB authorized the City Manager to include the  
242 suspension of Police and Fire impact fees for a period of one (1) year and having Mr. Otte look into  
243 expanding the special parking districts as well as the option of waiving the parking lease fees.  
244 Those item needed to be brought back at the December 7, 2010 EDAB meeting.

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247 **2. BOARD MEMBER COMMENTS**

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None.

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252 **3. REPORTS AND COMMUNICATIONS**

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a. Economic Development Report

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Mr. Otte stated that he would be available to answer any questions the EDAB may have.

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b. County Prospects Report; Team Volusia Prospects Report

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Mr. Otte stated that he had responded to several possible matches on the Team Volusia Prospect report, where a business was looking for a 5,000 – 10,000 sqft facility.

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c. Business Survey 2010 – City of NSB and SE Volusia Chamber of Commerce

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Samantha Bishop, Interim Executive Vice President with the SE Volusia Chamber of Commerce commended the EDAB for their great economic development efforts.

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Ms. Bishop continued that the Chamber had updated their Business survey and commented on the great joint venture effort between the businesses, City and Chamber staff that resulted in a lot of positive feedback. Chamber staff will provide a report once all the results were obtained.

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Mr. Holcomb was encouraged that the Chamber of Commerce would be providing hard data.

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Mr. Holcomb inquired about the title for the Brannon Center. Mr. Gummey stated that he believed an insured title for commercial use of this property did not exist and that the City Commission would have to contemplate what was required to resolve this matter. Mr. Gummey stated that this area appeared to be fill-land and that he was not aware of any deed from the State to the City for that property. Mr. Gummy continued that a title search did not produce any results and that the property had been under the control of the City for a very long time. Mr. Gummey suggested that

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279 the parties expressing commercial interest in the property could pursue a resolution of the matter for  
280 its use and that the present use was not hindered by the current status of the title.

281  
282 A brief discussion ensued about widening the channel at Canal Street to possibly create a marina.  
283 Mr. Gummey stated that this would entail different research with the State.

284  
285 **Mr. Holcomb made the motion to recommend to the City Commission that the City take**  
286 **action to secure a title for the Brannon Center in the City's name; seconded by Mr. Mayer.**  
287 **Motion carried unanimously on roll call vote 5 – 0, with Mr. Hall and Mayor Barringer**  
288 **abstaining from the vote.**

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291 **ADJOURNMENT:**

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293 There being no further business, the meeting was adjourned at 8:15 p.m.

# ***OLD BUSINESS***

# MEMORANDUM

## FROM THE OFFICE OF THE CITY MANAGER

**To:** Economic Development Advisory Board

**From:** Pam Brangaccio, City Manager  
Tony Otte, CRA/Economic Development Director

**Re:** ECONOMIC DEVELOPMENT INCENTIVES

**Date:** December 1, 2010

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The agenda for the December 7th meeting has only this one item: To bring the previous discussions on incentives to a conclusion and to formulate an economic incentive package to recommend to the City Commission. To facilitate the formulation of the incentive package, the EDAB will be off the dais, and around the table, with sleeves rolled up!

### Decision Issues

#### Goals for the Program:

There appears to be agreement on the goals for an overall program.

- Business retention and expansion
- Create new quality jobs
- Stabilize and expand the tax base, to reduce the tax burden on residential properties and existing businesses.
- Reduce the impact of recession cycles by diversifying the local economy

#### Establish Incentive Targets (still needs discussion):

Should there be targets for incentives to relocate or expand businesses?

To match the goals set above for the program, Enterprise Florida recommends that “targeted businesses should not be subject to periodic layoffs, whether due to seasonality or sensitivity to volatile economic variables. The business should also be relatively resistant to recession, so that the demand for the products of this industry is not necessarily subject to decline during an economic downturn.”

This is an important factor for the EDAB's continued discussion, as how can a community stabilize or expand the local tax base, if they encourage more of the same, through an Incentive Program aimed at higher paying jobs?

Support of tourism and retail businesses is an important factor for the economic balance and quality of life within the community, but perhaps it is more of a goal for the Tourism Bureau or the CRA (Canal, Flagler, 3<sup>rd</sup> Street and US 1) through existing and expanded capital improvement grants, impact fee grants, and relocation and rent incentive programs within the CRA. Think of it as a three-legged stool...tourism, retail, and new or expanded industries with higher paying jobs.

The EDAB is the entity, charged with the City-wide vision for filling vacant industrial and commercial properties, i.e. Jim Collins' Big Hairy Audacious Goals!

So defining Incentive targets is still recommended, with the following starting point for discussion: Life science, biotechnology, renewable energy technologies, marine science; information technology; manufacturing of green technologies, high impact scientific and technology start-up companies, medical/healthcare devices; and aviation-based businesses.

#### **Incentives linked to Job Creation:**

City staff would also recommend that incentives be tied directly to the creation of Jobs, i.e. paying a specific percentage above the average wage in Volusia County:

Current Average Wage of \$34,560  
Average annual wage plus 15% (\$39,745)  
Average annual wage plus 50% (\$51,840)  
Average annual wage plus 100% (\$69,120)

Incentives could be a flat amount, \$2,000 per job or on a sliding scale (\$1,000 to \$3,000). Or perhaps, higher incentives could be linked to specific areas (such as the Airport Industrial Park or Brownfield properties); or jobs within the Targeted Markets, if retail and tourism are included in the program.

#### **Credits on Fees Program for Incentives:**

It is recommended that Incentives be setoffs for City building permitting, development, planning, engineering, and impact fees (this would not include the UC or County Impact fees) and could not exceed monies owed the City.

## **Fast Track Permitting:**

It is also recommended that a SMART TEAM, i.e. S (NSB) Means Action Response Team model be created. A fast track permitting system would not replace existing land use regulations or construction standards, and agencies such as the Utilities Commission and Volusia County would need to be part of the process.

## **Summary of Previous EDAB Discussion:**

At the last three meetings the EDAB has discussed the need for incentives, the types of incentives being offered in surrounding cities as well as other areas of the state, the provision of incentives related to time and place, the need to offer incentives in such a way as to distinguish New Smyrna Beach from other cities, and the value of offering incentives to help grow existing businesses rather than incentives that are useful mainly for businesses moving into the city. Comments made by EDAB members at the last three meetings on the method for providing incentives have included the following:

- The need to offer incentives similar to other cities in our market, and then have other incentives that give New Smyrna Beach an edge. These other incentives do not necessarily have to involve cash or a fee reduction, deferment, or waiver (eg. Fast-track permitting, changes in the land development code, etc.)
- Tax Abatements – this needs to be further explored, perhaps as a county-wide referendum.
- Impact Fee reductions or waivers:
  - There was a discussion on suspending police and fire impact fees for a specific time.
- Incentives related to a specific geographic area: There was some discussion on offering incentives related to a certain area, such as:
  - Offering special incentives to businesses fronting on US 1;
  - Waiving parking requirements on Canal Street
  - Creating special incentives for a hospital district, and an airport district
  - In the Flagler and Canal St areas, the current regulation is to require a business that does not have sufficient on-site parking to lease spaces in a CRA lot. There was a comment that the lease requirement should be eliminated.
- The City's incentive package should not be too restrictive, that the incentive program should "cast a wide net".

- There has been discussion on creating an incentive that paid for jobs created based on the new job meeting the standard of the wage being 115% above the County median wage, and whether or not to further require that the new job be in a targeted industry.  
It was also noted that the incentive payments for a new job meeting the wage requirement that is not in a targeted industry could be made after a two year period to ensure that the job is sustained.
- Another comment was to have the wage incentive as a base incentive and offer a further incentive if the job is in a targeted industry.
  
- The City's program should have as many incentives as possible.
- The City's program should feature incentives to retain and to help local businesses grow.
- Comments were made concerning the Canal Street area, and the need for changes in the land development code to allow additional density and height for buildings.
- It was mentioned that a two key concerns for businesses are:
  - How quickly can the business start operating; and
  - Can the business operate without being subject to stringent regulations

**Summary:**

The goal of today's discussion is to complete the incentive package and recommend it to the City Commission for formal adoption.