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*".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Economic Incentives Program and How do we define targets for incentives</u>

1. <u>Incentives for the development of Brownfields: Mark Mulligan, Nodarse and Associates</u>

Mr. Otte introduced Mr. Mark Mulligan with Nodarse & Associates who was present to inform the EDAB about current Brownfield incentives offered by the State. Mr. Otte continued that Nodarse & Associates was recently hired by the City/CRA to perform a citywide inventory of possible Brownfield sites.

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

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

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

2. Issues for Discussion/Decision

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. BOARD MEMBER COMMENTS

None.

3. REPORTS AND COMMUNICATIONS

a. Economic Development Report

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

b. County Prospects Report; Team Volusia Prospects Report

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.

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

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

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.

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

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

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

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

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

ADJOURNMENT:

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