

**City of New Castle Delaware**  
**City Council Special Meeting/Mid-Year Budget Review**  
**201 Delaware Street – New Castle**  
**Thursday, May 19, 2016 10:00 a.m.**

**Call to order:** 10:00 a.m.

**Roll Call:**

Councilperson Megginson - Acting Chair  
Councilperson Vannucci - Absent  
Council President Ratchford - Absent  
Councilperson Petty  
Councilperson Di Mondì

Also present:

Janet Carlin City Treasurer  
William Barthel, City Administrator  
Daniel Losco, City Solicitor  
Chris Roberts, City Planner

Councilperson Megginson opened the meeting.

**Motion, Discussion and Vote on Resolution 2016-23;** A Resolution to approve Downtown Development District (DDD) grant application.

The **Motion** to consider **Resolution 2016-23** was made by Councilperson Di Mondì and seconded by Councilperson Petty.

Councilperson Megginson read the resolution.

Councilperson Megginson asked for questions from Council.

Councilperson Di Mondì asked what the State would give the City for approving this Resolution.

Mr. Barthel gave some history, Council has been keep apprised of the process through AECOM and City planner Chris Rogers. He said Mr. Rogers would give an overview of the process and update City Council of the incentives.

City Planner Chris Rogers gave a review of the application and district plan. The Downtown Development District (DDD) law was passed in 2014 by the Delaware General Assembly; it was meant to encourage development in the State's Downtown's. It offers grants to private property owners that make certain property investments, and for a property owner to get these grants their property has to be in the DDD area.

In order to be designated a City has to submit an application and plan. The City created a task force to help to develop the boundaries of the DDD and the goals and objectives. An online survey was developed for public input, the results are part of the plan. Once this Resolution is passed it will be forwarded to the State Office of Planning.

There are three main criteria, out of 100 points, a maximum of 50 points are given for demonstrating need and benefit; a maximum of 30 points are given based on the strength of the DDD plan, a maximum of 20 points are given for the strength of the local incentives.

Mr. Di Mondì asked if this is a “second hand” benefit to the City, only the property owners would benefit from the grants.

Mr. Roberts stated that as far as he knows there is no direct finding to the City.

Mr. Roberts discussed the components of the DDD Plan. He said it has existing conditions section, it reports on previous Planning efforts, it established goals and objectives, and provides an implementation plan. Mr. Roberts reported to Council that the plan and application are due June 1, 2016.

Incentives: Mr. Roberts referred to an outline of revisions from the May 10th Council Meeting (attached.) Mr. Roberts said to further incentivize mixed uses the tax abatement would apply to mixed used where the non-residential component equate to 60% or more of the building footprint of the development. It had originally called for 60% of total square footage, but this might be big a requirement as some buildings may be second or third stories of buildings. We wanted to make sure that the majority of the first floor is non-residential.

Mr. Roberts said at this point they are requesting the adopting of a Resolution of support to go with the application and plan.

Councilperson Di Mondì said he has a problem funding new developments with taxpayer money. He said he didn’t feel the 7th Street area should be in the Downtown District and 5 years of tax abatements amount to subsidies for these new developments.

Councilperson Petty asked Mr. Losco for his opinion.

Mr. Losco said he understood Mr. Di Mondì’s thoughts on the 7th Street area, but he reminded Council that the 7th Street corridor has been part of the gateway last since the last Comprehensive plan. It was intended to be one of the gateway entrances into the City. The industrial nature was expected to be developed.

Mr. Losco said when you are talking about non-residential development and no tax increase on the current tax, which is just on land, no buildings. If a substantial non-residential development is built, for example \$5,000,000 the first year the City is only going to tax at the rate of what the land is worth. The second year it will only be taxed at 25% of its value, so forth for 5 years. He added that you also want to entice new building to enhance the City’s tax base. There are two sides to this question.

Mr. Losco’s proposed suggestion was for new development; they would build, then be reassessed, and the tax abatements would be based on the new assessed value.

This is another opportunity to draw new development and new residents to the City in an area that could use renovation.

Councilperson Megginson asked if Council could approve the Resolution while incorporating the changes to the plan. Mr. Losco said Council could tell Mr. Rogers what changes they want in the plan, and then pass the Resolution in support of the plan as amended.

Councilperson Megginson said he agreed that the City should get the taxes due on the property.

Mr. Losco suggested taking non-residential used out of the calculation. That would mean tax abatements for owner occupied single family dwellings or mixed uses, so there will be a commercial component, and the non-residential component must be more that 60% or more of the building footprint.

Councilperson Di Mondì suggested a motion to exclude new development.

Mr. Losco said that excluding new development of all sorts would mean offering tax abatements strictly to renovation projects. That would exclude anything in the Seventh Street corridor.

Councilperson Di Mondì asked why developers should build using tax dollars.

Mr. Losco stated that there will be a number of municipalities in the County that will have the DDD enhancement. If developers have multiple sights to choose from they will go where they can get a grant.

Councilperson Megginson asked if Council was in agreement to remove non-residential uses from the plan.

Councilperson Megginson called for a **Motion** to remove non-residential uses from the DDD plan.

The **Motion** was made by Councilperson Petty and seconded by Councilperson Di Mondì.

Motion carried unanimously.

The **Motion** was made by Councilperson Petty and seconded by Councilperson Di Mondì to approve the DDD plan as modified by Council.

The **Motion** was made by Councilperson Petty and seconded by Councilperson Di Mondì.

**Resolution No. 2016-23 passed unanimously.**

Preliminary discussion of 2016-17 City Budget.

Mr. Barthel stated that the Budget is ready to go and Council is scheduling a meeting to review the Budget.

Councilperson Megginson announced that Police Chief Daniel Tjaden has resigned from the City. Chief Tjaden gave Council 90 days' notice, and Council is searching for a replacement.

**The motion to adjourn** was made by Councilperson Petty, seconded by Councilperson Di Mondì and passed unanimously. Council adjourned at 10:30 a.m.

Respectfully submitted,

Kim Burgmuller  
Council Secretary, City of New Castle