



ECONOMIC DEVELOPMENT

One City's Response to Difficult Economic Times

BY PAUL CAWLEY



Over the past six months, the world of economic development has been turned upside down. Vacancy rates are on the rise, property values are declining, and people are losing jobs. This new economic reality can't be changed, so the only thing to do is learn from it and move forward with a fresh new look at economic development. The City of Coral Springs, Florida, has responded by working on developing new strategies and initiatives for the future that will ensure the city's readiness for economic recovery. This is an ongoing process, but the city has made significant progress and will be on the cutting edge of change, not only in its region but in the nation.

HOW THINGS HAVE CHANGED

To understand the city's response to economic difficulties, we first need to look at how the world of economic development has changed. Ten years ago or so, economic development was very much driven by company executives and developers. A company, often with assistance from a site selector, determined the criteria that best suited its needs, and then within those parameters, the company selected the city that offered the most benefits as the site for its relocation or expansion. In terms of developers, land was plentiful, prices were attractive, and buildings were built. The role of the economic developer was to provide assistance with city processes such as planning and zoning, with the building department, and also marketing assistance to attract tenants to the projects. Not much attention was paid to the particular companies and the uses. As long as the use was permitted, the buildings were filled.

Economic development then became a matter of retention. It was important to get new companies involved with the community and with the city's Economic Development Foundation (EDF), the Chamber of Commerce, and city boards so their interests would be channeled in the right direction for the betterment of the community. Throughout this process, the fundamental reason for economic development was — and still is — a city's ability to increase the commercial and industrial tax base, so the burden of paying for increased city services is not passed on to the citizens. This kind of balance is crucial to the success of any city's economic development program.

Coral Springs founded its Economic Development Foundation in 1994. At that time, the city's commercial and industrial tax base was \$475 million, and it established a goal

of doubling that base by “build out” in 10 years. Coral Springs now has a population of 126,900, a tax base of \$1.8 billion, and little land remaining to be developed. The overall commercial and industrial tax base accounts for 21 percent of all assessed value in the city, which is a great balance. In addition to taxes, the direct economic impact to the city and surrounding area on all development in Coral Springs has been \$674,999,627. In total, the city has added more than 7.3 million square feet of new development, worked with more than 120 projects and companies, and created more than 14,000 new jobs.

A PROACTIVE APPROACH

But will this success automatically continue, once the economic crisis begins its recovery? The answer is clearly no. The old economic development model needs to be replaced with a proactive approach to attracting and retaining business and industry. Coral Springs has already begun this process by taking a close look at the national, statewide, and local trends, and using this information to target the new business and industry it wants to attract to the city.

A close look at national and statewide job projections shows that health care, medical devices, medical information technology, and global information technology are all growing competitive industries for our country and state. In addition, Florida has always had a lot of distribution business, with products moving throughout the state, some of them to international destinations. Therefore, these have become our targeted industries. Working closely with the city, Economic Development Foundation and Community Reinvestment Act (CRA) board members, developers, their broker representatives, and other key players in the economic development business, including financial institutions and professional organizations, the EDF is carefully crafting marketing plans to meet future needs in terms of remaining development and, ultimately, redevelopment. The EDF recently began working with local lenders on both conventional and alternative sources of financing for businesses. In addition, in partnership with the Broward Alliance, the county’s public/private partnership for economic development, the city plans to host an Early Stage Florida Venture Capital Forum in 2010. The

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purpose of this forum is to provide increased exposure to venture capitalists and to the targeted industries the city seeks to attract.

The biggest issue facing Coral Springs once economic recovery begins is the absorption of existing vacancies caused by the current decline in the housing and construction markets. Vacancy rates in South Florida are at or above 25 percent (according to the CoStar real estate report for January 2009), and those rates have been continuing to rise slightly. Before any new construction takes place, jurisdictions will first need to fill these vacancies — new construction is dependent on low vacancy rates, which creates demand for new products, thus making room for new development. Some of these new tenants will be the same businesses and industries as before, but there will also be some changes — for instance, financial opportunities will always exist, but new regulations in the financial industry and real estate sectors will change the look of these companies. The Economic Development Foundation anticipates that home health-care services will expand tremendously, and we will be ready. In addition, professional services will always be in demand in Florida, so legal, accounting, financial, and architectural-type services will always be there to absorb these existing vacancies. As health-care and education costs remain a national focus, there are also likely to be opportunities for self-help services and private education.

The EDF has recently undertaken two key initiatives in conjunction with the city staff, one of which was establishing a targeted industries approach to economic development. An EDF representative attended a venture capital conference in another Florida city in early 2009, not to learn about how venture capitalists make funding decisions but to gain exposure to the up and coming entrepreneurial industries that are establishing the future of Florida as well as the rest of the country. The majority of the 18 companies represented were medical device, medical, global information technology, and specialty distribution firms. This mirrored the EDF’s findings from research about national, statewide, and regional trends. The Broward Alliance had also recognized this trend. The other initiative involved a study and revision of the corporate

park land development code. This project was undertaken by city staff and a joint committee of both economic development board members and corporate park property owners. The purpose of the initiative was to study the current code and make changes that would provide developers with non-financial incentives that would encourage redevelopment and increased land values in the future. One such change involves incorporating Leadership in Energy and Environmental Design (LEED) Silver design standards to any new project seeking to increase its floor area ratio from the current 30 percent to a higher ratio of 40 percent.

Moving forward, the Economic Development Foundation is developing marketing plans tailored to individual areas of the city. For example, Coral Springs has a community redevelopment agency, which is a tax district established to carry out redevelopment activities including reducing or eliminating blight, improving the tax base, and encouraging public and private investments. The EDF will conduct a workshop with the CRA Board of Directors to conceptually design plans for the four quadrants making up the CRA area. The city's industrial area has its own development and redevelopment needs, so a specific plan for that area is also being developed. The corporate plan will include information about what needs to be built to accommodate the industries the city has targeted and will also establish conditions that must exist before a developer can purchase, demolish, and redevelop older properties in the park. The EDF will then move on to establish plans for other areas of the city.

CLIENT SERVICES PROGRAM

As a Malcolm Baldrige National Quality Award winner, the City of Coral Springs takes great pride in its business model, going above and beyond the traditional economic development processes and approaches found in a typical economic development agency. Coral Springs has established critical services necessary to the success and survival of our businesses, the most basic of which is the Economic Development Foundation's Customer Services Program. This program offers preferred services such as expedited permitting and pre- and post-construction services meetings to evaluate the quality of services offered and obtain feedback on the entire process for city staff. There of course is initial guidance to customers to ensure that developers and businesses understand the best way to navigate the city's planning and zoning processes as well as the building and inspection processes, leading to a certificate of occupancy.

The EDF also established a college and university partnership five years ago that was designed to offer workforce education degrees and certificate programs to local companies and employees. As of this year, the program will help more than 1,500 students who want to improve their educational skills and obtain a better job in the future. Current partners include Broward College, Strayer University, and Barry University.

The Economic Development Foundation's most recent success was establishing a groundbreaking project called the Coral Springs BizAssist program. This initiative is multifaceted and involves a number of city and community partners. Prompted by the dramatic changes that were beginning to take place with the nation's economy, in April 2008 the EDF conducted a business needs assessment survey of 200 local businesses of all sizes to find out what local business owners really need and want. As a result, the city now offers a menu of educational services through college classes, seminars, and workshops. These services involve instruction and counseling in business planning, marketing, and obtaining conventional as well as alternative sources of financing for businesses. Most recently, the EDF held a financial solutions forum designed to help struggling businesses get through these tough economic times. The event was a huge success as financial institutions, the Small Business Administration, South Florida Regional Planning Council, Accion USA (a non-profit organization that offers small business loans of up to \$50,000 as well as financial literacy education to small business owners), the Small Business Development Center of Broward, and New Horizon



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Credit Services (a non-profit credit counseling organization) all lessened business owners' fears and offered them real, pertinent advice on lending standards and ways of obtaining financing and improving their businesses.

CONCLUSIONS

Just a few years ago, economic development did not generate much excitement it does now, but in the current economic environment, it is one of the most-discussed topics in any city in this country. In dealing with the current situation, jurisdictions need to be proactive rather than reactive, making sure the right percentage of the tax base is commercial and industrial — and, more than ever, that it's the right kind of business and industry. The economic crisis we find ourselves in will resolve, and governments need to start planning now so they will be well positioned for growth when that happens. Old economic development models need to be replaced with tailored new approaches to attracting and retaining commerce. Jurisdictions need to understand corporate strategies and relocation criteria, as well as their competitive advantages and disadvantages, to position themselves for the best and quickest possible economic recovery. ■

PAUL CAWLEY is executive director of the Coral Springs Economic Development Foundation, Inc., and he is a member of the Broward Alliance Board of Directors. Before joining Coral Springs, he was director of marketing for TPC at Eagle Trace/PGA Tour, general manager at Steel Plus Inc., and a manufacturer's representative at PC Enterprise/T Squared Marketing, all in Florida. And prior to that, he was an elementary school principal in South Carolina and a principal and teacher in Pennsylvania. Cawley has a bachelor's degree in elementary education from Millersville University and a master's degree in educational administration from Villanova University. His diverse background and knowledge have enabled him to serve the City of Coral Springs in a multitude of professional areas in addition to economic development.