*November 2014*

# *The City of Pompano Beach Economic Development Strategy Evaluation and Strategic Update*


**Prepared For:**

pompano beach
Florida's Warmest Welcome

**Prepared by:**

Lambert Advisory

## The City of Pompano Beach
## Economic Development Strategy Evaluation and Strategic Update


### Summary

In 2009-2010, Lambert Advisory (Lambert) was engaged to develop an Economic Development Strategy for the City of Pompano Beach, Florida (City). The strategy had seven key recommendations driven by interviews with the Mayor, Commission members, City staff, the City's Economic Development Counsel (EDC), and research associated with market conditions and opportunities at the time the strategy was completed. Given the timing of the report, at the depth of the most significant economic downturn in more than 70 years, the 2009/2010 strategy was heavily oriented to improving how the City interacts with business to mitigate barriers to investment and to use city and federal funds to drive investment in the City which in turn could drive private economic activity.

The Economic Development Strategy was quickly followed in late 2010 by the Mayor's Stimulus Task Force led by Mayor Fisher, a group of City residents and members of the business community, and senior City staff. Through a series of meetings over a three-month period, the Task Force concluded with very specific recommendations of how the City could become a key catalyst for economic activity and business investment in Pompano Beach.

The following table highlights the principal recommendations of both the Economic Development Strategy and Mayor's Stimulus Task Force.

**Principal Recommendations of Economic Development Strategy & Mayor's Stimulus Task Force**

| Pompano Beach Economic Development Strategy | Mayor's Stimulus Task Force |
|---|---|
| • Establish City as Prime Source of Economic Data | • Hasten Expenditure of City Capital Development Funds |
| • Develop Business/Tourism Marketing Effort | • Establish Economic Data & Collection Clearinghouse |
| • Support Change to Building Department Systems | • Undertake targeted government efficiency initiatives |
| • Develop a set of targeted incentives | • Reduce cost of building in Pompano Beach |
| • Enhance City's Communication with EDC, Chamber and Other Business Promotion Groups | • Budget for senior city offices to travel regularly to Tallahassee and Washington to promote City |
| • Appropriately Fund Economic Development Efforts | • Undertake a series of planning initiatives in key economic corridors |
| • Establish Job Linkage Program to Tie Residents to Private Sector City Based Jobs | • Undertake a series of marketing initiatives |

Today, late 2014, the economic situation is dramatically improved from when the initial economic development strategy was completed and the Mayor's Stimulus Task Force recommendations were made. In December 2010, unemployment was 9.3 percent in Broward County; in July 2014 it stood at 5.3 percent. Housing values continued to climb, tourism is strong, new development is occurring again in the City, and private investment

and availability of capital is at reasonably strong levels. In this context, Lambert has been reengaged by the City to both reflect upon to what extent the 2009/2010 Economic Development Strategy and Mayor's Stimulus Task Force recommendations were implemented and had appreciable impacts on where Pompano Beach's economy sits today. Additionally, and in light of current economic conditions, Lambert has evaluated how the City's economic strategy should be reorganized or reframed to leverage the economic strength and address continued challenges in the City. As with the initial strategy completed in 2009/2010, Lambert has conducted a round of interviews with elected officials, City staff, and EDC leaders, among others, to establish a baseline of perceptions and best understand the challenges that continue to face the City today and into the future.

This report is broken down into three sections as follows.

- Section 1: Evaluation of Degree to Which Recommendations From initial Economic Development Strategy & Mayor's Stimulus Task Force Have Been Met
- Section 2: Background to Current Economic Conditions in Pompano Beach
- Section 3: Recommendations for Modified or Additional Economic Development Strategies

In sum, we have found that the City has made tremendous strides over the past four to five years in meeting the objectives or implementing the recommendations outlined within the original economic development strategy and as detailed by the Mayor's Stimulus Task Force. Indeed, from our own perspective, the City has moved from an entity which appeared in 2009 to believe that it had little or no role in proactively promoting private investment, job creation, and business to one which has inculcated a culture of business assistance, job creation and economic development in much of what it does. Our recommendations given the current economic conditions in Pompano Beach therefore are aimed at strengthening, modifying and supplementing the City's efforts towards supporting private investment and job creation by building on what the City has already accomplished during the past five years. Six principal recommendations are follows:

- **Recommendation 1: City Needs Own Economic Development Apparatus** – In several of our interviews there was a view expressed that the CRA efforts are generally adequate to provide for the economic development efforts of the City. However, the two CRA districts represent only 1/5 of the City's physical area, and many of the business districts in the City are outside of the CRA. Additionally, economic development includes corporate attraction and retention efforts that by their nature will not always be located in redevelopment districts. As a result, and consistent with the economic development strategy recommendations of 2009, we recommend that the City establish its own economic development team which will coordinate efforts citywide with the EDC, CRA and Broward Alliance. This requires the establishment of a budget for an economic development professional and support staff, promotion budget, and a budget for the purchase of data and customized analysis. One potential model is The Miami Downtown Development Authority. While Miami-Dade has the Beacon Council that is similar in form and function to the Broward Alliance, the Miami DDA serves as a regional model of a public agency that has become the go to information source for everything within its geographic boundary and has leveraged that information to support investment and development in Downtown one of the most thriving hubs of economic activity in South Florida.

- **Recommendation 2: Focused Efforts to Attract/Retain Key New Industries** – While warehouse/industrial and healthcare are large industries and employment categories in Pompano Beach which need support and the focus of the City, some of the greatest untapped potential for new job growth is within the tourism and office employment sectors. Pompano Beach, true to its name, has an excellent quality beach but unlike many other cities to the north and south of Pompano, does not have the depth of new quality hotel product to attract a range of affluent travelers. Given continuing strengthening of the regional hotel market, the beach is in an increasingly envious position to attract and support new hotel investment which will consistently bring outside expenditure into the City and create a substantial number of new jobs. The benefits from hotel development from an economic development perspective are significantly greater than residential development which often competes for the same parcels. As it relates to office employment, while the office sector is among the slowest recovering real estate markets coming out of the most recent recession, if adequate sites were available in Pompano Beach along the I-95 corridor, Pompano Beach is the natural next phase of new office development in northeastern Broward County. This is particularly the case given there are limited new options for development of Class A office space in the Cypress Creek area. As discussed below, this provides a unique opportunity to the City to support the development of Class A office space in Pompano Beach.

- **Recommendation 3: Support/Plan Development of Class A Office Space at Atlantic I-95 Interchange** – The City has an opportunity to support development of Class A office space if it can plan and, depending upon the outcome of the plan, make the land use amendments necessary to proactively encourage the redevelopment of parcels surrounding the Atlantic Boulevard/I-95 interchange for higher density office use. By going through the planning process, the City will concurrently serve as the coordinating entity to encourage the current large landowners in the area to reimagine how their properties can be redeveloped to extract additional value. As the office market strengthens, Atlantic is the logical extension for office development in northern Broward County as long as the large land holdings surrounding the interchange are positioned to support that development

- **Recommendation 4: Develop Non-Aviation Plan for Airpark & Adjacent Parcels** – Although the City has recently updated its master plan for the Airpark, the City should seek to more broadly develop a plan for the Airpark and adjacent City owned and privately owned parcels which focuses on the opportunity to further develop non-aviation uses. The Airpark and surrounding properties given their size and relative low density of development are among the most valuable group of properties in the U.S. 1 corridor in the entire South Florida region. While entirely cognizant of the challenges working with FAA rules and regulations associated with non-aviation activities at airports, we have found that the FAA is reasonably practical as it relates to non-aviation uses where there is no compelling aviation need and the market value of the land is realized. Understanding the opportunity for development within and surrounding the airport however will only occur based upon a planning effort which engages the community at large, Airpark users, and the FAA.

- **Recommendation 5: Enhance Engagement with State and Federal Officials** – Pompano Beach is a large urban community which can benefit from various State and Federal grants and investment but to be able to compete effectively for these limited dollars, the City needs to be aware of the types of opportunities which may be coming, plan for obtaining the funds, and make their interest, need, and ability to effectively compete and implement grants known to State and Federal officials. Unfortunately this cannot be done entirely from Pompano Beach as it requires a regular presence in Tallahassee and Washington where decisions are made at both the bureaucratic and political levels. Consistent with recommendations in 2009, a modest budget to cover regular visits by elected and senior staff should be established to insure that regular outreach meetings to the State and Federal agencies and representatives become part of the City's routine undertaking.

- **Recommendation 6: Support Expanded Job Linkage Program to Tie Residents to Jobs** – Working to link Pompano Beach residents to jobs in the City through a community outreach specialist which speaks to both businesses about their current staffing needs and residents about those employment opportunities is a reasonably low cost way the City can have a direct influence on economic development within its neighborhoods. As we understand it, the CRA is already engaged in this effort within the CRA boundaries. We recommend tracking and evaluating the progress of the CRA effort to determine if it should be expanded citywide. Other urban cities with substantial poverty challenges are implementing and undertaking similar efforts. The City of New Orleans recently implemented a program largely consistent with our recommendations with the assistance of several grants from national foundations. The City of New Orleans recently had a call to action after the City found in surveys and focus groups that 52 percent of working age African American men were not employed in the City despite the fact that a large proportion of those men had all of the requirements deemed to be employable.

- **Recommendation 7: Support oK-12 Education as Foundation of Economic Development** – The quality of K-12 education in Pompano Beach is critical to the economic health of the City. Quality schools are central to attracting knowledge based workers with school aged children to the community and a large number of graduates proficient in math, the English language, foreign languages, science, and technology are a key recruitment tool to attract large companies which rely on the school system to produce a qualified workforce. As a result, we recommend that the City, Chamber and EDC continue to focus on supporting city schools through available and reasonable means including mentoring programs for children and educators, financially supporting motivational award programs in elementary schools, and working with local schools to obtain grant funding at the State and Federal levels (i.e. Promise Neighborhoods) to enhance instruction and staffing.

The remainder of this report outlines our findings and further details our recommendations.

## Section I:

### Meeting Objectives – To What Extent Has the City of Pompano Met The Objectives/Goals Established the Earlier Economic Development Strategy & Mayor's Stimulus Task Force?

At the outset, we evaluated two potential measures of if the City has met the objectives outlined in the earlier Economic Development Strategy and Mayor's Stimulus Task Force. On the one hand, we interviewed and held discussions with senior City and CRA staff, elected officials, and members of key committees and boards including the EDC and Chamber of Commerce to get their input and perspective on what has and has not been accomplished. The second measure was based on the analysis of economic performance in the City detailed in the next section of this report. Neither standing alone is an adequate measure of the City's success as it relates to economic development efforts. Just because the economic measures in the City improved does not mean that the City was responsible for that improvement. Likewise, implementing most of the recommendations or strategies outlined in the prior economic strategy or report does not always translate in a few short years into strong economic performance. Only when taken and evaluated together does one have some confidence that there was likely an alignment in the City's support of positive market trends.

Below is an overview of our findings comparing the goals and objectives outlined in the economic development strategy and Mayor's Stimulus Task Force to the results of our meetings and reviews:

*Pompano Beach Economic Development Strategy*

- Establish the City as Prime Source of Data about City – (Not Accomplished) The objective of this strategy was to position the City as the primary source of data on all information related to the economy or business which occurs within its boundaries. The goal was to establish a relationship with business based upon solid information and trust. To date the City has made some small strides as it relates to organizing a newsletter and data on business licenses on an ad hoc basis, but the City appears to have made no formal effort to collect, organize and disseminate data on the economy of the City on a regular basis.

- Develop Business/Tourism Marketing Effort – (Largely Accomplished) The City has both hired tourism marketing staff and funded an outreach and marketing effort for tourism. As it relates to business development, one or two members of the EDC have put together some valuable marketing materials related to doing business in the City, but there is a need to develop more formal marketing collateral materials which both the City and its business development groups can utilize.

- Support Changes to Building Department Systems (Accomplished) – Probably the most significant concern expressed by businesses in the City in 2009 was the condition and responsiveness of the building department, particularly as it related to small business. Probably the most significant modification of City services to support business development since our efforts in 2009 is related to the Building Department. The department is now fully online, has hired internal customer service staff to help coordinate the permitting process, applicants have access to their information and status 24 hours a day 7 days a week, and the Department accepts most major credit cards for convenience of customers. The Department has evolved from a impediment to a model in five short years.

- Develop Set of Targeted Incentives – (Partially Accomplished) While the CRA has implemented targeted incentives for business and development over the past five years, just over 20% of the City is within the CRA boundaries. While the type and scale of incentives required by business may be different today than in 2009, there continues to be a targeted need to broaden these incentives. This may include the abatement of City taxes for a period of time as allowed for under State statute for key industries or major game changing projects.

- Enhance Communication between City, CRA, EDC, and Other Business Groups (Accomplished) - If concerns regarding the building department were the top concern of the business community in the City in 2009, following closely behind was the fact that business and the groups which represent them felt that the City was largely absent in their focus and involvement with the City's business community. As with the building department, interaction and communication between the business community and City government has taken a 180-degree turn with both sides now indicating a close and effective working relationship.

- Appropriately Fund Economic Development Efforts (Not Accomplished) - The 2009 economic development strategy called for the funding of the economic development effort outlined within the report including dedicated City staff to manage the effort. To date, funding has yet to be allocated although it is important to note that several elected officials indicated in interviews that the CRA now had primary responsibility for the economic development management efforts of the City and funding through the CRA for these efforts was adequate.

- Establish Job Linkage Program (Partially Accomplished) – Through the CRA, the City has funded local workforce programs which are being managed by International Enterprise Development. However, the programs do no appear to be as broadly funded and robust as initially conceptualized in the 2009 report.

*Mayor's Stimulus Task Force*

As it relates to meeting the goals and objectives of the Mayor's Stimulus Task Force our research and interviews indicated the following:

- Hasten Expenditure of City Capital Development Funds – (Accomplished) When the original Mayor's Stimulus Task Force issued its report, over $100 million in unspent capital funds which both were allocated to important capital improvements in the City and would generate a large number of construction jobs were sitting in City accounts or had been authorized by the City Commission but had yet to be spent. Likewise the Northwest CRA district had in excess of $27 million of unspent funds. Today, the backlog of expenditure is gone, the projects have been delivered, and we estimate nearly 420 FTE workers were employed over a very difficult 3-year economic period as a result of this expenditure.

- Establish Economic Data & Collection Clearinghouse (Not Accomplished) – Consistent with the call for a larger role in research and data for the City in the Economic Development Strategy, this has yet to be accomplished or funded in any formal way.

- Undertake Targeted Government Efficiency Initiatives (Accomplished) – Beyond improvements to the building department, a range of other recommended efficiency initiatives have been completed (i.e. online filing of business licenses) by the City as called for in the Stimulus Task Force.

- Reduce Cost of Building in Pompano (Accomplished) – The City reduced building permit fees during the most difficult economic period to "prime the pump" of development.

- Budget for Senior Staff/Elected Officials to Travel to Tallahassee and Washington (Partially Accomplished) – While a number of trips have been made by senior City officials to raise the profile of the City in Tallahassee and Washington, these visits have yet to be institutionalized and included within the City's budget.

- Undertake Planning Initiative in Key Economic Corridors (Largely Accomplished) – A number of corridor plans have not been completed and approved which are focused on improving the business environment in a number of corridors in the City. A few key nodal/corridor (i.e. Atlantic Blvd Corridor& I-95) remain to be completed.

- Undertake a series of Marketing Initiatives (Largely Accomplished) - Similar to the recommendation for a tourism and broader business marketing initiative in the Economic Development Strategy, the stimulus task force's recommendation has been implemented but requires further refinement as it relates to business attraction.

Overall, while a substantial number of the objectives or initiatives detailed within the 2009 Economic Development Strategy and Mayor's Stimulus Task Force have been accomplished or largely accomplished. Section 3 of this report details our recommendations for initiatives and economic development strategies to carry the City forward for at least the next five years. These initiatives and strategies are heavily reflective of the accomplishments to date as well as current and forward looking market/economic conditions outlined in Section 2 below.

## Section 2:

## Economic and Market Conditions & How Those Conditions Inform A Economic Development Strategy

Pompano Beach's economy is in a significantly better place today than in 2009 and 2010 when the initial Economic Development Strategy was written and the Mayor's Stimulus Task Force published it's results. While the recovery is not Pompano Beach's alone…..the nation, State and South Florida region have all shown significant signs of growth and recovery at least since the early months of 2013, Pompano Beach is clearly in a enhanced position today.

What allowed Pompano Beach to recover quickly however was the aggressive push to complete capital projects in the City and an unique economic base in a South Florida context which includes industrial and distribution as well as health care and tourism all industries which have led the economic recovery nationwide. This section outlines to what extent these industries have and will continue to drive economic growth in Pompano Beach and what industries may make good candidates for broadening the economic base in the City.

*Private Sector Employment*

Since 2009, the quality of employment data available at a City and other small geographic level has improved dramatically. Today we have a much more specific understanding of employment and employment trends in Pompano Beach than we had when we completed the 2009 strategy.

Figure 1 on the following page details employment trends in Pompano Beach between 2002 and 2011. Key facts and trends include the following:

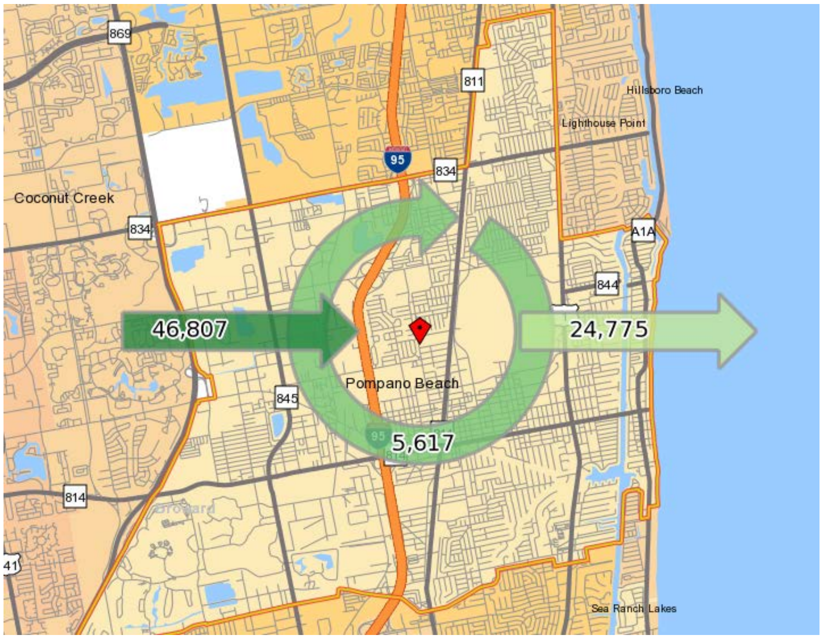
- Health Care and Social Assistance had among the fastest growing employment base in Pompano Beach between 2002-2011;
- FIRE (Finance, Insurance and Real Estate) sector suffered great loses in total numbers of private sector employees during the same period;
- Retail Trade, Wholesale Trade, Manufacturing and Construction accounted for 54.3% of total private sector employment in Pompano Beach by 2011;
- While manufacturing lost substantial employment between 2002 and 2011, wholesale trade growth, which generally has has a higher square feet per worker ratio partially mitigated that loss helping to support occupancy rates in the City's industrial areas; and,
- Overall, private sector employment was down by 5.3% between 2002-2011, or roughly 3,000 workers. Although data is not available at the City level subsequent to 2011, all indications are that the employment has achieved pre-recession levels since 2011.

**Figure 1**
**Pompano Beach Employment & Employment Trends**
**Source: U.S. Census**

| **NAICS Sector** | **Count By Year** | | | **Actual Change** | | **Percent Change** | |
|---|---|---|---|---|---|---|---|
| *Private Sector Only* | **2002** | **2007** | **2011** | **2002-2007** | **2002-2011** | **2002-2007** | **2002-2011** |
| Retail Trade | 8,801 | 9,227 | 9,321 | 426 | 520 | 4.84% | 5.91% |
| Wholesale Trade | 7,220 | 8,502 | 7,587 | 1,282 | 367 | 17.76% | 5.08% |
| Manufacturing | 8,531 | 7,530 | 5,900 | -1,001 | -2,631 | -11.73% | -30.84% |
| Construction | 7,842 | 11,858 | 5,655 | 4,016 | -2,187 | 51.21% | -27.89% |
| Administration & Support, Waste Management and Remediation | 3,881 | 4,353 | 4,254 | 472 | 373 | 12.16% | 9.61% |
| Health Care and Social Assistance | 3,155 | 3,437 | 3,980 | 282 | 825 | 8.94% | 26.15% |
| Professional, Scientific, and Technical Services | 3,021 | 2,868 | 2,572 | -153 | -449 | -5.06% | -14.86% |
| FIRE | 4,404 | 4,630 | 2,310 | 226 | -2,094 | 5.13% | -47.55% |
| All Other Sectors | 8,496 | 9,653 | 10,845 | 1,157 | 2,349 | 13.62% | 27.65% |
| ***Totals:*** | ***55,351*** | ***62,058*** | ***52,424*** | ***6,707*** | ***-2,927*** | ***12.12%*** | ***-5.29%*** |

Although there are over 52,000 people employed in Pompano Beach, the majority of private sector workers who work in Pompano Beach live outside the city boundaries. In fact, as the following graphic indicates, only about 10 percent of workers in Pompano Beach actually live in the City. Although Pompano is a City in excess of 100,000 residents and is one of the largest cities in Broward County, nearly 47,000 of 52,400 workers travel into the City every weekday for work and travel out of the City at night. Concurrently, there are over 33,000 working residents who live in Pompano Beach, nearly 25,000 of which leave the City each morning for employment. While employment in any metropolitan area is quite fluid across municipal boundaries, the data would suggest there a bit of a disconnect between the types of jobs which are available in the City and the skill set and experience of City residents.

**Figure 2**
**Pompano Beach Workers**

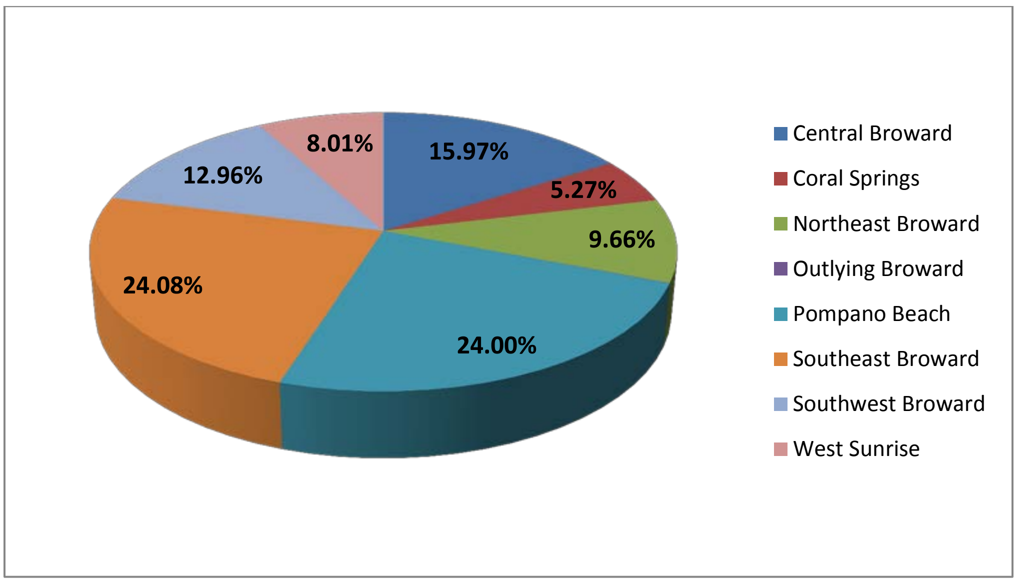



| | 2011 | |
|---|---|---|
| **Worker Totals and Flows** | **Count** | **Share** |
| Employed in Pompano Beach | 52,424 | 100.0% |
| Employed in Pompano Beach but Living Outside | 46,807 | 89.3% |
| Employed and Living in Pompano Beach | 5,617 | 10.7% |
| Workforce Living in Pompano Beach | 30,392 | 100.0% |
| Living in Pompano Beach but Employed Outside | 24,775 | 81.5% |
| Living and Employed in the Pompano Beach | 5,617 | 18.5% |

*Industrial Market*

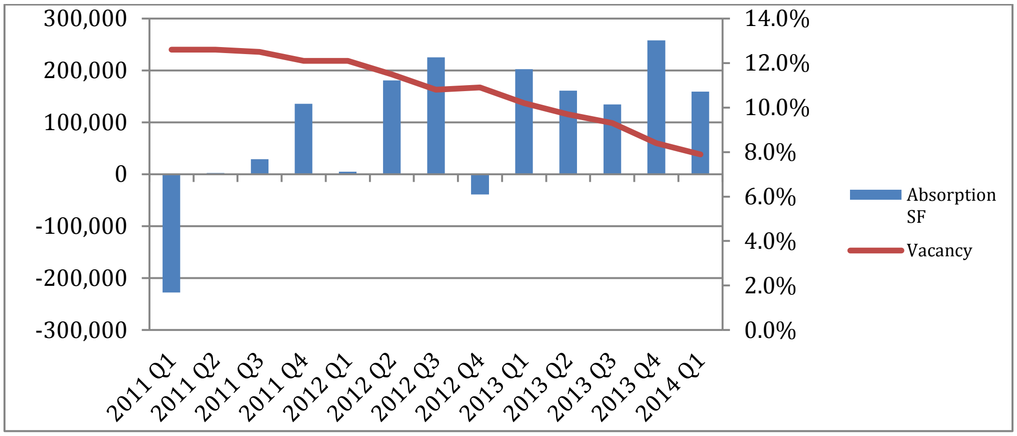
As Figure 3 below indicates, the Pompano Beach municipal submarket is the single largest industrial/warehouse market in Broward County and is only slightly eclipsed by the entire Southeast quadrant of the County including Dania Beach, Hollywood, Palmetto Park, and Hallandale Beach. Today, Pompano makes up 24% of the total Broward County Industrial market and is one of Southeast Florida's most important distribution hubs due to the its central location from a regional perspective and excellent access to I-95 and the Florida Turnpike.

**Figure 3**
**Broward County Industrial Market (% of total space)**



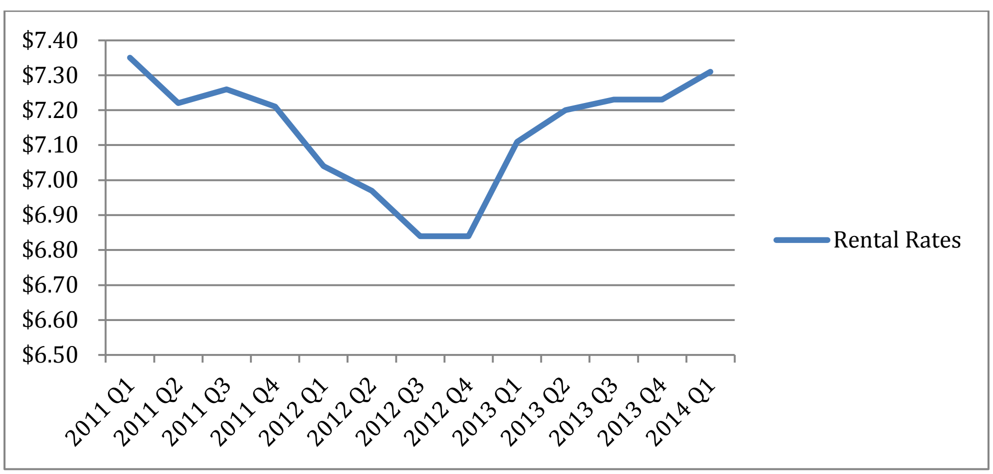

The health of the industrial market is reflected in the performance of the real estate which houses it (Figure 4). Today, vacancy rates in the Pompano Beach Industrial submarket are at a 3-year low. More importantly, the Pompano Beach submarket has experienced 5 consecutive quarters of positive net absorption indicative of strong business and employment growth.

**Figure 4**
**Pompano Beach Industrial Market – Absorption & Vacancy Trends**




As with absorption and occupancy, industrial rental rate trends are strong as well. As Figure 5 below indicates, rental rates per square foot for the Pompano Beach Industrial submarket currently sit just under its 3-year high of $7.35/SF. Broken down by type of space, flex space (which can be utilized for office as well as warehouse/manufacturing) generates $9.65/SF in the submarket; warehouse space $7.19/SF

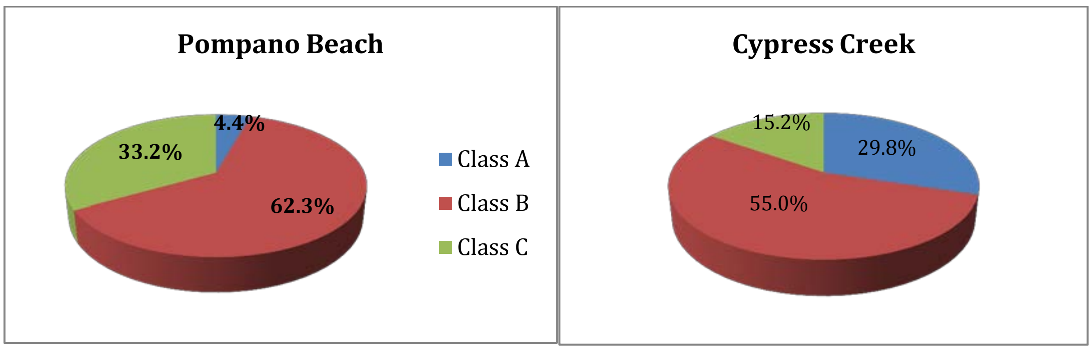
**Figure 5**
**Pompano Beach Industrial Submarket Rental Rate Trends per Square Foot**




*Office Market*

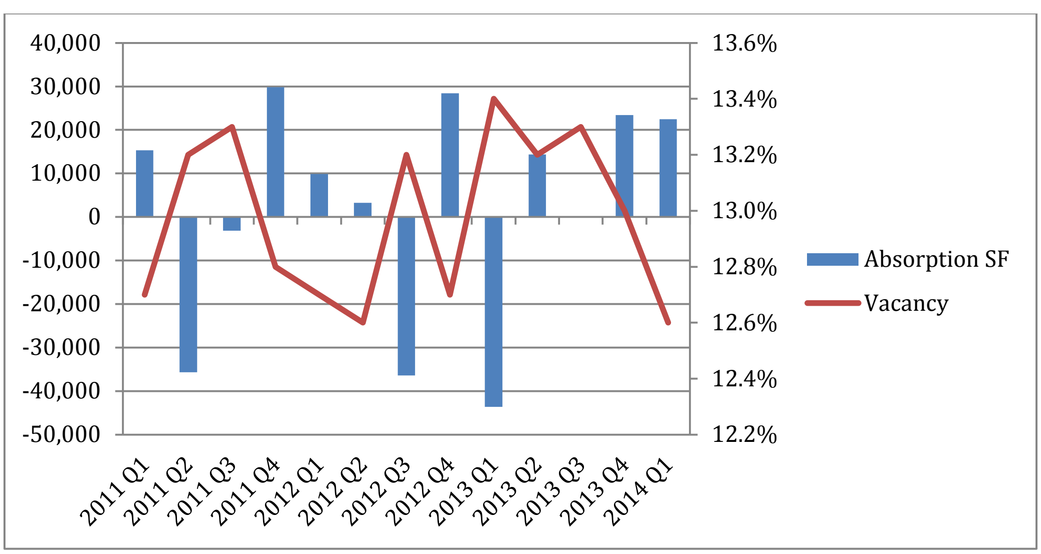
As strong as the industrial market is in Pompano Beach, the high quality office market is quite modest in comparison. The Pompano Beach office submarket contains total of 422 buildings, and 6.53 million square feet of Rentable Building Area (RBA). However, Pompano Beach is dominated by Class B office space or 4 million square feet out of the total. By comparison, the Cypress Creek office submarket, one exit to the south of Atlantic, contains just over ½ the buildings of Pompano Beach (239 buildings), but nearly 50% more rentable space of 8.1 million square feet. This is largely the result of the concentration of Class A office space in Cypress Creek. While Pompano Beach has 288,000 square feet of Class A office space, Cypress Creek has nearly ten times as much or 2.4 million square feet. As the economy improves and office space continues to fill in Cypress Creek, we believe there is an opportunity to reposition the Atlantic/I-95 intersection to capture this demand as discussed in more detail in the next section of this report.

**Figure 6**
**Pompano Beach vs. Cypress Creek Office Space by Type**



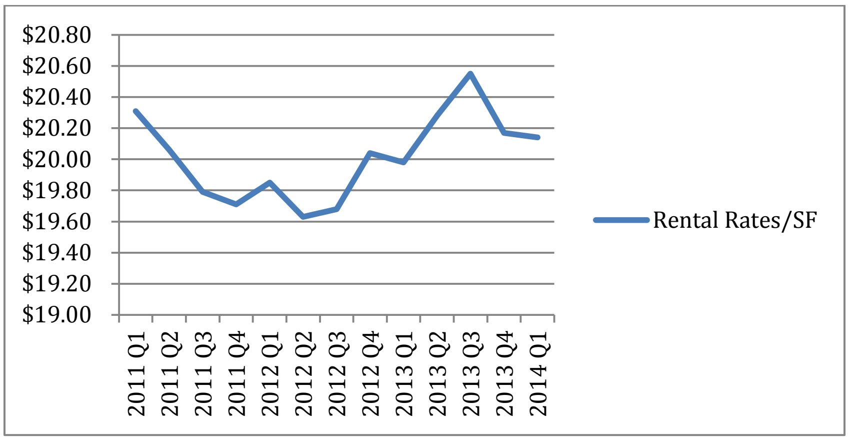

While the majority of office space in Pompano Beach is of B or C quality, as Figure 7 indicates below, office vacancy rates in the Pompano Beach submarket are at a 3-year low and the submarket has witnessed 4 straight quarters of positive net absorption. Given that office occupancy rates tend to trend in line with office employment, the trend is indicative of continued growth in industries which generally hire office based staff. All indications are that these trends are likely to continue

**Figure 7**
**Pompano Beach Office Market – Absorption & Vacancy Trends**



As Figure 8 below shows, while vacancy has generally declined, office rental rate per square foot have been more variable fluctuating between $19.63/SF (2012 Q2) to $20.55/SF (2013 Q3). This is principally indicative of the quality of space in the market given that rates in Class A buildings in Cypress Creek, Downtown Ft. Lauderdale, and Boca Raton which are in close proximity to Pompano Beach, have increased at a reasonably steady pace. We believe that there will be demand for new Class A office space in the northeastern Broward County market by middle to late 2017 or early 2018.

**Figure 8**
**Pompano Beach Industrial Submarket Rental Rate Trends per Square Foot**




*Tourism/Hotel Market*

Following the opening of the Marriott hotel in 2013, there is an increasing variety of rooms in Pompano Beach than existed a few short years ago.

There were over 13.3 million total visitors to Broward County last year, an increase of nearly 11 percent over 2012. Today occupancy rates in Broward County exceed 75% and the Average Daily Rate and RevPar, two key measures of hotel performance are at their 10 year high.

Given the substantial amount of high end condominium development over the past ten years in coastal and beachfront communities many sites which would have served as excellent hotel properties have been converted to residential use. As a result, the scarcity of new hotel product located on the beach has enhanced the value of hotel zoned properties for hotel use. This is particularly the case since the risks of other hotels being developed in near proximity with equivalent beach access is increasingly mitigated.

As the tourism market continues to recover there is an increasing demand for new hotel product and Pompano Beach, with its pristine beaches and excellent access is in a strong position to capture this demand.

*Market Summary*

The Pompano Beach market is in a strong position today to accept and promote job creation and business growth. Specific trends or conditions which position the City well from an economic development perspective include the following:

- The City continues to be the center of activity for distribution in northern Broward County and serves as one of the main distribution centers in South Florida. As a result, the City has a strong and growing corporate presence and awareness upon which to attract new industries and build on those that already exist. Additionally, while only 10 percent of employees in Pompano Beach businesses live in Pompano Beach, the industrial areas of the City provide an opportunity to link residents of the City, particular those residents who live in the northwest quadrant of the City, to jobs in the area;

- As the Class A office market continues to recover and fill vacant space to the south of Pompano Beach and office employment continues to grow, there is a substantial opportunity given the City's location and proximity to the Cypress Creek submarket along I-95 to attract new Class A office development if enough well positioned land at the intersection can planned and serviced;

- The City of Pompano has an opportunity to realize the development of new full service hotel product particularly as it relates to the beach area of the City. Hotels serve a particularly valuable role in economic development in the sense that they bring outside dollars into the community. The relative economic benefit of this expenditure is greater than for other land uses (i.e. retail) which principally recycle dollars which are already in the community. For example, as reported by the World Trade & Tourism Council…."In the United States, $1 million in Travel & Tourism spending (consumption) generates nearly $1.6 million in GDP. This is roughly the same impact as the communications and auto manufacturing sectors." However, unlike the auto manufacturing industry which "requires imports amounting to 22% of sales" in the United States, "a mere 6% of Travel & Tourism spending leaks out of the economy through imports."

- Health care continues to be a major and growing employment generator in Pompano Beach and to the extent that the City can support the positioning of the North Broward Medical Center as a major regional hospital, the opportunity to grow further health related employment in Pompano Beach should grow as well.

## Section 3:

## Recommendations for Modified or Additional Economic Development Strategies

Based upon our evaluation of the extent to which the City implemented the strategies outlined in the 2009 Economic Development Strategy and Mayor's Stimulus Task force recommendations in 2010, the appropriateness of those recommendations in today's economic environment, and current and looking forward market conditions we have refined our current recommendations into six key areas as outlined below.

### Recommendation 1: City Needs Own Economic Development Apparatus

In several of our interviews there was a view expressed that the CRA efforts are generally adequate to provide for the economic development efforts of the City. However, the two CRA districts represent only 1/5 of the City's physical area, and many of the business districts in the City are outside of the CRA. Additionally, economic development includes corporate attraction and retention efforts that by their nature will not always be located in redevelopment districts. As a result, and consistent with several of the economic development strategy recommendations of 2009 which have yet to be implemented, we recommend that the City establish its own economic development team which will closely coordinate efforts citywide with the EDC, CRA, Chamber of Commerce and Broward Alliance. Indeed, we believe that the City would be well served by having a consistent voice for economic development beyond the Broward Alliance given that the City's employment makeup and competitive advantage is distinct from many other municipalities in the County and as a result requires a nuanced marketing and business attraction and retention strategy.

The City's economic development team should also serve as the primary source of information and data about the City and it's economy. We cannot express enough how important tracking economic data over time is to understanding the progress of the City, challenges which the City will face, and as important, building the City's credibility with the existing and prospective business community. We strongly recommend the City obtain, regularly utilize, and organize for relevancy the data sources in the table below. Good regional models of government agencies which utilize these sources and other similar information supplemented by specific studies include the City of Hollywood and Miami Downtown Development Authority. The Miami DDA, , in particular organizes and publishes large amounts of information and data regarding the downtown economy online in addition to the resources provided by the Beacon Council. The DDA's website has become a go to source for the numerous investors driving one of the most dynamic development nodes in the entire Southeastern United States.

| Data Source Name | What the source provides? | Fee or Free? | Recommended Period of Analysis |
|---|---|---|---|
| Co-Star | Office, Industrial, Retail Trends | Fee | Quarterly |
| Census Migration Data | Movements of people | Modest Fee | Annually |
| Census Employment Data | Employment data on small area basis | Free | Annually |
| City Business License Data | Business trends in City by Industry | Free | Monthly |
| Infogroup USA | Detailed business-by-business information | Fee | Annual |
| BOMA Exchange Reports | Data on office building | Fee | Annual |
| Florida Statistical Abstract | Compilation of State, County, and some City level data | Small Fee | Annual |
| Office Worker Retail Spending Patterns | Retail expenditure by place of work | Fee | Bi-Annual |
| Project Management Benchmarks Report | Benchmark data on buildings | Fee | Annual |
| Shopping Center Directory | Info on Shopping Centers | Fee | Bi-Annual |
| Smith Travel Research Custom Reports | Hotel Rate & Occupancy information | Fee | Quarterly |
| Torto Wheaton Research Outlook | Projections of economic and real estate trends | Fee | Quarterly |
| Torto Wheaton Dodge Pipeline | Construction tracking | Fee | Monthly |

Of course the establishment of an economic development team and providing the team with appropriate resources requires the establishment of a budget for an economic development professional and support staff and associated resources. We estimate the cost of professional and support staff, data purchases, the development of collateral materials, and a modest travel budget for attendance at key events and conferences to be $400,000 to $500,000 per year in 2014 dollars.

**Recommendation 2: Focused Efforts to Attract/Retain Key New Industries**

While warehouse/industrial and healthcare are large industries and employment categories in Pompano Beach that continue to support the City's economic health, some of the greatest untapped potential for new job growth is within the tourism and office employment sectors.

Pompano Beach, true to its name, has an excellent quality beach but unlike many other cities to the north and south of Pompano, does not have the depth of new quality hotel product to attract a range of affluent travelers. Given continuing strengthening of the regional hotel market, the beach is in an increasingly envious position to attract and support new hotel investment which will consistently bring outside expenditure into the City and create a substantial number of new jobs. Indeed, full service hotels generally produce one job (+/-) per room.

The benefits from hotel development from an economic development perspective are significantly greater than residential development that often competes for the same parcels. To illustrate this, we completed an analysis of the economic and fiscal impacts of an illustrative 125 unit condominium tower with an average unit value of $650,000 vs. a 250 room full service upscale hotel (i.e. Hyatt, Hilton, Sofitel). While the condominium development is estimated to produce slightly more ad valorem revenue for the City ($396,000 vs. $366,000) and residents of the condominium drive more local retail sales ($3.9 million vs. $2.3 million annually), the hotel produces dramatically more wages for employees ($9.45 million vs. $190,000), produces bed and sales tax from the sale of room night not produced by the condominium, and the vast majority of the expenditure in the hotel will be coming from guests who live outside of the South Florida region which are particularly valuable given they are new dollars flowing into the City and broader local economy.

As it relates to office employment, while the office sector is among the slowest recovering real estate markets coming out of the most recent recession in South Florida, if adequate sites were available in Pompano Beach along the I-95 corridor, Pompano Beach is the natural next phase of new office development in northeastern Broward County. This is particularly the case given there are limited new options for development of Class A office space the Cypress Creek area, Pompano Beach is assured to have one of the first FEC passenger rail stations, and Dixie Highway is in especially close proximity to I-95 at Atlantic. As discussed below, this provides a unique opportunity to the City to support the development of Class A office space in Pompano Beach.

**Recommendation 3: Support/Plan Development of Class A Office Space at Atlantic I-95 Interchange**

The City has an opportunity to support development of Class A office space if it can plan and, depending upon the outcome of the plan, make the land use amendments necessary to proactively encourage the redevelopment of parcels surrounding the Atlantic Boulevard/I-95 interchange for higher density office use. By completing the planning process, the City will concurrently serve as the coordinating entity to encourage the current large landowners in the area to reimagine how their properties can be redeveloped to extract additional value and be in a position to adjust land use and other regulations as required.

As the office market strengthens, Atlantic is the logical extension for office development in northern Broward County as long as the large land holdings surrounding the interchange are positioned to support that development

**Recommendation 4: Develop Non-Aviation Plan for Airpark & Adjacent Parcels**

As the City has completed plans for key commercial corridors in the City which the City is now implementing, there are other valuable City owned and controlled economic assets which could potentially benefit and value enhanced over the long term through additional planning. One of these assets is the non-aviation properties surrounding the Airpark. Although the City has recently updated its master plan for the Airpark, the City should seek to more broadly develop a plan for the Airpark and adjacent City owned and privately owned parcels which focuses on the opportunity to further develop non-aviation uses. The Airpark and surrounding properties given their size and relative low density of development are among the most valuable group of under developed properties in the U.S. 1 corridor in the entire South Florida region. While entirely cognizant of the challenges associated with FAA regulations targeting non-aviation activities at airports, we have found that the FAA is reasonably practical as it relates to non-aviation uses where there is no compelling aviation need and the market value of the land is realized. Understanding the opportunity for development within and surrounding the airport however will only occur based upon a planning effort that engages the Pompano Beach community at large, Airpark users, and the FAA.

**Recommendation 5: Enhance Engagement with State and Federal Officials**

Pompano Beach is a large urban community which can significantly benefit from State and Federal grants and investment. However, to be able to compete effectively for these limited dollars, the City needs to be aware of the types of opportunities which may be coming/proposed, plan for obtaining the funds, and make their interest, need, and ability to effectively compete and implement grants known to State and Federal appointed and elected officials. Unfortunately this cannot be done entirely from Pompano Beach (or through lobbyists) as it requires a regular presence in Tallahassee and Washington where decisions are made at both the bureaucratic and political levels. Consistent with recommendations in 2009, a modest budget to cover regular visits by elected and senior staff should be established to insure that regular outreach meetings to the State and Federal agencies and representatives become part of the City's routine undertaking.

**Recommendation 6: Support Expanded Job Linkage Program to Tie Residents to Jobs**

Following the recommendation in the 2009 Economic Development Strategy, working to link Pompano Beach residents to jobs in the City through a community outreach specialist that work with both businesses to understand their current staffing needs and residents about those employment opportunities is a reasonably low cost way the City can have a direct influence on economic development within its neighborhoods. This can be a particularly valuable service given that job growth is occurring at a reasonable pace today. As we understand it, the CRA is already engaged in a similar effort within the CRA boundaries. We recommend closely tracking and evaluating the progress of the CRA effort to determine if it should be expanded citywide.

Other urban cities with substantial poverty challenges are implementing and undertaking similar efforts. For example, The City of New Orleans recently implemented a nearly identical program with the assistance of several grants from national foundations. Indeed, the City of New Orleans has very few funds dedicated to the program given the level of investment being made by the foundations. The City of New Orleans recently had a call to action after New Orleans found in surveys and focus groups that 52 percent of working age African American male residents were not working despite the fact that a large proportion of those men, nearly 20,000, had all of the necessary requirements to be employable including an appropriate education level, driver's license, no criminal record, and a stable place of residence.

**Recommendation 7: Support oK-12 Education as Foundation of Economic Development**

The quality of K-12 education in Pompano Beach is critical to the economic health of the City. Quality schools are central to attracting knowledge based workers with school aged children to the community and a large number of graduates proficient in math, the English language, foreign languages, science, and technology are a key recruitment tool to attract large companies which rely on the school system to produce a qualified workforce. As a result, we recommend that the City, Chamber and EDC continue to focus on supporting city schools through available and reasonable means including mentoring programs for children and educators, financially supporting motivational award programs in elementary schools, and working with local schools to obtain grant funding at the State and Federal levels (i.e. Promise Neighborhoods) to enhance instruction and staffing.