
AGENDA ITEM SUMMARY

ITEM NO:

FLORENCE CITY COUNCIL

MEETING DATE: 09/22/08

DEPARTMENT: Assistant City Manager

ITEM TITLE: Economic Development and the Pacific View Business Park



DISCUSSION/ISSUE: During the September 22nd City Council Meeting staff will present a report on the items listed below, which relate to the Pacific View Park and Economic Development. These two are listed as goal #4 in order of priority for the 2008 Council goals for non-budgetary items.

1) Staffing a City Economic Development Program.

In 1998 a marketing study was conducted on the then titled “Kingwood Business Industrial Park”. The consultants reported in that study that it did not appear that a full-time paid staff position could be funded within the existing departments to carry out an economic development program. Ten years later, that fact remains true and it is a defined reason why a great deal of the property in the now titled “Pacific View Business Park”, is still undeveloped.

This month the City Manager decided to allocate staff time (Assistant City Manager) to develop an economic development program for not only the Pacific View Park, but also for the business community as a whole. For continuity purposes it is important to have one person who is responsible and accountable for recruiting new businesses as well as nurturing the existing ones established in the community.

With advertising, direct mail, e-mail communications, internet marketing, and networking there needs to be a responsible person at City Hall to focus on an economic development program and provide the necessary staff support. This position will support a volunteer team to follow-up on leads and respond to business inquiries (as you will read later in this report).

There are some valuable marketing strategies included in the study that was conducted years ago. I am receiving some mentorship from Chris Chandler who is the Economic Development Manager for Central Lincoln PUD out of the Newport office and she is providing me with some tools that will help me put together a more detailed marketing and economic development strategic plan. This will be part of my report for the upcoming 2009 City Council Goal Setting Session.

2) Process for amending/consolidating Title 10 Chapter 28 and 32, and cleaning up the Covenants, Conditions, and Restrictions (CCRs) In the Business View Park.

Is it called the Kingwood Industrial Park, the Pacific View Business Park District or just the Industrial Park? In June of this year the City Council held a work session at the end of their council meeting to provide direction to staff on what they would like changed in the current Florence City Code Title 10, Chapters 28 and 32. The consensus from Council is to do the following;

- Consolidate the districts into one, calling it the “Pacific View Business Park”.
- Revise the uses permitted
- Allow for existing businesses to relocate
- Create uniformity between the City Code and CCRs.

The Planning Department anticipates bringing a draft of the proposed changes to the City Council at the December 15th meeting this year. It should be noted however, that the changes Council has identified may be significant enough to involve amending the City’s Comprehensive Plan and zoning designations. All of the possible impediments, along with the public process associated with the proposed changes will also be outlined on the 15th. After hearing all of the options if Council takes action to continue moving forward then staff will propose a date for initiation of the code amendments.

With regard to the CC&Rs, I requested a legal opinion as to whether or not they can be amended or terminated. The City Attorney responded by saying that CC&Rs are basically a contract between the seller (city) and the buyer. The seller is obligating itself to restrict the uses on the whole development in order to entice buyers. This allows a single buyer to come in and buy one parcel and know that the neighborhood will not change drastically.

Amendment and termination of the CC&Rs must follow the procedure set out in the CC&Rs. Section 7 sets out the "duration and amendment" provisions. However, that section only talks about termination. It does not appear to provide a provision for amendment. Termination requires a vote of 75% of the owners.

One argument on amendment would be that amendment also requires 75% of the owners to agree. However, another argument is that because there is no provision for amendment, all of the owners must agree to an amendment. Because the amendment language is not clear, the better argument is that all of the owners must agree to an amendment whereas 75% of the owners can agree to terminate the CC&Rs.

FYI-

- There are now 53 lots in the Pacific View Park. (We subdivided one for Friends of Florence so we have #37A and #37B).
- 75% of 53 = 39
- The City owns 28 lots
- City would need permission from 11 additional property owners to terminate the CC&Rs

A change in the zoning code for the business park will change what the City allows on the properties - as a matter of land use. However, the CC&Rs will also apply and will control the contractual arrangement between all the land owners and the City. An individual owner would be able to file a law suit to enforce the provisions of the CC&Rs if the owner believed they were

being violated by another land owner covered by the CC&Rs. Therefore, termination of amendment of the CC&Rs is probably necessary to carry out the direction from the Council at the June work session.

For example, if the City consolidates the land use code provisions that govern the business park this action will impact how the City approves land use applications for the properties. But, unless the CC&Rs are terminated or amended, the CC&Rs will also govern the properties as between the land owners in the business park. Depending on the regulation at issue, this could make the land use code the more restrictive or the CC&Rs the more restrictive. It could also cause some confusion, especially since the City still owns some of these lots. This could give rise to a situation where the City sells a lot subject to the CC&Rs that provide one thing for landscaping, and then the City would be responding to the new owner's land use application using a different landscaping standard (zoning code).

3) Realtor of Record for the Pacific View Park.

Bob Warren, from the Oregon Economic Community and Development Department met with PWD Mike Miller and me to discuss the current situation at the Pacific View Park. He concurred with the Council's recommendation to seek a Realtor of Record, to not only help with selling/leasing the lots but to also assist with the marketing plan and pricing the lots.

The Assistant City Manager of Redmond is helping me prepare a draft Request for Proposal (RFP) for a Realtor of Record. The City of Redmond has property similar to ours called the "Desert Rise Industrial Park" (122 acres) and they currently contract the services of a Broker/Agent to assist them in their City's marketing and sale/purchase of real property. Pending legal review, as well as CM Willoughby's review of the draft I am tentatively planning on bringing the RFP for a Realtor of Record to the City Council for review at the November 17, 2008 meeting.

4) Market analysis on the price of lots for sale and lease.

Prices listed on lots in the Pacific View Park appear to be too high, yet it is the number one question people ask when they inquire about a lot. Until we can get a proper market analysis done, it is staff recommendation to remove the price list from the internet and packet of information that we hand out. We will still provide information on what is available and the square footage, but we will let interested parties know that the price of lots will be negotiated with the City Manager (and ultimately with the Council if the sale looks like it will come to fruition) until we have gone through our market analysis process.

Note: Lot #29 Alaskan Cable Systems (ACS) sold for \$4.20 per sq. ft, which was still roughly 40% less than the listed price. That price was accepted however because ACS had done their own comparables for that area and the numbers they researched were much more current than the ones represented on our current price list.

*Eleven lots in the park are for sale and seventeen are for lease. The Port of Siuslaw bought the 40 acres next to the Pacific View Park from Lane County, which removes some restrictions on what they can market that property for.

5) Re-plat of lots #31, 32, 33, 34, 35, 36, and 37.

Earlier this year the Planning Commission requested a re-plat of the lots listed above, after considering a lot line adjustment for lot # 37. The Friends of Florence exchanged lot #19 for a portion of lot #37. The re-plat will include a future road and cul-de-sac which will be built and paid for by developers who purchase the lots. This will then become a subdivision. The cost of

the utility and street extension will be incorporated into the price of the lots when the market analysis is done.

The City Council approved the Planning Commission's recommendation for the re-plat and currently an environmental study is being done and Wobbe and Associates is finishing the survey work.

Lot #36 is owned by Central Lincoln PUD. Public Works Director Mike Miller is calculating costs to extend utilities and the street from Kingwood to Lot #37. The cost will be split by the City, CLPUD and the Friends of Florence. Once the Friends of Florence have a cost for their portion of the utility extension they will be able to decide if building a new bus barn is feasible.

6) Update on the lot exchange #39 for #18.

Lot #18 is owned by Roger Center and Greg Saindon. Because of FAA restrictions, the City asked the owners if they would exchange Lot #18 for a portion of Lot #39 (that is equal to their current square footage). The proper authorization was obtained from Council and the land sale contract is almost finalized. Finance Director David Armstrong is working with a title and escrow company to finalize the deal.

In the contract it states that the owners shall have completed construction drawings for the development of the property that meet with the approval of the City, within one hundred-eighty (180) days after the Closing Date.



7) Update on fiber optics, enterprise and E-commerce zones-

On September 14, 2008 a 140-meter long ship with a crew of 80, called the Tyco Resolute, laid the undersea cable on the Pacific Ocean for Alaska Cable Systems. The fiber landed on-shore at Driftwood Shores and will be connected to the building ACS built on Lot #29.

The Florence lines will have the capability of carrying 2.6 terabytes per second. Even though none of the traffic will be accessed in Florence, Coastcom has been hired by LS Networks to assist with the redundancy build-out back to the Pinnock building in Seattle. Part of that build-out route includes Kingwood Street through the Pacific View Park. Coastcom obtained a right-of-way permit from the City and the fiber has been installed. At the September 22nd City Council meeting the Council will consider approval of a franchise agreement that would grant Coastcom permission to sell fiber in the Florence community, which means that fiber will be available for current and future businesses in the Pacific View Park.

The enterprise and e-commerce zone in Florence is an under-utilized selling point for our Pacific View Park. However it is important to not just focus on offering cheaper land, free incubator buildings and tax abatements to attract new industry. These types of relocations sometimes only

stay around as long as costs stay low. Our goal is to recruit healthy entrepreneurs and to create nurturing environments for these companies.

The City had one business that was part of the tax exemption program but they opted to not re-apply this year. The reason was purely economically driven as the tax exemption program requires that you retain a certain number of employees for the three years (or longer) that a business is receiving the credit. Because the economy has slowed down the employer did not want to be bound to retaining employees and risk having to pay back any tax reduction that they had received.

The enterprise zone will sunset in 2010. In 2009 the City will ask Council for direction on whether or not they want to re-new the application and if so, to consider a boundary change to include property next to the Florence Event Center. We would also ask Council to approve a "hotel, motel and resort designation" to go with the boundary change. This would allow us to offer tax incentives and infrastructure improvements funded by the Florence Urban renewal Agency as we try to recruit a headquarters hotel to that property. The City of Florence has taken significance steps in establishing modern facilities for recruiting, relocating and expanding businesses so it is important that we try to utilize them to their fullest potential in the next few years.

8) Airport Business Plan

Money has been budgeted to conduct a business plan for the airport. Public Works Director Mike Miller will be putting an RFP together and begin that process after the Airport Manager recruitment process is finished. Marketing of the Pacific View Business Park, especially the "lease-only" lots will be addressed in the plan.

9) Meeting with the Federal Aviation Administration (FAA)

I have been in contact with the FAA and we have tentatively scheduled a meeting in November, at a place to be determined. The intent of the meeting is to discuss the "lease-only" only property in the Pacific View Business Park. Staff is hoping that the FAA will help identify funding sources that could be used for economic development on those lots, such as an incubator building for starter businesses.

10) Re-connecting with the Lane Metro Partnership

On September 15, 2008 I went to Eugene to meet with the Business Development Director of the Lane Metro Partnership, Inc. Lane Metro Partnership is the official source of economic development and business information in Lane County. They assist with site and building information, researching business leads from the state, workforce availability, education and training, and community profiles.

The purpose of the meeting was to re-connect the City with Lane Metro Partnership. In discussing the Pacific View Business Park, it became apparent the reason that most of the business leads do not come are way is because of transportation issues (not being close to the I-5 corridor) and because the size of lots are too small. Most companies want more square footage than our average lots offer. The recommendation was for me to ask the governing body to be realistic in our expectations and to provide flexibility in our negotiations. For instance if Lane Metro contacts us with a business lead that may take up three of our lots, would the Council consider grouping lots together for a sale? Mr. Huspeth did say however that fiber is a huge selling point for companies and it will help us a great deal with marketing the Park.

Lane Metro Partnership maintains the Lane County portion of the Oregon Prospector website for the State (www.oregonprospector.com). One of the immediate results from this meeting is that Mr. Hudspeth will be working with me to develop a page on the Pacific View Park that will go onto the Oregon Prospector website, free of charge. This site is viewed from state agencies and entrepreneurs from all across the United States and it attracts many of inquiries. He has outlined the type of information that I need to provide to him and I will be working on this in the coming weeks.

11) Formation of the Florence Business Advocacy Team

And finally, another partnership that will be establishing is between the City of Florence and the Florence Area Chamber of Commerce, and it is called the *Florence Business Advocacy Team*. The Florence Business Advocacy Team will consist of six members from the Chamber of Commerce and me as the city liaison. We will make ourselves available on an as needed basis to assist with business leads in the Florence community. Our mission is to create a healthy environment for new business while continuing to nurture our existing ones by providing resources and realistic information to help them examine the many aspects of running an enterprise.

We will be a “response” team where we will provide support services for entrepreneurs that want to discuss options in Florence as well as help current business owners who may need assistance.

For example someone comes to City Hall and they own/bought property in Florence and are thinking about opening a business. They want to know if their land is zoned correctly, and if the business idea they have might be successful in our coastal environment. Those questions will trigger a referral to me. I will then contact the Executive Director of the Chamber of Commerce. She will arrange a meeting between the property owners, me and a couple members from the Team to discuss options.

This approach enhances our business development by providing individual attention to existing and potential future Chamber members in the community. The intent is to also better prepare the potential business owner before they go through the pre-development or land use application process with the City.

One of the future products to be created for the program is called: [A Guide to Starting/Bringing a Business to Oregon’s Central Coast.](#)

This guide has been put together by an economic development alliance who received funding from a regional strategies grant. Because Lane County was included in the alliance, the City of Florence has obtained permission to tailor the information to fit the Florence demographics so that we may place the document on the web site, as well as print it as a resource for the Florence Business Advocacy Team to use when meeting with prospective business owners.

The guide will include the following talking points:

- A. *Experience, Motivation and Perseverance*- Do you have direct experience in the type of business that you plan to start?
- B. *The Product or Service*- What is unique about the product or service that you plan to offer?

- C. *The Customer*- Exactly who will buy your product or service?
- D. *The Competition* – Understanding the competitor’s advantage to be able to understand if there is a niche for your business, so it can be successful.
- E. *Financial Projections* – Questions to review before seeking financial assistance.
- F. *Assistance*- Provide resources and contact information for future business owners.

CITY MANAGER’S RECOMMENDATION: Approve/Disapprove/Other

I am very encouraged by the energy that Jacque has already brought to this project. I also am very hopeful that her efforts, the efforts of the Florence Business Advocacy Team (which is being championed and promoted by the Mayor), and the involvement by the Chamber will finally get some positive results in the Pacific View Business Park and help stimulate business investment in a very tough economy.
