



JEDC General Meeting

**City Hall, 4th Floor (Suite 400)
Mayor's Large Conference Room**

Thursday, December 9, 2010 – 9:00 a.m.

MEETING MINUTES

Commissioners Present: Chair Z. Boulos, C. Ferguson, C. Gibbs, R. Helms, J. Meeks, B. Moore, H. Rowan, and R. Shoemaker

JEDC Staff Presenting: Ron Barton, and Joe Whitaker

Representing Office of General Counsel: Juliana Rowland

I. CALL TO ORDER

Chair Boulos called the meeting to order at 9:02 a.m.

II. ACTION ITEMS

APPROVAL OF THE NOVEMBER 10, 2010 JEDC MEETING MINUTES
THE NOVEMBER 10, 2010 JEDC MEETING MINUTES WERE APPROVED UNANIMOUSLY 7-0.

PROJECT SHADOW – Joe Whitaker

Mr. Whitaker provided an overview of the project recommending that the Jacksonville Economic Development Commission authorize the introduction of legislation to the Jacksonville City Council, which recommends that Embraer Aircraft Holding, Inc. be approved as a Qualified Target Industry business; states that the commitment of local financial support for the Qualified Target Industry Tax Credit Program exists and will be appropriated in the not to exceed amount of \$30,000; and authorizes the JEDC to utilize the authority provided by City Council Ordinance 2005-1460-E requiring only two readings before City Council and authorizes JEDC to submit proposed Ordinance and all pertinent background information to be provided to the City Council Auditor simultaneous to filing with Legislative Services Division.

Mr. Whitaker noted that there were “two but fors” associated with the project to be aware of. The Department of Defense has to approve the purchase of this Super Tucano aircraft and Embraer Air has to make a decision to select Jacksonville as a location to assemble the aircraft.

Mr. Whitaker introduced the President of Embraer Aircraft Holding, Mr. Gary Spulak, and their CFO Christopher Appleton and President of Cornerstone, Jerry Mallot.

There were no adverse comments regarding the project from the Commission.

A MOTION WAS MADE BY COMMISSIONER GIBBS AND SECONDED BY COMMISSIONER HELMS APPROVING A RESOLUTION OF THE JACKSONVILLE ECONOMIC DEVELOPMENT COMMISSION (“JEDC”) SUPPORTING AN ECONOMIC DEVELOPMENT AGREEMENT (“AGREEMENT”) AMONG EMBRAER AIRCRAFT HOLDING, INC. (“COMPANY”), THE CITY OF JACKSONVILLE AND THE JEDC, REQUESTING THE CITY COUNCIL TO ENACT LEGISLATION: (1) RECOMMENDING THAT THE COMPANY BE APPROVED BY THE STATE OF FLORIDA’S OFFICE OF TOURISM, TRADE AND ECONOMIC DEVELOPMENT AS A QUALIFIED TARGET INDUSTRY (“QTI”) BUSINESS PURSUANT TO SECTION 288.106, FLORIDA STATUTES AND (2) EVIDENCING A COMMITMENT OF CITY SUPPORT IN AN AMOUNT NOT TO EXCEED \$30,000 AS THE LOCAL FINANCIAL SUPPORT UNDER THE QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM PAYABLE OVER MULTIPLE YEARS PER GUIDELINES SET BY THE STATE OFFICE OF TOURISM, TRADE AND ECONOMIC DEVELOPMENT; AUTHORIZING THE EXECUTIVE DIRECTOR OF THE JEDC, OR HIS DESIGNEE, TO EXECUTE AND DELIVER DOCUMENTS AND TAKE FURTHER ACTION TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION; PROVIDING AN EFFECTIVE DATE. THE MOTION PASSED UNANIMOUSLY 7-0.

III. INFORMATION/DISCUSSION ITEMS

EXECUTIVE DIRECTOR’S REPORT – Ron Barton

DT PARKING LEGISLATION

Mr. Barton advised that today he wanted to bring the Commissioners up to date on pending legislation that would require action by the Commission, but was being discussed today for informational purposes only. In January, the item will be brought back to the Commission and the DDRB for action. Today, he wanted to talk about where they want to go, and what problems they are trying to solve for.

He stated that since the Commission acts in the capacity of the Downtown Development Authority, as well as the Master Developer for the DRI that we want to act in the best interest of the property in this geography even though we act in the best interest of multiple property owners. He asked if we have a land use condition that is such how we want to change that land use condition over time and more importantly for today’s conversation

how do we want to change the investment made in the horizontal environment that we have today.

Mr. Barton provided a presentation and handout that illustrated an overview of the existing conditions in downtown particularly as they relate to surface parking lots and vacant land in downtown, and how to change those conditions that correlate to a devaluation of the property downtown. Due to the lack of self discipline and investment by private property owners, there is a cycle of disinvestment that has occurred over many years in downtown. The cycle of disinvestment relates to lower taxes, lack of capital investment, lack of people, blight conditions, etc. This cycle is one that we are trying to break with the introduction of legislation related to an amendment to the "Off Street parking overlay."

The following were relative comments from the Board:

- Ask if we know what the economics look like.

Mr. Barton replied that it is evident in front of us everyday. He added that because there has been no plan in place it is cheaper for someone to knock their building down, their taxes decrease, the City does not make the owner invest in what they put back, so they park cars on the slab of the building they knocked down and the owner hopes to just recover their property taxes. In essence it is a different version of a slum lord. Instead of having a residential or boarding house that you make no investment in. This is no different. You make no investment, but get to park cars for a few dollars a day depending on where you are. The economics deliver to you what you see.

- Agrees with Mr. Barton adding that the current lack of responsibility creates a long term cheap land bank. Mr. Barton commented that that is ok if land banking eventually gets you there, but we have twenty years of evidence that it does not get you there.

Mr. Barton commented that the predicate is deciding if we want to change the condition and the path we have been on. He added that basically, we have allowed someone to run a business with no interface or interaction. To address the problem, he advised that they want to do an amendment to the existing zoning overlay that will help eliminate blight conditions in downtown, expand capacity for development, improve safety and encourage people to spend money downtown. The solution proposed is to create a licensure process (a business license) not to raise money or be punitive but to create a process. We must bring someone into a process in order to manage the process and outcome. We are trying to speak to the allocation of land use in downtown is it an appropriate mix of land use, and if so is the property owner investing in it. He commented that if the property owner is going to run the property as a parking operation then they need to invest in it as a parking operation and treat it as a parking operation.

Mr. Barton advised that the amendment also strengthens the codes requirement for vacant lands. We are not going to allow those that choose to not run a parking operation to leave the slab and mess in place. We anticipate that certain property owners are going to choose to not address the investment; however, they will have to meet the zoning code requirements for vacant land, which means if you have a slab you have to remove the slab, grade the site, plant grass and maintain the property. You cannot have a blighted condition next to your property if it violates code regardless of the location in or outside of the downtown area. He added that they want vacant property owners to invest in their land as well downtown.

- Commented that parking is a mammoth issue that needs to be faced from a lot of different aspects. There has not been a building built in 20 years in downtown. In the last 20 years the business world has changed expeditiously. Parking is a significant part of attracting people downtown and solving the issues downtown. The companies that have left downtown have people working various hours in a difficult economy right now, the cost of parking was an issue and they moved to the suburbs where someone could watch them walk to their car in 30 seconds. That is a big issue in terms of downtown in general in terms of having businesses move there. There is no longer the need to be there and there's a safety issue because of the longer hours people are working. It's an issue in a lot of different ways. I think we have to be careful to have unintended consequences of actions that if the next business that is looking at renewing their lease. People are making choices for cheap convenient parking versus more expensive parking closer by. We have to be careful not to take actions that increase the overall cost of parking downtown or the consequences may be that more businesses decide their employees can not afford it and they are better off moving elsewhere. This is obviously needed, but we have to be careful making sure that our actions don't have consequences we don't want. The key is people need to be there.

Mr. Barton agreed adding that they have debated internally as they formulated this that there is going to be a knee jerk that says you are actually restricting supply of parking don't you have a parking problem downtown. We do not believe that we have a parking problem downtown. We have a walkability problem downtown. There are 1,700 spaces at the Water St. parking garage of which there are only 300 cars parked at, and is located one block from the new million square foot courthouse building. We are not failing to attract tenants or retain tenants because of cheap parking. We are failing to achieve that because we don't have a valuable downtown. If we don't believe that our job is to create a value proposition downtown which you are willing to pay more than we are doomed to failure. Downtown is always going to be a higher cost option than any other option. You have to create a value proposition because there are plenty of people in this world and plenty of businesses in this world that pay more for something. Downtown will never compete if we are trying to compete as the low cost option. That is the problem. It is not that we are not going to be able to offer cheap parking it is because we offer crappy parking that has safety issues, and aesthetics issues.

- Thinks that is important; however, commented that failing to listen to the public is always a mistake. You can not always say that they are wrong and they should choose something different. Parking is an issue and people are not choosing to pay for it. This is a factor that we have to figure in this economy people are not paying for things they used to pay for. In the overall plan parking has got to be a major issue that we address because that is a big deal in terms of choosing to move downtown.
- Referring to bringing value downtown commented that the problem is we complete with a lot of different areas that are valuable. To slap down on the people that own parking lots and increase the overall cost is not a smart idea. Asked why we would not give these people incentives like we are giving everyone else incentives to help them improve their parking lots. Otherwise we are going to have a large company that is going to leave downtown again because they are underwriting the parking costs.

Mr. Barton in turn posed the question if this was going to deter people from coming to downtown because we insist that the people in red on the attachment invest in their land. He commented that we are not going to get a garage over here where the office building is needed if we don't create a supply/demand equation that makes a garage feasible, or is our planning objective for downtown just to ensure that we have free parking on the periphery, if so he is not sure where we are going.

- Commented that this is a huge issue that needs to be addressed in terms of supply and demand and cost, etc. aesthetics is a part of it. Thinks that you cannot have a situation where we are going to get rid of the cheap parking so we will build garages and people will pay more for garages if there is not a choice to have cheap parking. The unintended consequences are always a potential issue. Thinks we have to listen to what the buyers are telling us and that they are willing to pay to sacrifice and get cheap parking. They do not want their family dollars to go to the luxury of nice parking. Some people are paying more, but a lot of people are choosing cheap parking. Not sure that getting rid of cheap parking so there will be more extensive parking in the garages will help overall.

Mr. Barton responded that they are not trying to eliminate cheap parking they are trying to create a business operation environment that meets a standard. He commented that they are not telling someone to not offer cheap parking we are asking them if they are going to be in our business environment to make a minimum investment to do so. This is not about prohibiting something. It is about trying to increase the standard of which a business operates.

- Commented that there is a real deficiency in how we have reinvested in the city. If we do not change some of these parameters, we are going to become not a second or third tier city, but a fourth or fifth tiered city. Referenced that he read the other day that things get ugly enough and dull enough and you don't have the things you want even

the rich leave. To track the kind of people who the city wants to attract to Jacksonville over the coming years, we are not going to do it with an ugly looking downtown.

- Commented that reinvesting is different from taxing.
- Commented that what is happening downtown now with people parking on slabs is unacceptable.
- Agrees, but thinks we need to rethink the approach to do it. Concerned that there may be unintended consequences.
- Thought there may be a way to accomplish the same result with some incentive that would keep the prices down and have the aesthetics look the way we would like them to look. The money the city spends on improving aesthetics is very valuable. Perhaps there is a way to look at it from that standpoint. Not knowing what the property tax situation, but maybe there is a way to make that work where the investment pays for itself over a period of time.

Mr. Barton commented that most of these property owners bought the property for about \$2.00 per square foot adding that he is not sure what better incentive they need to invest in their property.

Mr. Crawford intercepted commenting that it comes down to “how do we define parking or a parking lot?” By the City’s definition the examples presented today are not parking lots. They are vacant lands that have been left and people are parking on them. What we are saying is define what a parking lot is and once that is established then the property owner can charge accordingly. Currently, they are charging for vacant land.

- Thinks this is a complex issue and concurs in terms of the unintended consequences and thinks to really understand all of the issues around it entails going down every decision path. What happens to those that opt not to do something, what is the City going to do, are we going to put resources against it, what does that ultimately mean is the City willing to go after that property and ultimately potentially own it. Asked what is the value proposition of downtown adding that to understand the economics of parking is really all about the parking proposition. Would love to get more of an update. Understands that the Jacksonville Civic Council is doing some work on that and the timing might be perfect to bring all of this together.
- Commented that this is not even the biggest problem. You have companies making decisions to move outside of the downtown area on a way to frequent basis.

Mr. Barton wrapped up the conversation commenting that all the comments are appreciated adding that there is no expectation on staff’s part that this is a simple issue.

Staff has been contemplating the issue for about two years. It is not just parking, it is everything. More than any other body, it is this body's responsibility to roll out multiple initiatives. He does not see this as separate from all the other issues, but we can not sit here and do nothing. We have 20 years of evidence of what we will get. These are not rational investors. They will not invest in downtown.

Mr. Barton advised that this DRI is slightly different adding that we have a responsibility to manage for the aggregate good not for individual property owners. We are the aggregate master developer trying to represent Haskell, EOLA Capital and every property owner in downtown to do the right thing to create value. With everything you do you get an unintended consequence. You have to weigh against the objectives achieved versus the other. He commented that we are still thinking about promoting a downtown for the demographic sitting at the table. He thinks that has nothing to do with where the community is going to go in the future. He does not think the demographics are going to turn our downtown around. They can go to a lot of communities in the United States that have a better reflection. It is a new economy, there are different people, but he believes that if we believe that downtown has to match on low cost we may as well give up.

- Commented that we have to come up with a different vision from the vision of 20 years ago in terms of what attracts people and how they operate.

Mr. Barton agreed. He added that the thought process that the Commission will see in the draft material is a three year window. From adoption the property owner will have the option to permit if that is what they want to do, or they have the option of in two years if they choose not to permit to bring their property into compliance. There is a three year window for a property owner to become compliant. We were sensitive to not just today's economy, but the ability of the property to not be surprised by a changed condition.

- Suggested that the property owners are given a time period to become compliant and give them a tax rebate for that and if they fail to become compliant within that time frame then you are free to go after them.

Mr. Barton replied that he does not believe in rewarding bad behavior. Why would you give someone a tax credit when in 20 years they have made no investment to improve their downtown and that have actually devalued the property. You give a tax credit to someone who is actually going to give you tangible benefit(s) in return. Mr. Barton commented that our downtown will be a better downtown due to these conversations.

Mr. Crawford provided an update on the Southbank Riverwalk, renovations to Friendship Fountain, Met Park, progress on the Laura Street improvement project, and an update on the floating docks.

IV. OLD BUSINESS

No old business was discussed.

V. NEW BUSINESS

Mr. Barton advised that staff would reach out to the Commissioners in January or early February for a potential workshop date.

Commissioner Meeks asked Mr. Barton if staff could provide the Commission an update on projects approved the last year or so and particularly the ones that were debating whether or not to relocate to Jacksonville.

VI. PUBLIC COMMENTS

There were no comments from the public.

VII. ADJOURNMENT

There being no further business, Chair Boulos adjourned the meeting at 10:49 a.m. (approximately).

The next JEDC General Meeting is scheduled for Thursday, January 13, 2011, 2010 at 9:00 a.m.

Witness

Jacksonville Economic Development Commission

Print Name: _____

Zimmerman Boulos, Chairman

Print Name: _____

Vote: **In Favor:** ___ **Opposed:** ___ **Abstained:** ___