

2014-15

City of Winter Park Economic Development Plan



Economic Development/CRA Department
October 2014



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EXECUTIVE SUMMARY

The 2014 Economic Development Plan provides an operational framework for the City of Winter Park that will guide the city's investment in economic development initiatives. These initiatives are designed to strengthen the city's economic vitality and quality of life through sustainable growth, assisting through public private partnership, and by recognizing and removing impediments that may restrict smart business development.

The 2014 Economic Development Plan builds upon the prior Economic Development plan first drafted in 2011. The initiatives target opportunities through data-driven, sustainable programming.

Through a collaborative process between city staff and the Economic Development Advisory Board (EDAB), the Plan has been modified from its 2011 counterpart in that three focus areas, instead of five, will be the primary goals. These will be pursued in the next three years:

- Promote Economic Development and Grow the Tax Base
- Promote and Enhance Community Character, Culture & Livability
- Target and Grow Business Clusters

The plan has also been formatted to be cognizant of an upcoming 'City Visioning' process. The intent of this exercise is to create a unified vision for the future of Winter Park. It is anticipated this method could last months with approximately 100 public meetings in total, significantly impacting the roll and tasks of the EDAB board. In turn, it has the potential to change the scope of this plan. As a response, the plan calls for three, 1-year plans for implementation. This structure's intent is to provide direction (and potentially assist in the visioning process), but allow for flexibility and review as the city completes visioning.

Each year, economic development staff will provide a report outlining completed projects and metrics. These will be vetted to EDAB for review and consideration at which time proposals for changes to next year's scope of work will be discussed.

The plan's structure can be viewed on the following page titled, "**EDAB 3 Year Plan**".

The ultimate objective is to provide systemic, pragmatic and sustainable approaches to economic development that support the goals of this plan.

The Diagram represents three, 1-year outlooks as direction for implementation of the Economic Development Advisory Board's 3 year plan. This structure's intent is to provide direction, but also allow for flexibility and review as the City moves beyond its Visioning process.

EDAB 3 Year Plan

2014-15

City Visioning

Projects to be completed during Visioning process:

Determine & execute EDAB's role in the City Visioning process

Delivery and Assessment of a Winter Park Business Survey

Enhance marketing through 'Everyday Exceptional' concept

Conduct an updated Business Cluster Study

Implementation of a Fairbanks Business Façade Grant

2015-16

Annual Report provided to EDAB contains:

- Review of projects
- Recount of proof statements and other metrics
- Review of yearly events, Visioning
- Proposals for changes to 2015-16 year scope

Projects to be completed during this fiscal year:

Delivery of a Business Welcome Packet

Conduct a Business Certificate Study

Compose an Economic Development Element for insertion into the Comprehensive Plan

New/changes to scope based on EDAB annual review

2016-17

Annual Report provided to EDAB contains:

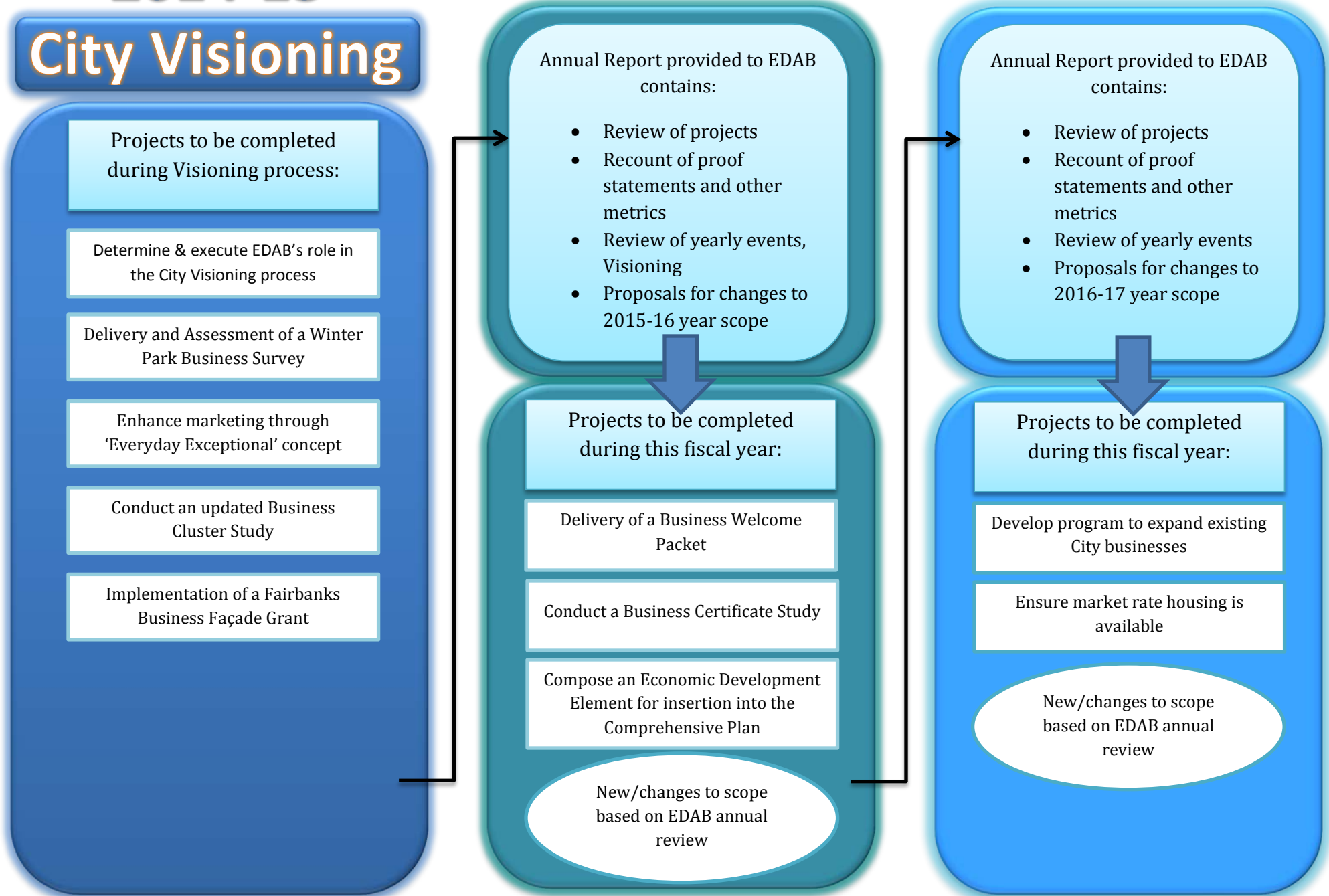
- Review of projects
- Recount of proof statements and other metrics
- Review of yearly events
- Proposals for changes to 2016-17 year scope

Projects to be completed during this fiscal year:

Develop program to expand existing City businesses

Ensure market rate housing is available

New/changes to scope based on EDAB annual review



BACKGROUND

The City of Winter Park was established in the late 1880's as a destination resort for northern investors looking for a warmer climate. Since that time, the city has become known for an active and thriving downtown retail core, desirable neighborhoods, a broad spectrum of cultural events and an exceptional quality of life.

This quality of life is driven by several strongly defined market segments which includes retail and office development with limited warehouse activities. This development pattern has been spurred by the redevelopment of the Park Avenue and the Hannibal Square area as well as the revitalization of the Winter Park Village along US Highway 17-92.

The city is also home to several large employers outside of the retail sector, including Bonnier Corporation, Rollins College and Florida Hospital Winter Park. Overall, there are approximately 31,000 employees within the city limits. Vacancy rates remain healthy and continue to be some of the lowest in the region.

Looking at a more regional picture, Winter Park competes with employment centers in the region such as Downtown Orlando, Maitland, Lake Mary/Heathrow and Millenia/Metrowest markets which are all located along the I-4 corridor, also called the Florida High Tech Corridor.

An important component to the city's continued arts and cultural development is the growth of tourism. In 2005, Americans for the Arts completed a survey and estimated that over 700,000 cultural tourists visit the city annually. The Winter Park Art Festival attracts the largest number of tourists interested in arts and culture with an estimated annual average of 300,000 visitors during the three day event. The Charles Hosmer Morse Museum of American Art averages 65,000-80,000 visitors per year, while the Polasek Sculpture Gardens and the Cornell Fine Arts Museum have a combined attendance of about 45,000 visitors per year.

Tourism has significant effect on the Winter Park economy. Due to the economic recession, domestic and international visitors numbers fell by about 9% in 2009, however indicators show that growth in the tourism market in 2010 is substantially at the same number as 2008, showing no further losses. Slow but steady increases in the national and international economy will hopefully mean stable tourism growth throughout the Metro Orlando region.

Over the years many, articles and travel pieces have been written about Winter Park including a 2009 National Geographic piece ranking Winter Park in their list of the world's top historic destinations for their fifth annual "Places Rated" survey. Many qualify Winter Park as a "hidden gem" and a great place to shop, dine and visit. This has encouraged and accommodated the community redevelopment effort along the downtown corridors.

A MISSION FOR WINTER PARK'S ECONOMIC FUTURE

The 2014 plan outlines the mission for economic development in Winter Park as:

MISSION FOR WINTER PARK

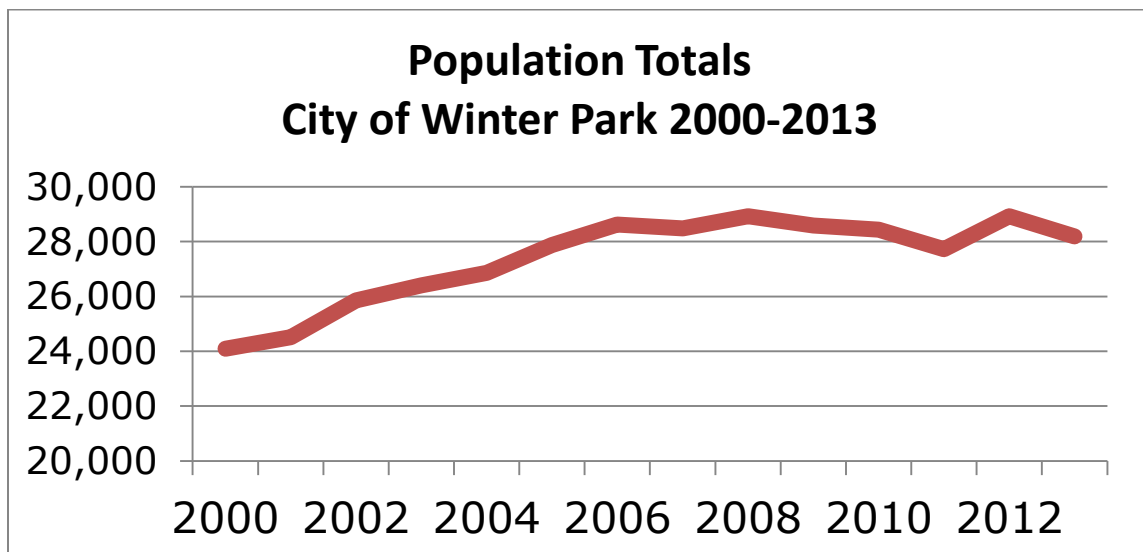
To promote a diverse, sustainable, and proactive economic environment that incorporates all elements of the City's identity, focused on community, culture, and commerce.

This mission mirrors the plan's 2011 counterpart as being the main charge of EDAB. It also encapsulates the three key goals of the 2014 plan.

DEMOGRAPHIC AND MARKET TRENDS

Population¹

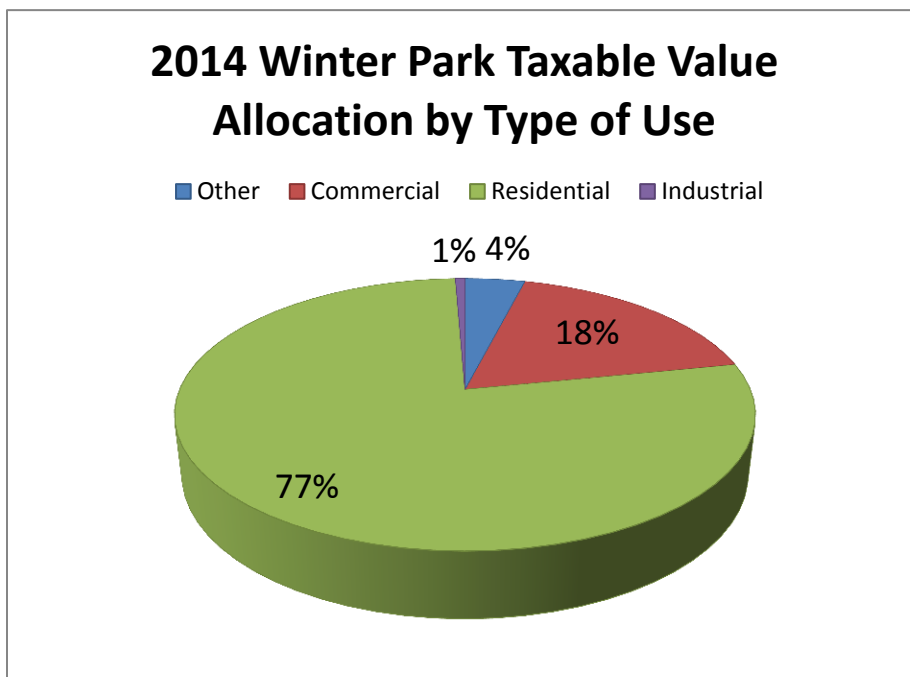
According to the Bureau of Economic and Business Research Winter Park's population for 2014 declined from 28,924 to 28,184 or a loss of over 700 people. Since the year 2000 however, Winter Park's population has grown 14.5% or an annualized rate of 1.03%. Though the recent decline in population is potentially due to the recession and recovering real estate market, long term trends of population showcase a steady, positive incline aiding the consumer base for local businesses.



¹ Bureau of Economic and Business Research at the University of Florida

Tax Base²

FY 2014 saw tremendous growth in the tax base with total taxable values increasing 10% to \$4.27 billion from 2012. Primarily the burden of property taxes falls to Winter Park's residents with residential properties accounting for 77%, followed by 18% for commercial, 0.9% for other categories like tourist attractions and institutional, and 1% for industrial. Overall 12.3% of the city's assessed value is exempt due primarily to property owned by the city, followed by local non-profit religious, homestead exemptions, and educational uses. This is down from 15.4% in 2012. Continued commercial redevelopment and recovery in the housing market will be crucial for future tax base growth. Beyond economic worries that have dragged the property market lower legislative risk still remains with potential caps to growth in non-homestead property. Below is a graph of the taxable value breakdown by type of use.



As shown in the chart, residential taxable value represents 77% of the total allocation by type of use. A modest change was seen over the past two years as the residential tax burden shifted down 2%. Any additional sizeable change over the near term is not expected.

Industry Sectors and Employment

Past efforts of the Economic Development Plan have relied on a variety of data sources to quantify the composition of Winter Park business. However, this data can be further evaluated by an analysis using Business Certificates and the North American Industrial Classification System (NAICS). It has largely replaced the older Standard Industrial Classification (SIC) due to its design similarities with the United Nations Statistical office's International Standard Industrial Classification system as it offers flexibility when comparing business internationally. A brief review of Business Certificates highlights the following:

Winter Park still maintained a high percentage of trade & services industries including:

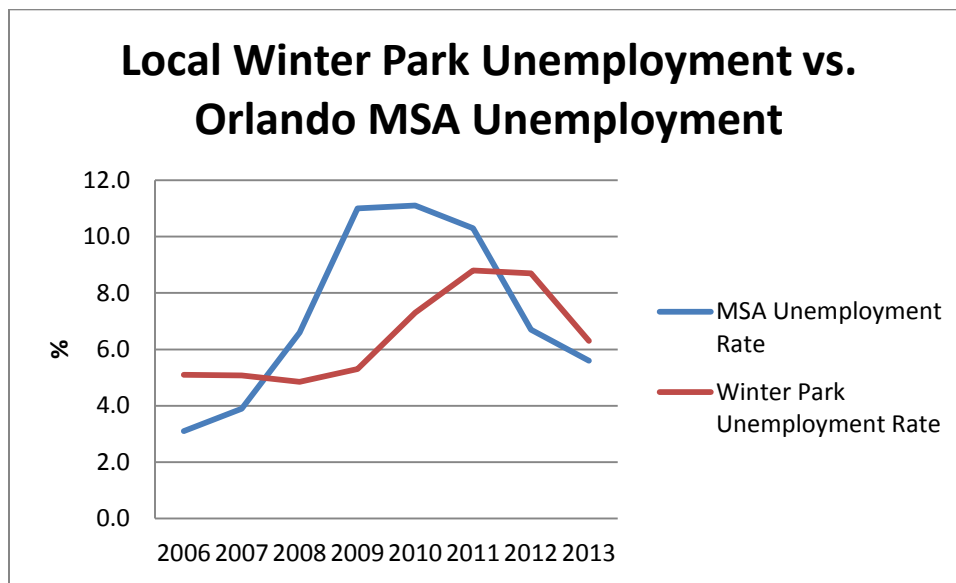
² Orange County Property Appraiser

- Professional, Scientific and Technical Services
- Health Care and Social Assistance
- Retail Trade
- Accommodation and Food Service
- Other Services

Based on NAICS codes, these firms provide 71% of the total business in the community. This is similar to the SIC codes for 'trades & service' which provided in the 2011 plan suggest 70% of business is from these industries.

Unemployment³

Local unemployment for Winter Park residents has seen a slight fall and remains relatively consistent with Orlando MSA levels. In 2013, Florida provided a lower unemployment rate than the nation suggesting an improved economy at the regional and local levels. Below is a comparative graph of Winter Park's unemployment rate against the Orlando MSA.



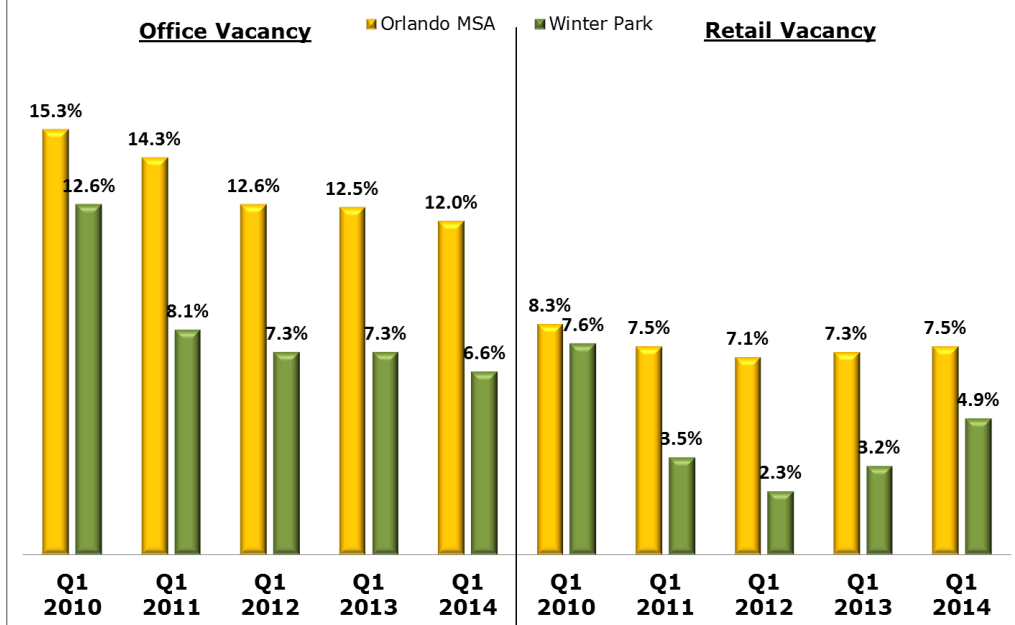
Office and Retail⁴

The last year has shown continued signs of strength in the occupation of office and retail space within the city. Figure 5 below shows a four year change in rates for both the city and Orange County. A healthy vacancy rate is generally 10% or under suggesting acceptable rental rates and a strong small business core.

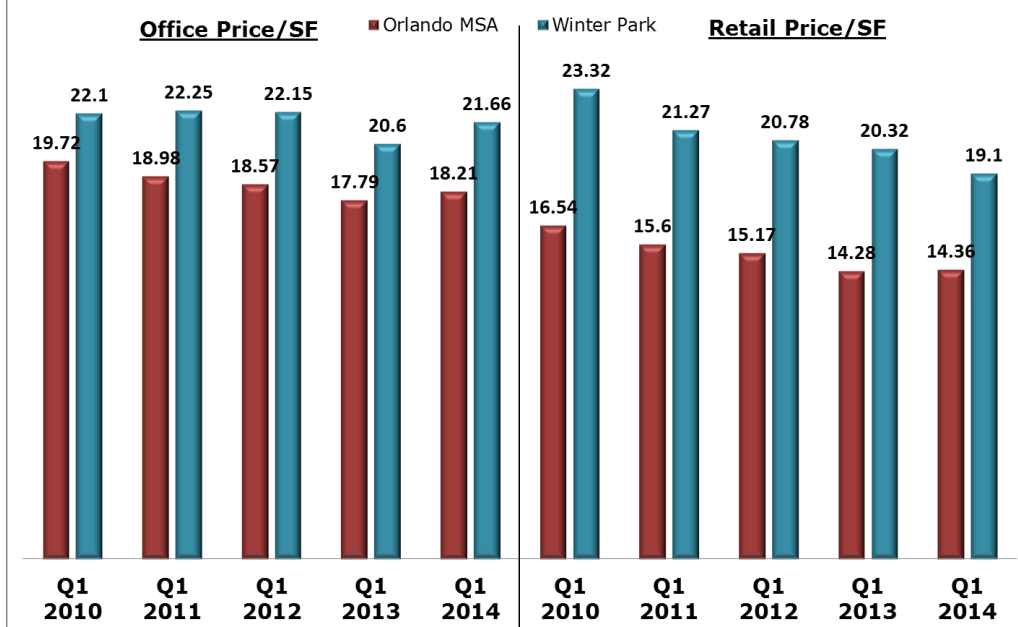
³ Claritas custom annual reports for the City of Winter Park & Bureau of Labor Statistics.

⁴ Costart Office and Retail Report Q1 2014.

Four-Year Change in Relative Vacancy Rates for Office and Retail Space Orlando MSA & Winter Park



Four-Year Change in Quoted Rent Rates for Office and Retail Space Orlando MSA & Winter Park

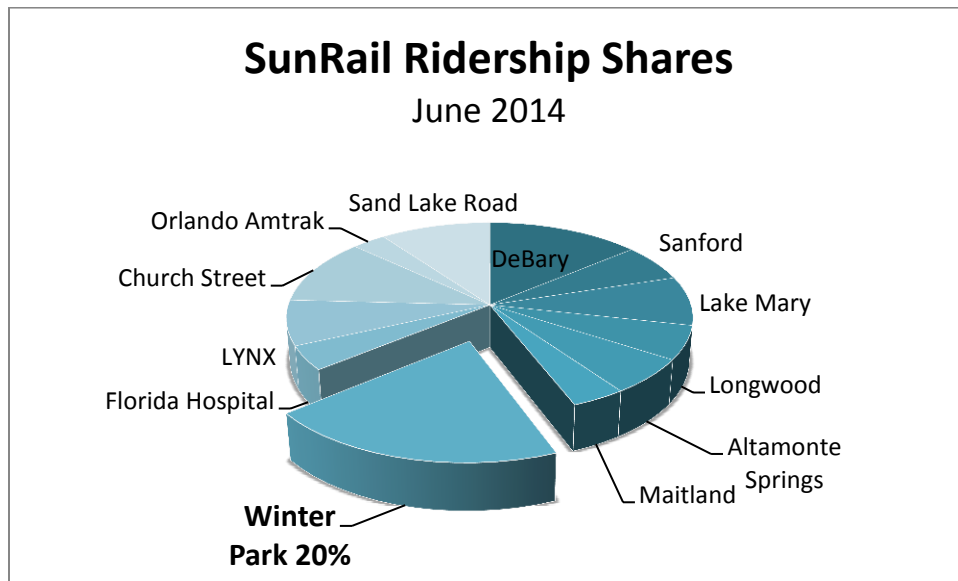


Winter Park is a leader in the region in terms of vacancy rates boasting a significantly low value in both the retail and office sectors. According to CoStar, Winter Park has a total of 325,984 square feet of office space. The city has seen increasing demand for this space dropping from 12.6% to 6.6% in the past 5 years. This places Winter Park 2nd out of 26 in the regional market. The retail vacancy market remains low as well, but ranks 7th when compared to the same 26 markets.

Totaling 162,544 square feet of total space, rental rates on the retail side have seen a steady decline of 18% over the past 5 years. This behavior is mirrored at the regional level with a 13.2% decline. That said, Winter Park still maintains a 4.9% vacancy rate and \$19.10 per square foot asking price is good for 7th and 8th out of 26 markets respectively.

Multi-modal Transit (SunRail)⁵

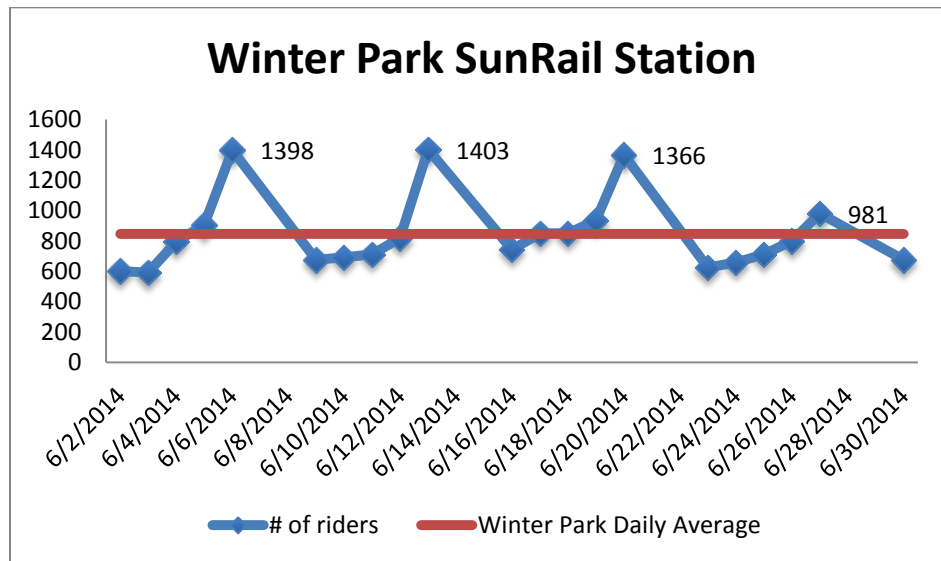
Beginning service on May 1, 2014, the commuter rail system ‘SunRail’ became available to the City of Winter Park and the greater Orlando region. Located near the intersection of Morse Boulevard and Park Avenue, the Winter Park Station fronts some of the city’s greatest amenities including Central Park and the Park Avenue shopping district. This makes SunRail particularly advantageous as Winter Park is able to showcase itself as a live, work and play community. For June 2014, the average daily ridership to Winter Park was 847 people, approximately 262 (31%) and 379 (45%) higher than DeBary and Church Street respectively. Based on the chart, approximately 1-in-5 riders’ destinations were Winter Park.



The attractiveness of Winter Park is not only just to commuters. Ridership indicates Winter Park receives a 58% boost on Friday’s suggesting the rail line could also cater to leisure and tourism on the weekends. As of now, SunRail does not operate on Saturday and Sunday. A more

⁵ Florida Department of Transportation

thorough review of ridership at the 6-month and one year levels will be a greater barometer of how SunRail will affect Winter Park.



PLAN DEVELOPMENT PROCESS

It is the intent of this plan to augment the successes of its 2011 counterpart, revise outdated items and provide continued direction based on the above stated mission. It continues to rely heavily on the involvement of many city and regional stakeholders, including:

- Public outreach
- One-on-one interviews
- Winter Park Economic Development Advisory Board

It will also rely on the proposed analytics projects to further its actionable items including:

- Business Surveys
- Business Cluster Study
- Business Certificate Study
- Market Rate Housing Analysis

The City Visioning process is also expected to play a large role in the plan development process. As of September 23, 2014, City Commissioners have worked with the Urban Land Institute (ULI) to develop a scope that provides statistical data and will include as many Winter Park residents in the process as possible. Both staff and ULI agreed that to best fulfil this pledge a Technical Assistance Panel would be tapped to facilitate the process and use their expertise to best fit a scope of services that best meets the needs of Winter Park. A drafted scope is expected sometime in October 2014.

PLAN OBJECTIVES

This plan identifies three focus areas that the City of Winter Park should pursue to achieve its mission and desired economic outcomes. The intended outcomes will support Winter Park as a competitive and attractive as a place to start and grow business in the Central Florida region. These actions will also improve economic opportunity and quality of life for residents.

OBJECTIVES

- Promote Economic Development and Grow the Tax Base
- Promote and Enhance Community Character, Culture & Livability
- Target and Grow Business Clusters

PROMOTE ECONOMIC REDEVELOPMENT AND GROW THE TAX BASE

Facilitating continued economic development and redevelopment of the city is a primary role of the Economic Development Department. Engaging with public and private projects supports a stronger tax base, which in turn, provides more revenue for further gains. This objective outlines strategies aimed at promoting this outcome. Critical projects and studies will pave the way for redevelopment to occur and further expansion of the tax base. The following provides strategies which may be involved with the development of these aims. These include analytical elements such as business surveys and certificate analysis, implementation of a Fairbanks Façade Grant Program and inclusion of an Economic Development Element into the Comprehensive Plan.

PROMOTE AND ENHANCE COMMUNITY CHARACTER, CULTURE & LIVABILITY

Winter Park is known for possessing a livable and highly desirable community that is people-friendly with integrated land uses. Promoting Winter Park's authentic place characteristics such as lakefronts, arts, walkable neighborhoods, vibrant downtown, restaurants, entertainment, quality housing, architecture and transit access is an essential component to what makes the city unique. The plan will continue to build off of this legacy by enhancing past projects, contributing to the city's marketing and branding efforts, strengthening pedestrian, bicycle and transit connections, developing welcome packets for new business and continuing its evaluation of market rate housing stock.

TARGET AND GROW BUSINESS CLUSTERS

The development of competitive industry clusters is one of the key generators of regional wealth. These symbiotic businesses become dependent on each other and the local resources and support infrastructure that exists in a community. Winter Park has some strong industry clusters that should continue to be monitored and nurtured. The plan will address this through updated cluster analysis and programming for retention and expansion.

ANNUAL REPORTING

Performance Metrics

The Winter Park Economic Development Plan is intended to be a guide that communicates a vision of economic success through study, action and provide a standard for measurement of that success. City staff will track and report two kinds of measures related to the implementation of the plan.

City staff will track basic economic factors including Winter Park's socio-economic structure and community success factors. These will be quantitative in nature including:

- Population
- Tax Base
- Business Creation
- (Un)employment
- Vacancy Rate & Price/SF
- SunRail ridership

Other reporting metrics will be determined through proof statements.

Accomplishments & Proof Statements

A key performance metric for EDAB will be an annual recording of accomplishments and proof statements. These can be in the form of testimonials or declarations which describe a program's effectiveness such as the CRA Business Façade Matching Grant Program:

"Since its inception in 2008, the program has assisted 48 businesses within the CRA and leveraged over \$7 million in private funding with \$490,000 in grant awards. For every \$1 awarded, the private sector has invested \$12. "

Similar proof statements will be incorporated into the performance review of programs where applicable. This type of assessment is also valuable as it can double as a marketing tool.

Review & Adjustment for New Fiscal Year

Any successful plan requires monitoring and reflection to assess project success. With that in mind, adjustment also becomes an important tool. The advantageous structure of this plan will allow for EDAB members and City staff an opportunity to reassess yearly projects as well as determine any fine-tuning that may be necessary given the economic or political landscape of Winter Park.

MAJOR PROJECTS: YEAR ONE

The 2014 Economic Development Advisory Board expressed the need for the plan to be simplified to maintain a fixed course. As a response, the plan is divided between 'Major' and 'Ongoing' projects to provide specific direction over the next three years.

Year one projects provide five focus projects which touch on all three focus areas. Given recent agreement by the Winter Park Commission, a city-wide visioning process is set to take place. Early comments by the Commission suggest every board will have a role in the vision. Therefore, it is imperative that this be a critical project for EDAB in shaping the future vision of the city.

Other projects in year one are to include providing a business survey to city employers is to document potential hurdles preventing development, taking the next step in the *Engauge* marketing study and its 'Everyday Exceptional' concept, conducting an updated business cluster study and implementation of a Fairbanks Business Façade Grant.

Promote and Enhance Community Character and Livability

Determine and execute the Economic Development Advisory Board's role in the city-wide visioning process

Intended Outcomes:

- ✓ Drive the importance of sustainable economic development into the city's vision.

Promote Redevelopment and Grow the Tax Base

Creation, Delivery and Assessment of a Winter Park Business Survey

Intended Outcomes:

- ✓ Document common business obstacles preventing Winter Park firms from growth and success.
- ✓ Receive responses from business owners regarding hurdles to development, expansion plans, business health and others.
- ✓ Report on data and transition it to potential programs or customer service elements to improve the overall quality of Winter Park business.

Promote and Enhance Community Character and Livability

Enhance Current Marketing Opportunities

Intended Outcomes:

- ✓ Determine a scope of financial support for the 'everyday exceptional' concept.
- ✓ Develop an implementation strategy for that scope.

Target and Grow Business Clusters

Conduct an updated Business Cluster Study

Intended Outcomes:

- ✓ Data collect, update and report on business cluster information.
- ✓ Combine data results with business survey/certificate data to further augment programs, policies and design new initiatives.

Promote Redevelopment and Grow the Tax Base

Implementation of a Fairbanks Business Façade Grant

Intended Outcomes:

- ✓ Continue the recommendations provided by the ULI Fairbanks Avenue study.
- ✓ Create and implement a business façade program that is used by private business owners.

MAJOR PROJECTS: YEAR TWO

Year two projects builds off the efforts of year one providing further advancement on marketing and data collection. Re-examining the business welcome package further promotes community character and livability by marketing the city and its assets to the business community. It also introduces the new business to the city's Economic Development Team. Using the business survey and business certificate data, year two's business certificate study is to evaluate business closures, retention rates and emerging firms. Data sets in year one and two will also provide a policy action by including an Economic Development Element into the city's comprehensive plan. Elements in the plan require quality data to support the policies set forth, and provide a basis for the direction of economic development of Winter Park.

Promote and Enhance Community Character and Livability

Re-examine a Business Welcome Package for new business

Intended Outcomes:

- ✓ Review and evaluate the contents of the drafted 2012 business packet.
- ✓ Work with staff to establish identification and notice system for new businesses coming to the city; distribute package.

Target and Grow Business Clusters

Conduct a business certificate study

Intended Outcomes:

- ✓ Quantify retention rates, business start-ups, closure, target industries and emerging firms.
- ✓ Use data for monitoring, marketing and tracking trends.

Promote Redevelopment and Grow the Tax Base

Discuss and compose an Economic Development Element for consideration into the city's Comprehensive Plan

Intended Outcomes:

- ✓ Gain support for an economic development element in the comprehensive plan.
- ✓ Generate an element that ensures smart growth in the city.

MAJOR PROJECTS: YEAR THREE

Year three projects look to update existing data sets as well as provide the beginnings of the next economic development plan moving beyond 2017. Using target cluster and business certificate data, a discussion and evaluation of expanding businesses should occur. During this time, EDAB should discuss programs moving forward for expansion and existing businesses within Winter Park. The workforce housing studies were completed in 2009 and 2012 respectively. By fiscal year 2016-2017, a re-evaluation to updated data will be required.

Target and Grow Business Clusters

Evaluate the need to entice existing businesses to expand within the city

Intended Outcomes:

- ✓ Evaluate other city programs for relevancy and frequency of use.
- ✓ Use survey/certificate data to match businesses to business expansion programs.
- ✓ Target and approach individual businesses to gauge expansion potential.

Promote and Enhance Community Character and Livability

Ensure market rate housing is available

Intended Outcomes:

- ✓ Re-examine the 2012 affordable housing study.
- ✓ Ensure quality, market rate housing remains at acceptable levels.

ONGOING PROJECTS: FY '14-'17

'Ongoing' items will backdrop major projects in any given year. They are labeled 'ongoing' in that it is either unlikely the task will be completed in twelve months' time, or it is an every year assignment.

Strategy: Maintain a database with inventory availability	
Intended Outcomes:	Provide up-to-date data for new and relocating business to the city.
	Identify properties which cannot keep or find tenants; assist if necessary.

Strategy: Maintain strong communication networks with local and regional partners	
Intended Outcomes:	Maintain working relationships with regional partners for collaboration opportunities and information sourcing.
	Continue a strong customer service environment that favors and expedites sustainable business growth.

Strategy: Strengthen pedestrian, bicycle and transit connections	
Intended Outcomes:	Promote business and existing residential development patterns around the Sunrail station while allowing for adequate pedestrian and transit activities.
	Continue documenting Sunrail ridership numbers to identify opportunities for augmenting business growth.

Strategy:	Continue, evaluate and further develop economic development metrics and programs
Intended Outcomes:	Continue Micro Loan/Façade Grant/ and Targeted Industry Enhancement (TIE) programs for small and relocating businesses.
	Explore partnerships with other city departments to uncover opportunities for business expansion & retention.
	Assist in the development of business start-up/ business information seminars.
	Use data and success stories to further market the pro-business environment of Winter Park.