

BLUEPRINT FOR A STRONGER CHARLOTTE COUNTY
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DISTRICT 3

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THE PROBLEM: Charlotte County's economy has historically been heavily dependent on tourism and construction. With some questionable decisions by the current County Commission, and the general downturn in the construction industry, the County currently faces a serious decline in economic activity and employment, with resulting impacts to businesses, families and citizens of all ages.

THE BLUEPRINT IN A NUTSHELL: As discussed in specifics below, I propose a marketing partnership to reduce existing residential overhang on the market; permitting and incentive fixes; analysis and near term marketing to industrial segments already in the area, including health care; insuring our workforce is properly trained for modern industry; a realistic view of the industry we can attract; a breakup of Murdock Village into more marketable parcels, focusing for the moment on commercial and industrial; a transparent zero-based budgeting process; a demand for more protective and enthusiastic representation by our state legislators and agencies; a focus on tourism to help us through the current hard times and into the future; and a consensus effort to draw upon the skills and contacts of our local business people, both active and retired.

THE BACKGROUND: The County has never seriously planned for a future other than one based on residential construction. That failure led to some serious misjudgments. The most obvious one was the decision to take on Murdock Village as a County project. The County was to buy an extensive parcel of land on the northwest side of US 41 and State Road 776 and partner with a single developer to build a new residential/commercial community. Over \$100 million was eventually borrowed to finance the necessary purchases, some from unwilling sellers, and negotiations were undertaken with a series of developers. Meanwhile the interest being paid on the borrowed funds rose to \$16,700 per day.

One by one, however, the selected developers backed out. This should have been a signal that the business model for the project was not viable. In fact the contract eventually signed with the final developer, Syd Kitson (also, perhaps not coincidentally the County-selected Babcock developer) was hardly a contract at all. The final document was signed in October, 2007, and contained almost no consequences for Kitson (only \$200,000 forfeited) if he decided to walk away, as he did only a few months later. This contract was signed at a time when all current Commissioners were on the Board. It was signed several months after there was widespread public awareness of our liquidity problems with the subprime meltdown of July 2007 and the real estate collapse which began in

2006. The timing and the circumstances of the contract suggest that it was a smokescreen intended to prevent public awareness that the Commissioners had made a bad mistake.

Murdock was one very serious mistake, but there were others as well. In West County, for example, the County over the last number of years had permitted thousands of multifamily units along Placida Road. Most of those units are still empty and several of the projects have failed. A few failed before construction was finished and sit half finished, new Beirut buildings to add to the original one in the middle of Englewood.

Before new construction of this type is permitted, state law “concurrency” requirements require that necessary infrastructure such as roads and sewage treatment be in place or be scheduled to be in place. **The County, however, had NO concurrency management system.** It didn’t even have a count of the number of units it had itself approved. Along with others I personally asked the County and several Board members to consider concurrency before approving more units, and when the County didn’t do it, I and others personally counted the units ourselves and provided that information to the Board. We discovered over 2,700 units approved, and we demonstrated, with data from Charlotte County Utilities and the Florida Department of Environmental Protection, that sewage treatment was not sufficient for the permitted units. We also urged the County to do the required traffic studies. None were done.

Bottom line, not only are most of those units sitting empty and raising the risk of abandonment, there is good evidence they should never have been built in the first place. Now they present a serious overhang on our lousy real estate market. Sure we have a national real estate slowdown, but in Charlotte County the situation is worse than it needs to be because we encouraged significant overbuilding, and those empty units, a multi-year inventory, are delaying the market recovery which could begin to support our construction industry again.

So, we have an economy dependent on residential construction but we can’t expect that market to return anytime in the near future because our own leadership has created a glut of housing which stifles recovery. Even with willing builders and investors, the lending industry has been significantly burned. It itself is in a liquidity crisis which has dried up lending throughout the country. It is telling when banks in Charlotte County actually advertise that they are new since the subprime crisis and therefore don’t have any subprime loans.

Those who predict a near term turnaround because Florida has been through boom and bust cycles before and because the baby boom retirees will be looking for their own retirement homes are missing the other important element in the national news. The upper Midwest states from which we have historically drawn many of our retirees, e.g. Michigan and Ohio, are hurting even worse than the rest of the country. People can’t retire if they can’t sell their own homes up north. People postpone their retirement or change their plans when their own jobs are at risk, or when increasing energy prices change their retirement planning assumptions. We cannot assume that the retirement housing market will come back the way it has before. Some central assumptions about that market have changed, perhaps for good.

WHAT CAN AND SHOULD BE DONE?

Let's try to do something to help residential real estate now. Go where the money is and make our best case. While this Blueprint primarily focuses on diversifying economic development, our local residential real estate is in serious shape. The real estate slowdown is national. However, some parts of the country are surviving better than others. The New York/Philadelphia region, for example, is doing better than most. In the immediate future the County should assist its Builder/Real Estate community to put together a marketing program to target such areas, where potential retirees are better able to sell their own homes, and then market the hidden advantages of Charlotte Harbor to those areas. A common conversational topic among retirees is how they found Charlotte Harbor in the first place and a common joke is that no one back home knows where it is. It has been called a "hidden jewel". Maybe we should call it the "Hidden Jewel of Florida's west coast". The County and the business community should work together to let healthy real estate markets in the north know what they are missing. This task has likely become more difficult with the recent failures and almost failures in our national financial markets, but that is no reason alone not to make the effort.

Beyond residential real estate the County must work to diversify its economic base. It does not take a genius to understand that the County must diversify its economic base so that we are not so dependent on construction. And less than a year ago the County began to deal with that issue by hiring a new Economic Development Director. That's good. But economic development is a long term process and many of the ideas being discussed are long term ideas (e.g. creating a "brand" for the southwest Florida coast to help in marketing, attracting biotech, etc.) Similarly, those who talk about the need for a "strategic plan" don't seem to have any idea about what to put in that plan. It all sounds a lot like a job for another consultant, something the County does whenever it wants people to stop asking tough questions about serious issues.

Without interfering with the ongoing and long-term ideas of the Economic Development Director, or interfering with the efforts underway by the Industrial Development Authority, there are some things we can be doing immediately.

1) Fix our system for project approvals. There is widespread complaint that our project approval process is arbitrary, that the approval pipeline is lengthy and that the County attitude is adversarial. Potential applicants are afraid to complain in front of their potential reviewers, which means that it's hard to get a dialogue going about the problem. I worked at a permitting agency, and my agency found that a regular report to management about the status of permits in the pipeline was very effective since it highlighted the permits languishing for extended periods. When management started asking regularly about the older applications, things started happening: reviewers made it their business to see that issues were resolved. In fact, there was a clear increase in permits acted upon just before the regular review meetings. This does not mean we should

approve noncompliant projects, but an applicant deserves a prompt and professional decision.

Requirements for approval cannot be based on unwritten “policy” rather than specific ordinance requirements. This is a misperception which pervades much of the County thinking, from the bottom all the way to the top.

We should also ensure that we are using electronic record management to the fullest possible extent, not only to aid permitting but also to eliminate the need for unnecessary copies and to make permitting documents and actions easily accessible to all.

I believe these efforts should go a long way. If they don’t, then the Commissioners need to ask why they aren’t in better control of their responsibilities.

2) Review our available incentives and those offered by our competition.

There is much talk about the incentives offered by other counties and states. Let’s find out what they are specifically, so we know what we’re up against. And then let’s have a serious discussion about what we may be willing to do to tailor possible incentives to the business’ specific need. Incentives are a fact of life in the competition for new and expanded business.

3) Study the industries nearby and figure out how to build on their presence.

It is common in business development efforts to try to build on the existing industries in the area, e.g. by attracting similar or related industries and by looking to suppliers, customers, etc. Charlotte industry is primarily construction based. County economic development efforts have considered marine related industries—a possibility but perhaps a less attractive one in an economic slump with high gas prices and declining coastal businesses. But what about nearby industrial areas, like those in North Port and Sarasota and DeSoto Counties? I’ve spoken to a businessman who took his small manufacturing business to North Port rather than Charlotte County. We should be interviewing our own businesses as well as businesses in North Port, Sarasota County, DeSoto and Lee Counties to ask why they located where they are and whether they will share information about suppliers and customers so that Charlotte can follow up with specific industrial segments which already have a presence in the area.

4) Consider our workforce. I’m aware of complaints that the Charlotte workforce does not have the training that modern industry requires. Again, let’s ask nearby industry what training is necessary for its work and how Charlotte can better supply it. Much of modern industry has some degree of computer control. Are we training our young people to step into those jobs? The result of our industry surveys should then be shared with Charlotte Technical Center, local high schools and our local university branches so they can be encouraged to offer what is needed.

5) Be realistic about buzzwords like “biotech”. Biotech industries require a very high level of technical training and tend to have high start up costs.

Besides, everyone wants “biotech”. It’s going to be hard to attract such industry to an area without a more significant university presence and a real commitment to an educated workforce. Closing our libraries a few days a week does not send the message that we are serious about education.

On the other hand, we have a large retired population which, by virtue of their age and life status, is likely to have health insurance, which means it can support a medical community. This in fact is a blessing we don’t often recognize. Indeed hospitals and health care make up the largest private sector employment in the County. Our area is already adding practices specializing in joint replacement, an increasing need of the older active population which is usually covered by insurance. It may be worthwhile to focus on health care and health care related industries needed by this growing sector.

6) Don’t get too hung up on labeling “green industry” or “clean industry”.

I’ve practiced environmental law since 1971, when there were really horrific environmental problems to be addressed and almost no regulatory structure with which to address them. Since then the federal environmental regulations alone have come to take up almost 4 feet of dense Code of Federal Regulations text on my shelf. New industry is generally strictly controlled by New Source Performance Standards and most kinds of industry that will be available to us will have to be “clean” as a matter of law. I believe I am ideally suited to understand the real risks and benefits posed by the industry we may want to attract and how to approach and evaluate those risks and benefits.

7) Oh yes, Murdock Village. There is a real question now whether the Murdock Village business model was ever viable. It is understood that some developers have expressed interest in parts of the property. If possible, review the various planning documents prepared in the past and see if they can be borrowed from to provide part of a new master plan. Then be prepared to market segments of that master plan for commercial (or light industrial in the northern part). Recognize that the area’s current value is much less than we paid and get over it. Get what we can back on the tax rolls ASAP.

8) Stop playing games with the budget. Develop an honest zero-based budget. In many respects our Commissioners have been less than candid about the budget. For just a few examples: many citizens complain about MSBUs. One of the lesser known effects of MSBUs is to provide funding for our large Public Works department which takes a fee for managing MSBU expenditures. Some MSBUs have extra funds, and the approach of Public Works has been to find projects to spend those funds, and compensate themselves for management, rather than reducing MSBU fees in the future. What about our frequently announced and then quietly cancelled County projects? Just a short time ago the County with great fanfare announced that approvals had been received so that the Winchester Blvd extension could proceed for hurricane protection. Yet in the past few weeks the Winchester extension was quietly cancelled, even while the County was promoting the sales tax to fund Placida Road expansion for hurricane evacuation. Both serve the same general area. Why a new tax for one road while the connecting road is cancelled? Why construct a brand new, only two lane, Coral Creek bridge in an area where the

Commission has approved a raft of new condos? How could we still be spending money for a US 41 sidewalk beautification project in an area where no one walks or is likely to walk? Why have a citizens budget forum, led by a hired consultant facilitator, if many of its recommendations were never heard from again? (More about that below). Why have a whole week of multiple paid consultants “facilitating” multiple overlapping meetings for “Smart Charlotte 2050”, if we are struggling to survive till 2010? (Comprehensive planning is valuable, and to some extent legally required, but the Smart Charlotte efforts were confused and extravagant at the same time). These missteps can no longer be laid at the door of a former administrator or long gone Commissioners. It is clear that the current Commissioners themselves are responsible for the dysfunction which is County government.

One important solution is to go to a zero-based budget which covers every County activity, including Public Works and MSBUs, and which makes the Commissioners publicly accountable for where they are spending our money and why. This was one of the ideas endorsed by many members of the citizens’ budget forum in the spring. If the work had begun promptly we would have useful answers today.

If the Budget Director is right and we really have to cut some \$37 million more from next year’s budget because we have decided to focus on cutting one-time expenditures this year, then this is additional reason for zero-based budgeting to identify those cuts which are possible. And I suspect that does not mean laying off any more librarians to get the newspaper splash. Look at the recommendations of the citizens’ budget forum. Look at our management structure. Budget from the ground up and don’t put off the effort to be fiscally responsible.

9) Expect and work for cooperation from our state government. Charlotte County has gotten a raw deal from state government. Despite our problems, in many ways we are a “donor” county, paying more than our share in state taxes and getting less. At the same time our interests are ignored in favor of unfunded state mandates and state favors to special interests at our expense. Our representatives and responsible state agencies at best have been complacent about these problems, and, for whatever reasons, our Commissioners have been reluctant to protect our interests or demand better representation. We should make it clear to our representatives and responsible agencies that Charlotte needs **and expects** their help. We should learn how to lobby, not in the golf course and glad handing sense of the term, but in how to make a case and enlist support. And if the problem is that the Charlotte vote is considered too “safe” to pay attention to us, we need to send a strong message that nothing is “safe” without results. Charlotte needs a legislative team that in fact looks out for the County.

10) Tourism, whether snowbird or short term, has been and will be our economic mainstay. Generally tourists both spend money here and draw on few of our services. We should continue to look for opportunities to strengthen our tourist offerings, including a variety of possible experiences (natural environment, arts, shopping, sports and entertainment) and a welcoming

mindset. (Has anyone at the County ever figured out how frequently our tourists use our libraries-for email etc,-and thought about how to build on that? What about events data, restaurant info or an MLS terminal in the libraries?) A tourist visit will likely be the first experience of the area that may lead to a home or condo purchase. Tourists are not a seasonal inconvenience; they are our lifeblood and we need to be sure that we are intelligently pursuing this business

11) Use ALL our talent. There are many gifted businesspeople in Charlotte County. Many make up our current business community. But many are retirees who have come to the County because they value its quality of life. Some, I've met them, can't stay retired and find a way to go back to work, starting their own new businesses in this area. Others are happy being retired but have an interest in the community and have much to offer in terms of business knowledge and contacts. For example, I drew on the experience of a former investment banker in analyzing the County's organization chart. My goal is to try to bring our local businesspeople, both active and retired, together, to build relationships, brainstorm problems and find a way to work together to build a stronger Charlotte. We need to get past the "us vs them" rhetoric. The future of Charlotte County does not lie in any one demographic; it lies in all of us respecting the contributions we can each bring to the County's future.

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