

RESOLUTION NO. R2015-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, ESTABLISHING AND ADOPTING THE ECONOMIC DEVELOPMENT POLICY FOR THE CITY.

WHEREAS, the City of Friendswood has identified economic development as a high priority in the city; and

WHEREAS, the City of Friendswood desires to adopt an Economic Development Policy to set forth a formal plan to encourage economic activity and growth within the local economy; and

WHEREAS, the economic development policy identifies six (6) priority goals and action strategies that the City should undertake to achieve economic development and provide for economic development infrastructure; and

WHEREAS, the implementation of the economic development policy is expected to improve quality of life, increase investment, and diversify and expand the local tax base; and

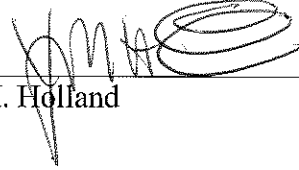
WHEREAS, the City Council of the City of Friendswood, Texas, reviewed these goals and strategies at a planning retreat with the Community and Economic Development Committee held on December 6, 2014; now, therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Resolution are hereby found to be true and correct.

Section 2. The City Council of the City of Friendswood hereby adopts the Policy of Economic Development, as attached hereto as **Exhibit A**.

PASSED, APPROVED AND RESOLVED on this 5th day of January 2015.

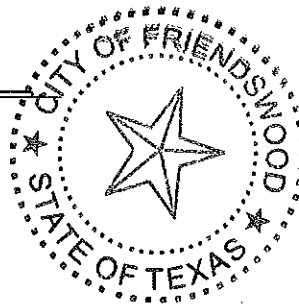


Kevin M. Holland
Mayor

ATTEST:



Melinda Welsh, TRMC
City Secretary





POLICY OF ECONOMIC DEVELOPMENT

Prepared for the Friendswood City Council

December 2014

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EXECUTIVE SUMMARY

At a City Council retreat in March, 2014 the Council discussed the overall economic development direction for the City of Friendswood and the importance of having economic development plan. Council unanimously agreed the need for a cohesive policy document that would give guidance to Council, city staff, and city committees in regards to economic development within the City. From these discussions, City Council posed several items they would like to see included in a policy, some of which included “accountability for economic funds spent”, “metrics for performance”, “coherent incentive plan” and “encouraging businesses to relocate to Friendswood”.

At a subsequent meeting within the retreat that included the Community Economic Development Committee, city manager, assistant city manager, and economic development coordinator, the group agreed that a new policy was needed and that all parties would work together to develop the policy, with the council having the final statutory approval authority. Following the meeting, a formal directive was issued to the Community and Economic Development Committee (CEDC) to develop a “Policy of Economic Development” for Friendswood.

POLICY APPROACH

CEDC formed a sub-committee of several members to draft an Economic Development Plan. The group utilized previous CEDC documents (CEDC Strategic Plan, CEDC Marketing Plan, and the FM528 Strategy) as the basis to develop a unified, cohesive Policy of Economic Development. This plan was brought to the full CEDC group for discussion and final draft to be presented to City Council in November 2014.

POLICY STRUCTURE

The policy is structured on six basic strategies, **Tax Base Diversification, Infrastructure, Marketing, Incentives, Partnerships, and Economic Development Performance Management** precluded with an overview of CEDC mission and vision. In addition to the six strategies, a focus on the 2013 Citizen Survey and three geographical areas (Downtown, FM528 Corridor, and the “Panhandle” will be incorporated into the structure as an appendix to the policy.



CEDC'S PURPOSE AS DIRECTED BY CITY COUNCIL:

The purpose of the Community and Economic Development Committee is to promote or develop municipal infrastructure related to the development or expansion of business enterprise.

DUTIES OF THE CEDC:

1. Encourage commercial and industrial developments which are compatible with the image of Friendswood;
2. Provide recommendations to the City Council regarding codes, ordinances, policies, and procedures that assist economic development;
3. Conduct surveys of citizens and businesses to gain understanding of economic development which is compatible with the city's interest, needs, and image.

VISION AND MISSION:

Friendswood, Texas has grown from a small bedroom community with exceptional family values to one of the "Best Places to Live" in the United States, according to Money magazine and CNN/Money. Uniquely, while we have grown, we have been able to keep our values: enhanced quality of life, small town feel, first-class schools and beautiful parks. The mission of the Friendswood Community and Economic Development Committee is to build on these core community values by strategically planning the growth of our city.

MISSION STATEMENT:

The CEDC will actively recruit and retain quality businesses to diversify Friendswood's tax base.

The CEDC's purpose is to aid, guide, and direct the growth of Friendswood to maximize the economic potential, secure and enhance our quality of life, and produce a bright future.

By successfully upholding this mission, the CEDC will help ease the burden of taxes on residential property owners and ensure Friendswood will continue to be a great place to live and work.

TARGET MARKET STATEMENT:

Friendswood's target markets are defined as those identified in Vision 2020: professional office, retail, commercial, and light industrial in concert with zoning and the permitted use table.

The CEDC only targets businesses that are approved uses by the Planning and Zoning Commission and City Council within the Permitted Use Table which are defined as P = Permitted Uses.

Businesses that normally require a Specific Use Permit (S) are not targeted by the CEDC.



ECONOMIC DEVELOPMENT STRATEGIC PLAN:

1. **Diversify the tax base** through business attraction, retention, and expansion
2. **Infrastructure:** Support and spearhead efforts to develop infrastructure to ensure that adequate sites are available for target business development
3. **Marketing and Communications:** Position Friendswood as a place for new and expanded business development and investment within the target industries of professional office, retail, commercial, and light industrial in concert with zoning and the permitted use table.
4. **Incentives, Funding, and Resources:** Provide funding and support for economic development toolbox
5. **Strengthen Partnerships**
6. **Economic Development Performance Management**

Strategy 1. Diversify the tax base through business attraction, retention, and expansion

Actions:

- Attract target markets: professional services, healthcare, retail, commercial, and light industrial in concert with zoning and the permitted use table
- Encourage development in the panhandle, downtown, and commercial corridors in accordance with the City's Future Land Use Map
- Continue to promote the Live Here Work Here program to cultivate business expansions and start-ups in the community
- Pursue and maintain 80/20 ratio of residential-to-commercial tax revenue
- Focus Friendswood initiatives and resources on the highest commercial potential
- Require a fiscal impact analysis on downzoning property and a formal process for CEDC to have input to Planning and Zoning and City Council on all commercial rezoning requests

Strategy 2. Infrastructure: Support and spearhead efforts to develop infrastructure to ensure that adequate sites are available for target business development

Actions:

- Evaluate local infrastructure and recommend development initiatives that are adequate in supporting local businesses as well as future growth by remaining focused on improvements to roads, water, sewer and drainage in the city
- Monitor the City's Capital Improvement Projects and encourage municipal infrastructure that supports business development
- Consider special financing districts, tax increment financing tools as options to support municipal infrastructure
- Research grant opportunities for developing infrastructure
- Consider sales tax option to fund infrastructure

Strategy 3. Marketing and Communications: Position Friendswood as a place for new and expanded business development and investment within the target industries of professional office, retail, commercial, and light industrial in concert with zoning and the permitted use table.

Actions:



- Promote Friendswood to appropriate audiences, including brokers and developers, business owners, site consultants and key media through printed collateral materials, web, tradeshows, print ads and newspapers, internet, etc.
- Promote the Live Here Work Here campaign to encourage resident business owners to relocate their business to the city
- Reach out to residents to communicate the importance of tax base diversification in Friendswood as the community approaches build-out via the Municipal PEG Channel, Focus on Friendswood newsletter, Economic Development e-newsletter, and media outlets
- Showcase Friendswood to area brokers and developers by continuing to host the City's Annual Broker and Developer Day event in collaboration with the Friendswood Chamber's annual golf tournament
- Continue to improve and promote the Business Section of the City's website
- Seek free media opportunities for Friendswood events, press releases, and honors or recognitions

Strategy 4. Incentives, Funding, and Resources: Fund and support the "economic development toolbox."

Actions:

- Promote the incentives outlined in the FM528 Strategy (2013) and provide City Council with a strategic roadmap for consideration
- Dedicate a revenue stream for economic development projects, i.e. Type B ½ cent sales tax for economic development
- Consider Special Financing Districts and developer Reimbursement Agreements in the city
- Align Economic Development with the CIP
- Consider Sales Tax refunds for targeted retail developments
- Dedicate funding in City's General Fund to Economic Development (portion of sales tax)
 - A. Economic Development "Toolbox" - \$100K to \$200K to be used at the discretion of CEDC for various economic incentives, business grants, etc.
 - B. Marketing / PR Campaign for City's Economic Development
- Continue use of 380 Agreements
- Continue to review and evaluate Friendswood's business incentive tools and programs to attract target businesses
- Continue to support the retention and expansion of existing business by providing assistance with incentives, site selection, and other resources, e.g. SBA financing, Small Business Development Center tools
- Continue to develop and enhance internal business resources such as collateral materials, website, demographics, building and land site database to assist businesses in their site selection efforts

Strategy 5. Partnerships: Collaborate with strategic and tactical entities that share in fulfilling Friendswood's potential

Actions:

- Maintain and enhance relationships with local and regional economic development allies and organizations, real estate brokers, and developers



- Continue to enhance partnerships with regional economic development allies (Friendswood Chamber, Bay Area Houston Economic Partnership, Galveston County Economic Alliance, Houston-Galveston Area Council, Greater Houston Partnership, and others) for generation of prospect leads, business retention, and grants
- Meet with brokers and developers who represent commercial sites in the city to seek feedback
- Continue to visit local businesses jointly with the Chamber and attend Chamber ribbon-cuttings, Rotary, and other local events to network with businesses
- Market Friendswood and the region to national site selection consultants and Houston area broker visits with the Bay Area Houston Economic Partnership
- Co-host annual “Business Appreciation” event / reception with Friendswood’s Chamber of Commerce
- Hold annual joint-workshop with City Council to review ongoing economic development goals for the City of Friendswood.

Strategy 6. Economic Development Performance Management: Equip the City of Friendswood with a suite of oversight and process controls to efficiently and effectively develop and pursue economic development goals that are consistent with the city’s best interests

Actions:

- Establish the appropriate process controls that enable CEDC recommendations to be consistently communicated and evaluated by the City Council
- Define a business rhythm for:
 - vetting performance metrics specific to the City of Friendswood’s economic development success
 - communicating performance metrics
 - data collection, analysis, and informal status
- Initiate the collection of data that can assist in the analysis of economic development success
 1. Tax base ratio trends as related to the 80/20 target
 2. A categorization of permitting applications as related to commercial vs. residential trends
 3. Sales tax trends
 4. Prospect inquiries
 5. Return on investment for City incentives provided

APPENDIX A – RELEVANT DATA FROM THE 2013 CITIZEN SURVEY

In 2013 the research firm, Creative Consumer Research, completed a citizen survey. Based on the results, it appears economic development is definitely on the minds of the city's residents. The following are indications that the residents want a strong economic development plan for Friendswood:

1. Question # 9 – **“What, in your opinion, is the most important issue facing Friendswood today?”** The most common answer coming in at a 13% response rate was **“Diversify Tax Base”**. The fifth most common answer coming in at 10% was **“Need more businesses and restaurants”**. Friendswood residents want to see continued diversification of the city's property tax base and seek more commercial enterprises establishing within the city.
2. On the question # 12a - **“How has Friendswood improved?”** Number one answer at 35% - **“More Businesses”**
3. Question #37- **“How important is it to you to attract quality businesses to the City to help reduce the tax burden on homeowners and diversify the tax base?”** An overwhelming amount of respondents replied **“Very Important”** at 61%. Twenty-seven percent responded with **“Somewhat important”**. Eighty-eight percent feel that the city should work to attract businesses to Friendswood.
4. Question # 38 – **“What type of commercial development would you like to see locate in Friendswood?”** The top three answers out of a sample of 400 were: Restaurants (38%), Retail Shopping (21%), and Hotels (12%).
5. Questions # 39 - **Would you support spending tax dollars to help renovate the City's Downtown District (South Friendswood Dr.) with amenities such as new sidewalks, benches, and/or burying power lines?** By almost two-thirds majority, 62% of the respondents favor using tax dollars to revitalize downtown.

APPENDIX B – Downtown Focus

Promote redevelopment of downtown and provide a sense of place to the heart of Friendswood by providing city streetscape and other improvements to the downtown area. Currently, streetscape is done by the business who purchases and develops the property. To see significant changes that will improve downtown, it may take decades. Most cities fund the streetscape which is in the city right of way and are considered public amenities.

Other than the removal of old and obsolete buildings by local property owners, the downtown area has seen very little change in decades. Nor have City resources been used to enhance the downtown area and revitalize this important economic corridor of the City.

A strong economic policy for this area should be put in place addressing many areas:

- Bury overhead utility lines
- Demarcation of the downtown area with pedestrian amenities, benches, brick-paved sidewalks pedestrian ornamental lighting, way finding signage to accentuate the area at City's expense
- Consider utilizing the city-owned land to attract an anchor to downtown, (i.e. recreational amenity)

These initiatives could be funded with or a combination thereof:

- Dedicate a revenue stream for economic development projects, i.e. Type B ½ cent sales tax for economic development
- Tax Increment Reinvestment Zone (TIRZ)
- Utilizing and reallocating current sales tax revenue from the downtown area merchants
- Continued use of the 380 Grant Program

APPENDIX C – FM 528 Corridor

FM 528 STRATEGY EXECUTIVE SUMMARY

The Strategy

“The FM 528 corridor through Friendswood is currently the city’s prime commercial real estate. Records show that this property generates a substantial portion of Friendswood’s property and sales tax. After visiting with commercial developers and retailers, it was made more apparent that this real estate is the most sought-after and likely to be developed. Currently and for the foreseeable future this section of Friendswood real estate is its greatest commercial asset.

The main goal should be to deter, or minimize, further development along this corridor that does not have the potential for increased city revenue. Additionally, it is recommended that when financial resources become available, preferential consideration be given for infrastructure improvement, beautification, and attracting desired development.”

On February 4th, 2013 at 4:30PM Friendswood City Council accepted this strategic development plan as presented.

- 71 separate lots
- 1,348 acres of undeveloped commercial property
Most of the property owners are looking to sell
\$.80 to \$25 per square foot. The
Closer to the intersection of FM 528 and FM 518, the higher the asking price

Land along FM 528

- There are large tracts still available along FM 528
- Two tracts on the Harris County side Whitcomb 136 acres and CDC-owned tract of appr. 120 acres, Bofysil towards Alvin of 350 acres
- Special financing districts, or other incentives may be considered for larger land areas of 50 acres or more along FM 528 that have no infrastructure



APPENDIX D – Friendswood “Panhandle” (FM2351/Blackhawk to Beamer Road)

- Over \$2 million EDA-funded grant that includes more than two miles of infrastructure – 5,700 linear feet of water line, 4,100 linear feet of sanitary sewer.
- Opened up about 300 acres of land for development.
- Land available - Bergamos tract – 16.6 acres zoned commercial and industrial
- Build to suit on Clearwood Business Park
- Most of the tracts are about 10 acres

Action: Fund infrastructure along Beamer Road and Dixie Farm if not cost prohibitive, OR allow septic or reimburse a portion of utilities for major projects.