

Large-Scale Redevelopment in Challenging Times

By Lindsey Ballas Kimball, CEcD

JACKSONVILLE, FLORIDA, ENGAGES A PRIVATE MASTER DEVELOPER TO REALIZE THE COMMUNITY'S ECONOMIC DEVELOPMENT VISION

After the decommissioning of Cecil Field Naval Air Station, Jacksonville, Florida, developed a plan to transform the 17,000-acre site into an economic development driver once again. Through detailed site analysis, the Jacksonville Economic Development Commission (JEDC) laid the groundwork for success, though financial hardship and other challenges prompted the JEDC to issue an RFP for a master developer. This article describes the factors that led to issuing the RFP; negotiations with Hillwood, a global development and real estate investment company; major deal terms; how the JEDC and its partners rallied support for the deal's unanimous approval; and the lessons learned throughout the process.

Advertisement



"Designation by IEDC as an AEDO has greatly assisted our organization in its fund raising efforts. The recognition of excellence serves as a source of pride to our economic development program, contributors, and community."

– Terry Murphy, Ec.D, CED
Munci-Delaware County Indiana
Economic Development Alliance

ACCREDIT YOUR ECONOMIC DEVELOPMENT ORGANIZATION

THE BENEFITS OF IEDC'S ACCREDITED ECONOMIC DEVELOPMENT ORGANIZATION (AEDO) PROGRAM INCLUDE:

- ★ **Heightened visibility** of your economic development organization's efforts in the community and region
- ★ **Independent feedback** on your organization's operations, structure and procedures
- ★ **An excellent marketing tool** to help promote your organization

FOR MORE INFORMATION
GO TO www.iedconline.org
OR CALL (202) 223-7800.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

large-scale redevelopment

IN CHALLENGING TIMES

By Lindsey Ballas Kimball, CEcD

BACKGROUND

Jacksonville, Florida, has long been known as a “Navy Town,” where economic developers and politicians alike extol the many benefits of military installations throughout the area. From the skilled labor force generated by military separations to the collection of defense-related contractors creating new opportunities, Jacksonville appreciates the economic impact generated. Which is why the community was so concerned when Cecil Field Naval Air Station (NAS), established in 1941, was identified for closure by the Base Realignment and Closure Commission (BRAC) in July 1993. The size of Cecil Field NAS was staggering – 17,000 acres or three percent of the land area in Duval County. (Note: Duval County and the city of Jacksonville are a consolidated government structure and the terms are often used interchangeably.)

While Jacksonville would still have a very significant military presence, the decommissioning of Cecil Field NAS meant the community would lose approximately 10,000 jobs and \$700 million in economic impact annually. Jacksonville rallied to keep the Navy, but the federal government was resolute in its decision.

CECIL COMMERCE CENTER TAKES SHAPE

The former NAS Cecil Field began to be known throughout the community, in 1999, by its new name, Cecil Commerce Center (Cecil) and was to



A new interchange with I-10 allows direct access to the Cecil Commerce Center site – a major infrastructure investment to spur development at the former Cecil Field Naval Air Station.

become a primarily industrial job haven providing thousands with employment. By September 2000, the Department of Defense had conveyed approximately 8,300 acres to the Jacksonville Economic Development Commission (JEDC) for economic development purposes, 2,200 acres to the city of Jacksonville Parks Department for recreational purposes, 6,000 acres to the Jacksonville Port Authority for aviation-related purposes, and 641 acres to Clay County for conservation purposes. (Note: Cecil Field NAS was so large that it dipped into Clay County to the south of Duval County.) Of the 8,300 acres conveyed to the JEDC, approximately 4,975 acres were available for economic development purposes and approximately 4,500 of these acres would become subject to the 2009 RFP for a master developer.

Lindsey Ballas Kimball, CEcD, is senior vice president of economic development for Infinity Global Solutions, LLC and formerly the business development chief of (and a Hillwood agreement negotiator for) the Jacksonville Economic Development Commission. (Lindsey.Kimball@igsolutionsfl.com)

JACKSONVILLE, FLORIDA, ENGAGES A PRIVATE MASTER DEVELOPER TO REALIZE THE COMMUNITY'S ECONOMIC DEVELOPMENT VISION

After the decommissioning of Cecil Field Naval Air Station, Jacksonville, Florida, developed a plan to transform the 17,000-acre site into an economic development driver once again. Through detailed site analysis, the Jacksonville Economic Development Commission (JEDC) laid the groundwork for success, though financial hardship and other challenges prompted the JEDC to issue an RFP for a master developer. This article describes the factors that led to issuing the RFP; negotiations with Hillwood, a global development and real estate investment company; major deal terms; how the JEDC and its partners rallied support for the deal's unanimous approval; and the lessons learned throughout the process.

Since the conveyance in 2000 up to the present time, federal, state, and local agencies invested more than \$180 million in the site to realize its potential. The vast majority of this money was from federal sources, approximately \$140 million, with state and local funds providing the remaining \$40 million. During this time, the JEDC worked to prepare the site for development by completing activities such as wetland analysis, conceptual stormwater system permitting, surveying, parcelization plan, site development studies, demolition of obsolete structures, and environmental studies. Major infrastructure investments included:

- A water treatment facility;
- A major spine road and supporting roadways;
- Utility infrastructure along the new roadways;
- The first section of a new regional outer beltway, Cecil Commerce Center Parkway, which provided three direct access points to the property; and
- A direct interchange with I-10 via Cecil Commerce Center Parkway.

The infrastructure projects were chosen because they allowed access to thousands of acres of prime, highly visible property that otherwise would not be viable. They also provide industrial utilities that are a prerequisite for attracting quality end users.

The efforts to promote and prepare the site for development were impacted in 2005 when a campaign began to return Cecil Commerce Center to the Navy. It was organized

primarily by businesspeople, living outside of Jacksonville, with a vested interest in receiving more Navy work.

The ensuing uncertainty surrounding Cecil significantly decreased the new prospect pipeline and halted any new investment by the city. Surprisingly, despite the uncertainty, progress continued at Cecil Commerce Center. During that period, Cecil Commerce Center had

Since the conveyance in 2000 up to the present time, federal, state, and local agencies invested more than \$180 million in the site to realize its potential.



The one-million-square-foot, \$44 million Bridgestone Americas regional distribution center at Cecil Commerce Center.



About Jacksonville, Florida

With approximately 810,000 residents, Jacksonville is the largest city by population in the northeast Florida region of 1.5 million people and the largest city in the contiguous United States by land area (851 square miles). Jacksonville became so large through consolidation of government structures in the late 1960s when Duval County and Jacksonville became one entity. Consolidation is credited with creating the more efficient government and the lowest tax rates of any major city in Florida.

Jacksonville is strategically located on the east coast of Florida, where the St. Johns River and the Atlantic Ocean meet. It is home to a confluence of interstates I-95, I-10, and I-295; three deepwater terminals; and is served by three major railroad companies. These factors contribute to the city being known as America's Logistics Center, a prime location for supply chain logistics dependent businesses. Jacksonville is also a leader in financial services, aviation and aerospace, life sciences, manufacturing and information technologies.

several successes including expansion of aviation-related industry along the flight line, development of a new Florida State College Jacksonville Westside campus, and completion of the one-million-square-foot, \$44 million Bridgestone Americas regional distribution center.

A 1,300-acre site at Cecil also obtained designation from McCallum Sweeney (a respected site selection company) and CSX as a Mega Site – the only one in Florida. This designation is given to large industrial sites qualified to support a major automotive manufacturing facility or similar activity, based on factors such as size, access to CSX rail service, adjacency to an interstate, utility infrastructure, and satisfactory environmental assessment.

Very vocal neighborhood and citizen action groups across the city rallied behind maintaining the community's vision of Cecil as a job center. The issue was not resolved until November 2006 when voters defeated, by a wide margin, a referendum to return the property to the Navy. Community groups were key to this victory. Certainly, the referendum gave future prospects and developers much more comfort that their proposed investments would not be at risk.

MASTER PLAN AND DETAILED DUE DILIGENCE

After the referendum removed any lingering uncertainty, the JEDC completed a comprehensive Master Plan for its property and worked on an implementation plan founded on specific site development data. The Master Plan was funded by the city of Jacksonville and took almost a year to complete. Working with its engineering and environmental consultants, the JEDC gained a clear picture of the land's development potential and cost to bring land to market.

Despite the amount of effort and capital being invested in Cecil, there was much more that needed to be done such as construction of stormwater systems, more access roads, and utilities; mitigation of wetlands; and developing pad-ready sites. Especially challenging was the amount of wetlands and the fact that they were not concentrated in any one area but found throughout, making it nearly impossible to find an "easy" development site.

The unprecedented budget crisis the city faced in 2007 due to state-imposed limits on local revenues from property tax, made it very difficult to cobble together the funds needed to maintain the site, not to mention implement further aspects of the master plan and incentivize economic development prospects. A new model for success needed to be developed. One where a private sector entity would embrace the long-term vision for Cecil, apply its expertise, and invest patient capital.

RFP DEVELOPMENT

The JEDC swiftly began the process of developing and vetting a master developer RFP. In addition to an RFP document, the JEDC wanted proposers to have as much technical information about the property as possible so they could develop the most comprehensive response possible. Some questioned why the JEDC would embark on this project during the worst economic time since the Great Depression. However, the downturn actually would provide a master developer the time to get a plan together and ramp up for success. The development of Cecil is not for the nearsighted. It is a long-term development play that requires proper preparation and the ability to keep a steady course through good times and bad.

The city's five goals with regard to the master developer effort were:

- To establish a business relationship with a master developer with sufficient experience and financial capacity to execute a long-term development vision for this property;
- To create favorable conditions for the master developer to recruit end users to Cecil Commerce Center, bringing with them as many higher wage jobs as possible in the manufacturing, supply chain logistics, and other industrial sectors;
- To create a world class commerce center to complement the multi-modal infrastructure indigenous to Jacksonville;
- To maximize the value of the property for the taxpayers through private capital investment; and
- To create a growing ad valorem (property tax) base for the city by privatizing the ownership and accelerating the development of the property.

Following approval by procurement, Mayor John Peyton approved the decision to select Hillwood as the top-ranked proposer and gave the JEDC the authority to begin negotiations.

HILLWOOD AND ITS ALLIANCE PROJECTS

Hillwood, a global development and real estate investment company owned by the Perot family, was selected as the top-ranked respondent based on its superior business proposal, its financial wherewithal, and its track record of success with complex, large-scale, long-term public-private projects.

Consistently ranked among the top developers in the country by national trade publications, Hillwood is a unique and visionary, international real estate investment and development company that has a track record of creating long-term value for its customers, partners, and communities. Hillwood's large-scale industrial development expertise and experience was particularly

Some questioned why the JEDC would embark on this project during the worst economic time since the Great Depression. However, the downturn actually would provide a master developer the time to get a plan together and ramp up for success.

About the Jacksonville Economic Development Commission (JEDC)

Operating within the office of the mayor, the JEDC serves as the public sector economic development and community redevelopment agency for the city of Jacksonville. Funded wholly by the city of Jacksonville general fund, the JEDC develops and executes policies that result in sustainable job growth, rising personal incomes, and a broader tax base for the community. Projects proposed by staff must be approved by the nine JEDC commissioners, who are appointed by the mayor and confirmed by City Council, and City Council. With a staff of 17, the organization oversees the administration of local and state incentives, the Film and Television Board, the Sports and Entertainment Board, and development of Cecil Commerce Center. It works to promote a vibrant downtown, serving as the one-stop shop for downtown development.

well-suited to Cecil. Hillwood is probably best known for its Alliance branded developments, which are large-scale, long-term, multimodal, public-private projects. AllianceTexas in Fort Worth, is a 17,000-acre greenfield development which has made a \$36.4 billion economic impact on the local economy and where 28,000 jobs have been created. Similarly, AllianceCalifornia near San Bernardino, is a 2000-acre former BRAC property which has a \$1.1 billion economic impact and is home to 4,000 new jobs.

AllianceFlorida at Cecil Commerce Center will be the next part of the “Alliance” franchise for Hillwood. The JEDC anticipates that the previous success can be duplicated in Jacksonville because of the many similarities between Cecil Commerce Center and Hillwood’s past projects including the size of the site, outstanding infrastructure, and strategic geographical position.

Hillwood and the JEDC began negotiations by developing an outline of the principal business terms proposed by Hillwood in its RFP response. By condensing the proposal into bullet-point form, it was easier for both sides to ensure that they were clear as to the other’s intent

DEVELOPMENT OF THE AGREEMENT

Hillwood and the JEDC began negotiations by developing an outline of the principal business terms proposed by Hillwood in its RFP response. By condensing the proposal into bullet-point form, it was easier for both sides to ensure that they were clear as to the other’s intent. Once these terms were agreed to, after approximately five months, they became the basis for constructing the primary legal document, the Master Disposition and Development Agreement (MDDA). From this point, it took six months of negotiations to bring the MDDA to closure in April 2010 with the following major deal points:

Major Deal Points:

- **Term** – The initial term is 10 years with three additional five-year periods provided that performance benchmarks are met.
- **Phasing of Property** – There are three phases, each containing a mix of extremely challenged and less challenged property. Phasing the property ensures that land is not cherry-picked and development is spread evenly across all types of property. By meeting certain performance benchmarks, Hillwood unlocks the ability to develop in all areas.
- **Take Down of Property** – Hillwood will only purchase property when it is ready to (1) develop the property for a specific tenant or (2) build a spec building or (3) sell property to a company that wishes to build its own building.

- **Development Timetables** – Hillwood has 18 months from the time of purchasing property from the city to substantially complete the site work necessary for completion of the project proposed for the property or the city may exercise a repurchase right. This is to ensure that Hillwood does not engage in land-banking.
- **Net Proceeds Participation to City** – 10 percent of net proceeds from all industrial projects and 50 percent of net proceeds from all mixed use projects.
- **Performance Benchmarks** – The performance schedules set the minimum benchmarks for the first 20 years of the agreement.
- **Concurrency Rights** – Will be transferred by the city to Hillwood on an as-needed basis in the amount required for a specific development project.
- **Wetland Mitigation** – As Hillwood takes down property for development, a pro-rata portion of wetland credits will be allocated. There are not enough existing credits to accommodate all development and Hillwood will be responsible for the costs associated with these additional entitlements.
- **Operations and Maintenance Obligations** – Property management and operation expenses will be transitioned from the JEDC to Hillwood over the term of the agreement. The city currently spends more than \$1.5 million a year maintaining the grounds and existing buildings at Cecil. As Hillwood purchases property, it will be responsible for



SAFT America’s lithium-ion battery plant under construction (above) and completed \$200 million facility (top) at Cecil Commerce Center.

its proportional share of maintenance and operation expenses. Eventually, as Hillwood accesses different phases of the property, all of the non-public portion of this burden will be transferred to Hillwood.

- **Infrastructure** - Hillwood will fund 100 percent of all new public and private infrastructure necessary for its developments. An estimated \$42.4 million in public infrastructure alone will be necessary to accomplish the full build out of the master development plan. The city will not be required to fund any public infrastructure.
- **Mega Site and Economic Development Opportunities** – Throughout the entire term of the agreement, the city retains the right to do competitive economic development projects that require free or reduced-cost land. The city also reserves the Mega Site property for large-scale economic development “mega projects.” The Mega Site restriction will be in place until 70 percent of the portion of Cecil north of Normandy Boulevard is developed.
- **Third-Party Developers** – Consistent with Hillwood’s practice at its other Alliance projects, Hillwood is willing to sell the property to third party developers that have a viable end user for the property consistent with the master development plan. Third party sales will be held to the same development requirements and timetables as Hillwood.

PRIVATE CAPITAL INVESTMENT BENEFITS

The capital investment required to develop Cecil is tremendous and will be borne by Hillwood. Most notably, all new public infrastructure will be funded by Hillwood, and the city has no obligation to fund any new infrastructure. In addition, Hillwood must fund the land development and vertical development costs. The table below illustrates the \$1.3 billion that Hillwood would invest in Cecil to realize the master development plan.

| Item | Amount Invested by Hillwood |
|-----------------------|-----------------------------|
| Public Infrastructure | \$ 42,420,474 |
| Land Development | \$ 190,335,174 |
| Vertical Development | \$1,071,778,325 |
| Total* | \$1,304,533,973 |

*Excludes land purchase price and finance costs

This investment will result in benefits to the city in terms of increased tax revenue and land-purchase payments. The increase in tax revenue alone is estimated to be between \$50.3 million and \$88.8 million over the term of the contract depending upon the pace of development.

TIMELINE OF CECIL COMMERCE CENTER DEVELOPMENT

- June 1941** Cecil Field established by the US Navy
- February 1943** Commissioned as a Cecil Field Naval Auxiliary Air Station (NAAS)
- June 1952** Designated as a full Naval Air Station (NAS)
- July 1993** BRAC identifies Cecil Field NAS for closure; Jacksonville lobbies to keep Navy
- July 1995** BRAC identifies Cecil Field NAS for closure again; Jacksonville begins work on the Final Base Reuse Plan (FBRP)
- April 1997** FBRP is approved by the Jacksonville City Council
- May 1999** Navy issues its Record of Decision approving disposition of the property as contained in the FBRP; conveyances of property begin; Cecil Commerce Center is born
- September 2000** Department of Defense completes land conveyances to the JEDC, city of Jacksonville Parks Department, Jacksonville Aviation Authority, and Clay County
- June 2006** JEDC conveys 67 acres to Bridgestone Americas for developing a one-million-square-foot distribution center
- November 2006** Referendum is soundly defeated to return Cecil Commerce Center to the Navy
- December 2006** 1,300 acres of Cecil Commerce Center are designated a Mega Site by CSX and McCallum Sweeney
- January 2009** RFP is issued for a master developer; JEDC conveys 12 acres to SAFT America for developing a 235,000-square-foot lithium-ion battery manufacturing plant
- May 2009** Hillwood selected as master developer by the RFP review committee and the mayor; JEDC staff negotiations begin with Hillwood on the Master Developer and Disposition Agreement (MDDA)
- October 2009** Interchange with I-10 and Cecil Commerce Center Parkway completed
- April 2010** MDDA negotiations between JEDC staff and Hillwood are complete; JEDC commissioners approve MDDA
- June 2010** MDDA approved by City Council
- September 2010** MDDA fully executed by all parties; Hillwood begins first year benchmark efforts and negotiating with JEDC for marketing and development center leased space
- January 2011** Lease agreement is executed between JEDC and Hillwood for Hillwood’s marketing and development center

OPPOSITION IN THE SUNSHINE

Development of the MDDA was complicated and time-consuming on its own, but this achievement was made exponentially more difficult by a very aggressive opposition that attempted to derail the deal. Self-interest and self-preservation are powerful motivators. Primarily consisting of local industrial developers who sought to avoid additional competition, the opposition was fueled by the economic downturn.

Public record laws created an additional challenge for the negotiators. Because the JEDC is a public entity, all of the negotiation documents were subject to Florida public record laws, known as the “Sunshine Laws.” This meant that, on sometimes a daily basis, the opposition could request the latest version of the *draft* MDDA, staff emails, and any other items, and publicly critique them. Any document of this complexity undergoes some changes during an almost year-long negotiation. The opposition would take old drafts, which had subsequently been negotiated by the JEDC to the city’s favor, then misrepresent that the old terms were current terms, creating mass confusion.

When BRAC decommissioned NAS Cecil Field, it did not deed Jacksonville a goldmine. It gave the city a challenged property with a high proportion of wetlands and lack of infrastructure that would require hundreds of millions of dollars to bring to a development ready state.

The opposition fixated its argument around the fact that the MDDA did not require a traditional appraisal of the city’s property before each sale. This argument was simple for people to relate to – most people have to have their house appraised when they sell it don’t they? – but it was disingenuous because it ignored that the city was going to use the income approach methodology to determine value. Through Hillwood’s investment in infrastructure over time, the value of the property would increase, meaning that a standard appraisal at the time of conveyance to determine a sales price would not give Hillwood credit for the prior investment and value creation. In essence, Hillwood would be paying twice. This was a very effective tactic for the opposition because the average layperson had never heard of this method for appraisal and did not easily grasp the concept of value creation.

In order to get its message across, the opposition bought advertising in local papers, presented to any group it could, and lobbied City Council members. Easy sound bites like “over-their-head city employees,” “back-

room deal,” and “leaving untold millions on the table” rounded out their rhetoric. As the time for a City Council vote neared, the opposition became increasingly emotional and attacks of the MDDA became personal attacks. Their theatrics eventually caused them to lose credibility.

ECONOMIC DEVELOPMENT DEAL, NOT A LAND TRANSACTION

Supporters of the MDDA with Hillwood worked to turn the focus of the discussion from a short-term land transaction to a long-term economic development deal that would realize the community’s vision for Cecil. When BRAC decommissioned NAS Cecil Field, it did not deed Jacksonville a goldmine. It gave the city a challenged property with a high proportion of wetlands and lack of infrastructure that would require hundreds of millions of dollars to bring to a development ready state. Proponents had to find ways to explain the complexities of real estate development to non-subject matter experts and focus them on the economic development objectives.

The JEDC and Hillwood presented to community groups and business organizations, targeting those groups proximate to Cecil. This strategy helped gain the support of the surrounding district council members. JEDC and Hillwood also developed briefing sheets, talking points, and summaries to help community advocates tout the proposed deal.

Hillwood developed a “Cecil Development Agreement Facts” series and emailed it directly to City Council members in the weeks leading up to a vote. Each installment squarely addressed an objection or misrepresentation of the opposition. These issues included whether or not:

- The process to select Hillwood was fair;
- The city was receiving appropriate compensation for its property;
- The city was subsidizing Hillwood;
- The best sites would be cherry-picked;
- The city received any benefit from the agreement;
- The Jacksonville industrial market as a whole would be negatively impacted by Cecil; and
- Local companies would be barred from working at Cecil.

Through plainly stating the facts supporting each installment with a quote from a local business or community leader, Hillwood made great strides in educating officials.

In stark contrast to the opposition, the proponents stuck to the high ground and shifted the conversation from fear to excitement about what opportunities the development would bring. When the opposition was asked

what would they do with the property, they responded “nothing – wait another 25 years.” Doing nothing is not an economic development strategy nor does it demonstrate any belief in one’s community to grow. Proponents rallied that, “if you believe in Jacksonville, you believe in the deal being a success.”

“WHERE’S THE CHAMPAGNE?”

Personal endorsements from well-respected business leaders were extremely valuable to winning broad support. The unanimous approval of the MDDA by the JEDC commissioners was the first step in demonstrating business leader support. In fact, after the project was presented, many questions asked, and the vote taken, Christopher Corr, chief executive, EDAW Americas East and JEDC commissioner, proclaimed, “Where’s the Champagne? This is a tremendous accomplishment.”

Perhaps, the most powerful endorsement of the deal came from Peter Rummell, former CEO of St. Joe Company. In a letter to the editor, prompted by an opposition ad placed in the *Jacksonville Business Journal*, Mr. Rummell wrote, “I am dumbfounded by the half-page ad in the April 30 Business Journal criticizing the Hillwood deal at Cecil Field. It clearly cannot have been written by anyone who understands the real world of development economics or deal making, let alone the quality of the organization involved... The best chance Jacksonville has of making something happen at Cecil Field is making a deal with Hillwood, a world-class developer that brings skill and a world-class reputation to a very tough business. Playing the “local card” and fundamentally misrepresenting the deal is childish and nonproductive.”

As the MDDA entered the City Council legislative process for final approval, JEDC staff continued to answer council members’ questions and participated in additional community conversations. In June 2010, more than a year after issuing the RFP, the final MDDA with Hillwood was unanimously approved by the Jacksonville City Council. The JEDC then began the process of working with Hillwood to realize the property’s full economic potential as AllianceFlorida at Cecil Commerce Center. First, Hillwood and the JEDC worked to negotiate a lease of an existing building at Cecil Commerce Center to serve as Hillwood’s marketing and development center.

Hillwood has now established its marketing and development center and begun construction on large-scale entrance signage and the engineering and due diligence on the first site for a building of at least 400,000 SF, which is important because these are all first-year performance benchmarks. As the next chapter unfolds in the development of this community asset, the JEDC and Hillwood are eager to unlock the site’s economic development potential through their unique public-private partnership.

PRACTICAL ADVICE AND LESSONS LEARNED

Throughout the process of finding, selecting, and negotiating with a private master developer, as well as seeking approval for the project, the JEDC staff gained much insight that can be useful to anyone considering or engaged in a public-private development partnership.

- Quantify the fiscal impacts of the proposed development – How much tax revenue would be generated in a worst case, pro forma, and best case scenario? Having this information is very powerful when helping elected officials understand the importance of the deal.

Hillwood has now established its marketing and development center and begun construction on large-scale entrance signage and the engineering and due diligence on the first site for a building of at least 400,000 SF, which is important because these are all first-year performance benchmarks. As the next chapter unfolds in the development of this community asset, the JEDC and Hillwood are eager to unlock the site’s economic development potential through their unique public-private partnership.

- Make sure that performance measures are clearly stated and understood. This doesn’t just mean that the parties to the deal understand the performance measures – it means that the general public and all stakeholders understand that performance measures exist and that they will protect the public investment.
- Create a public-private partnership agreement that “stands on its own” and requires no further political approvals. A private sector partner wants to eliminate as much uncertainty and risk as possible. Each one of the land transactions does not require a separate City Council approval.
- Make timelines and public approval processes clear. Again, this is about eliminating uncertainty as much as possible for your private sector partner.
- The reputation and track record of the private sector partner are priceless when seeking support for a project. It is easier for elected officials to find a comfort level with and support a well-heeled partner with a stellar reputation.
- Think about how obligation and risks can be transitioned over the course of an agreement, but make sure that the rewards to the private sector are commensurate with these additional expenses.

- Communicate the deal in terms that everyone can understand. Stakeholders, elected officials, and the general public need to understand the benefits of the proposed project to the community. It is the economic developer's job to make sure that this is done correctly and that the message is repeated consistently.
- During negotiation, simplify the complicated relationship into bulleted "deal points," similar in nature to a Letter of Intent (LOI) when negotiating a building lease. It is very important that what one party hears is what the other party really intended.
- Create an advocacy team for the project consisting of local business and community leaders to win public support for the project. By presenting to local citizen planning committees, rotary clubs, business associations, and the like, staff built community advocates who were able to repeat the benefits of the project to others.
- Meet early and often with internal decision makers. These are people who will be part of the approval process like commissioners, city council auditors, council members, general counsel's office, finance department, procurement department, public works department, equal business opportunities department, etc.
- Understand the private sector partner's needs and wants in order to get to a "win-win" for both parties. The public sector must be focused on meeting its goals for the project (job creation, increase in the tax base), but don't forget that the private sector is there to make money. Find ways to creatively structure the deal so that the private sector is rewarded for performing.
- Don't be naïve about the power of the opposition's personal interests. A critical mistake that was made during the MDDA process was that the JEDC misjudged the aggressiveness of the opposition. While staff was busy negotiating the best deal possible, the opposition got out in front of us with a negative ad campaign and presentations to local community and business groups. The team was then forced into a position of being reactive instead of proactive.
- Understand how public record laws will affect your negotiations.
- Start pitching the deal even before it is final. This is the JEDC recommendation to groups considering a public-private partnership that want to avoid the challenges faced by the JEDC. This allows the public sector to set the tone and explain the facts about the deal before they can be misrepresented by the opposition. 🌐



"Designation by IEDC as an AEDO has greatly assisted our organization in its fund raising efforts. The recognition of excellence serves as a source of pride to our economic development program, contributors, and community."

— Terry Murphy, Ec.D, CED
Muncie-Delaware County Indiana
Economic Development Alliance

ACCREDIT YOUR ECONOMIC DEVELOPMENT ORGANIZATION

THE BENEFITS OF IEDC'S ACCREDITED ECONOMIC DEVELOPMENT ORGANIZATION (AEDO) PROGRAM INCLUDE:

- ★ **Heightened visibility** of your economic development organization's efforts in the community and region
- ★ **Independent feedback** on your organization's operations, structure and procedures
- ★ **An excellent marketing tool** to help promote your organization

FOR MORE INFORMATION

GO TO www.iedconline.org
OR CALL (202) 223-7800.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL