

Florida Association of Counties

# Economic Stimulus

## The County Role in Florida's Economic Recovery

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## Summary of Proposed Policy Options

- Permit transportation concurrency exceptions in areas designated for urban infill and urban redevelopment and/or for projects that are anticipated to create new jobs.
- Expand the Alternative State Review Process to additional local governments to expedite state review of comprehensive plan amendments.
- Elevate the Rural Economic Development Initiative (REDI) and create a similar mechanism for urban redevelopment projects.
- Utilize the expedited permitting process provided for in Section 403.973, Florida Statutes (F.S.).
- Remove barriers to delegation of Environmental Resource Program (ERP) permitting and ensure an appropriate fee structure.
- Maintain minimum funding through the Small County Technical Assistance Program (SCTAP) for small counties in order to facilitate good growth that will lead to job creation.
- Preserve and maintain funding for the Small County Road Assistance Program (SCRAP) to ensure adequate road infrastructure is in place to support new growth.



## **The Problem: Florida is in the middle of an economic crisis**

This is true not only in Florida, but across the country. Tightening credit markets and an excess supply of homes are significant factors in the current state of the economy. The supply of homes for sale in Florida is in excess of 300,000, according to the Office of Economic and Demographic Research. In crafting solutions to this economic crisis, it is important to focus on both short-term and long-term solutions that provide real economic benefits and improve regulatory processes. But, it is also important to maintain a clear focus and not eliminate necessary land use and environmental protections. It is also critical to allow for local flexibility and encourage innovation, rather than applying blanket solutions statewide that may work well for some communities, and not so well for others.

## **Solutions that are already in the works: What counties are doing to address local economies**

Counties have taken a serious and somber look at Florida's current economic situation, and in response have developed a myriad of economic strategies that are diverse and comprehensive in nature. Because local economies differ, the proposed solutions also vary widely.

### **Tourism**

Some counties are focusing on tourism, because that has been identified as a way to get their economic engine running again. Monroe County's Tourist Development Council has initiated an emergency advertising campaign of \$500,000. Palm Beach County's Convention and Visitors Bureau is also overhauling its marketing strategy. The St. Lucie Development Council is teaming up with local businesses on advertising.

### **Economic Development Projects**

Some counties have provided reduced or eliminated impact fees, density bonuses, and/or expedited permit reviews for economic development projects. Hernando County has implemented a Job Creation Incentive Program that rebates any company \$2,000 for every job created. The industries they are targeting include aviation and aerospace, corporate headquarters, green technologies, research and development, and distribution companies. Osceola County is partnering with Florida State University and two developers to create a 100 acre technology park that will include a research facility for testing sustainable energy technologies. The county has also increased funding to its Small Business Development Center. Miami-Dade County offers management, technical, and financial resource assistance to small businesses through its Office of Small Business Development. Brevard County has implemented a plan to triple its investment in economic development, with a primary focus on aerospace and the high tech industry. Polk County is considering the creation of an Innovation Development Council which will foster high tech development. This effort will include streamlined development review, making development rules more flexible, and offering tax incentives.

## **Public/Private Partnerships**

Broward County's Office of Economic Development is working with The Broward Alliance (Alliance), the County's official private sector partner for economic development. The County is conducting a business climate survey through the Alliance of 3,700 businesses, sixty developers, and thirty-one municipalities. Each party has been invited to provide information regarding the current status of their business, business assistance needs, barriers to economic recovery, and projects placed on hold due to the current economic climate. The issues and solutions identified in this process will be included in the County's Economic Stimulus Plan.

Collier County has also entered into a joint effort with its business leaders to find practical ways to stimulate the economy. Sarasota County has developed private partnerships with developers to construct shared stormwater facilities. St. Lucie County has partnered with PGA Village and Grand Bahama Island on its tourism efforts. Counties such as Miami-Dade and Osceola provide programs that give assistance to small businesses.

## **Infrastructure**

Counties have all identified ways to put potential federal stimulus dollars to work, including transportation and water projects. Infrastructure projects create jobs and can play a significant role in helping to stimulate the economy during the current housing slump. For example, Broward County has initiated a \$185 million water and sewer bond issue.

Miami-Dade County has accelerated millions of dollars of public works projects to cushion the effects of the economic slowdown and support the local building industry. They have reduced the contracting process by four months. Projects include new sewer lines, park improvements, and upgrades at the airport and seaport. Close to \$300 million of projects are underway. Just one example of this kind of project is the South District Wastewater Treatment Plant. This is a \$630 million project to provide for high level disinfection involving 14 separate construction contracts. The project will employ an average of 400 workers over its lifetime. The average payroll will be \$9.5 million per month for the next five years. Currently, there are 140 employees with an average salary of \$25 per hour.

These projects are not just occurring in urban counties. Capital Cascade Park in Leon County will create over four miles of greenway that restores a natural channelized floodplain to mitigate runoff and improve water quality. Construction of the park will generate several hundred jobs. Moreover, it is expected that the park's development will encourage new businesses to develop near the park to serve visitors, and new residential units will be constructed. Development at this location will likely spur development along the remaining Gaines Street corridor to the west. The park will include a 4,000 seat amphitheater, interactive water play fountains, educational displays, and several trails. These elements will draw new life into the heart of Tallahassee by bringing new residents, visitors, and businesses to the area.

Additionally, more growth will be able to occur in the area because Cascade Park is designed to mitigate stormwater runoff and reduce the flooding that occurs nearby.

## **Affordable Housing**

Several counties are also encouraging the development of affordable housing, by reducing or eliminating impact fees, providing density bonuses, and/or expediting permit reviews.

## **Green Housing**

Sarasota County has expedited permitting for green construction.

## **Other Growth Management Concepts**

Counties have taken varied approaches to growth management. In addition to looking at impact fees, density bonuses, and expedited permitting for certain types of projects, counties have also extended development orders so that developers can wait out the economic slump without having to go back and secure permits again. Some counties are also looking at ways to use mixed use districts or multi-modal zoning districts to foster higher densities and encourage urban redevelopment. Concurrency exception areas are also being considered in some counties.

## **Environmental Permitting**

Hillsborough County recently streamlined its wetlands program. The new program consolidates multiple agency approvals, provides exemptions for certain activities, features a new applicant's handbook to guide applicants through the permitting process, and provides customer service improvements.

## **One-Stop Permitting**

Some counties, including Broward and Miami-Dade, have organized their departments so that building, planning and zoning, and/or environmental staff are coordinating their efforts, reducing the amount of time it takes to process permits. They are also focusing their customer service efforts so that the regulated community has only one place to go in securing local permits. Hillsborough County is also offering pre-design and in-process meetings to permit applicants to help fast track the process of securing a permit.

## **Privatization of Services**

Charlotte County is exploring privatization of jail, fire, and emergency services.

## **Consolidation**

Escambia County is studying consolidation of city and county governments.

## **What Florida can do better: Potential Solutions**

The Florida Legislature can take steps to aid in our state's economic recovery. It is crucial that the state act quickly and with transparency in distributing federal economic stimulus dollars. It is also vital that Florida continue to invest in its infrastructure.

## **Federal Stimulus Monies**

The Florida Association of Counties (FAC) believes that the state needs a plan for how federal monies would be used and would suggest that a single state entity be responsible for collecting this information. A number of project lists have been developed from a variety of sources, including counties, cities, and special districts, as well as state agencies. We also believe our state has the best chance of maximizing its full share of federal revenues if we collectively demonstrate we have a specific plan for their use.

Any federal dollars coming to the state should have broad flexibility so they can readily match existing projects and programs can be implemented quickly. We recognize that federal funding has certain criteria for accountability purposes, but that criteria should not be so rigid that projects become delayed or are never completed at all.

Federal dollars should be used to complete projects that accomplish more than one objective. For example, an ideal transportation initiative would be one that not only puts individuals to work but also accomplishes one or more of the following:

- Provides needed capacity to severely backlogged facilities;
- Directly or indirectly promotes business growth by providing improved access for products that otherwise cannot reach the market on time;
- Promotes urban infill and redevelopment (and reduces vehicle miles traveled) by ensuring funds are provided for transit and other modal initiatives;
- Helps local governments meet state-mandated transportation concurrency and financial feasibility requirements; or
- Restores critical transportation grant program funds for small and medium-sized counties that were recently eliminated.

## **Infrastructure**

Transportation and water projects stimulate the economy by creating jobs. These projects employ many of the same workers that are currently suffering as a result of the current housing

slump. While the Legislature has consistently recognized the economic benefit that transportation projects provide, water projects have not received the same degree of priority. Water funding has declined in the past two years from \$100 million to just \$5 million. While the Legislature has some very difficult choices to make in terms of balancing its budget, it is important to keep in mind that there is an excellent return on the state's investment in water.

Cities, counties, and their utilities provide drinking water to the citizens of Florida, as well as stormwater and wastewater treatment and removal services. These utilities improve the quality of life for our citizens while providing environmental protection, but they also provide a significant stimulus to the economy. Without water to drink, no community could grow or thrive. Stormwater improvements provide flood control and prevent nonpoint sources of pollution from degrading our water quality. Wastewater utilities also improve the quality of our water. These services allow for a more attractive and healthy community, which provides a more desirable climate for new businesses and enhances the local economy. Providing the infrastructure needed for water utilities has a significant positive impact on the economy, particularly for the professional services and construction sectors.

As part of the federal economic stimulus package, at least \$10 billion in projects have been identified that could start in 120 days. Funding these projects would create more than 400,000 jobs.

## **Growth Management**

There are a few principal areas of growth management that could be modified to help expedite the development review and approval process. In addition to these, the Legislature has created other expediting processes that have successful track records but have not received the attention they should within the existing economic climate. Some of these recommendations are provided below.

### Transportation Concurrency: Target Specific Areas and Uses

Transportation concurrency is often viewed as a constraint to development in areas designated for urban infill and urban redevelopment. Since these are the areas where communities want to encourage growth the most, the Legislature could consider designating these as transportation concurrency exception areas (TCEAs). It is worth noting that such a proposal was supported by the Florida Department of Community Affairs (DCA) during the 2008 legislative session.

A second option worth considering is one that is not location specific but targeted toward economic benefit. Specifically, the Legislature could consider allowing local governments to grant concurrency exceptions to those projects that demonstrate job creation within the community. This criterion could be applied broadly and defined locally, with the goal of eliminating one potential obstacle to local job creation.

### Local Comprehensive Plans: Expand the Alternative State Review Process

In 2007, the Legislature created a pilot program to expedite state review of comprehensive plan amendments by selected local governments. Under the program, two counties and four cities are designated as pilot communities. According to a November 2008 report by the Office of Program Policy Analysis and Government Accountability (OPPAGA), under statutory timelines, the alternative state review process reduced the time allocated for state review by 71 days. The report also states that of the 324 plan amendments reviewed by the DCA, only one has been challenged by the agency through the administrative hearing process. While this program is still relatively new, the Legislature could consider expanding it to other local governments using some basic standards to qualify. Such standards could include whether the local government has a plan in compliance with state law, whether it has completed its Evaluation and Appraisal Report (EAR), and whether it has a demonstrated history of responsible planning.

### Rural Economic Development Initiative / Urban Redevelopment Projects

The Governor's Office of Tourism, Trade, and Economic Development (OTTED) oversees the Rural Economic Development Initiative (REDI). Counties participating in REDI are eligible to receive rural infrastructure loans and grants, and state agencies meet to coordinate and streamline permitting processes for REDI projects. REDI counties must meet certain population criteria as well as economic distress factors. Rural Areas of Critical Economic Concern (RACEC) designated by OTTED are automatically evaluated each year for REDI eligibility, and other counties meeting the criteria can apply each year. REDI has proven to be a valuable tool, but it needs to be elevated and given a greater priority by the state agencies that participate in the process, as originally envisioned by the legislature when it was created. Agency representatives attending REDI meetings should have the authority to make policy decisions.

Additionally, it may make sense to create a similar process for urban redevelopment projects. These types of projects would benefit from enhanced state agency coordination and infrastructure loans and grants.

### Chapter 403 Expedited Permitting Process

Section 403.973, Florida Statutes (F.S.), directs OTTED to create regional permit action teams for the purpose of expediting review of permit applications and comprehensive plan amendments for projects that create at least 100 jobs, or 50 jobs if certain other criteria are met. This section directs state agencies to create memoranda of agreement. Also, appeals of the local government's final approval of a project may be pursuant to summary hearing provisions. State agencies must designate one individual to be the central point of contact, and to be responsible for processing the expedited permit application or comprehensive plan amendment. This section also provides for a mandatory pre-application meeting to reduce permitting conflicts.

FAC is currently in the process of surveying its members to find out (1) whether this process has ever been used in practice; (2) if not, why not, and (3) what changes might result in greater utilization of this process. Urban redevelopment projects could potentially be funneled through this existing process as an alternative to creating something entirely new.

### Small County Technical Assistance and Infrastructure Funding

Of the state's 67 counties, 32 are defined by s. 163.05(3), F.S., as being "small counties" with populations of 75,000 and below. Of these, 29 are further defined by s. 218.67(1), F.S., as being "fiscally constrained," meaning the value of one mill in property tax will raise no more than \$5 million in revenue annually. Unfortunately, while these counties have severe budget constraints they are also experiencing the pressures of new growth, as developers continue to seek cheaper land values in these areas. Compounding this situation is the fact that a majority of these counties have comprehensive plans that are out of date and they have no planning staff to update them. Similarly, county commissioners who are charged with implementing the comprehensive plan typically have no background in this area and have received little training regarding the state's growth management requirements. The result is that a majority of these counties face significant hurdles in their efforts to properly plan for growth.

The Small County Technical Assistance Program (SCTAP) provides technical assistance dollars for qualifying counties to undertake efforts such as updating their comprehensive plans. It is critical that this program continue to receive funding, as it is nearly impossible with the current economy for many small counties to pay for consultants that have the expertise to properly handle their planning needs. Helping small counties to get a handle on their plan for growth will allow them to make a more concerted effort to attract the right businesses for their community, thus stimulating growth and creating jobs in areas where it is most needed.

The Small County Road Assistance Program (SCRAP) is another important tool for small counties in terms of growing their local economies and stimulating the state's overall economic condition. Rural areas need roads to grow. Rural counties need transportation dollars dedicated specifically to this purpose. The amount of money required to finance their needs is relatively small, but has the potential to create a significant stimulus to the economy. Providing the necessary transportation infrastructure will allow small counties to support additional businesses and create new jobs. Even if a small county receives a large scale economic development project, the county may find itself unable to timely process the application if the right planning tools are not in place and there are not adequate roads constructed to handle the project. This could slow development from proceeding at a critical time.

### **Environmental Permitting**

In terms of environmental permitting, the most commonly discussed issue has been wetlands. Wetlands are perceived to be over-regulated. The Department of Environmental Protection (DEP) has sought delegation of permitting from the Army Corps of Engineers, which has not

been granted. At the state level, some wetland permits are issued by DEP's Office of Submerged Lands and Environmental Resources, some by the DEP's Bureau of Mine Reclamation, and some by the water management districts. It would make sense to provide a better organizational structure for state wetland permits so that one entity processes all state permits. There is no clear answer in terms of which entity should grant these permits. Some believe that water management district permitting is overly political. And yet others question whether DEP has the resources to take over wetland permitting entirely. FAC does not currently have an official policy position on this matter.

Many also perceive that local wetland regulations are merely duplicative of state regulations and that wetland permitting should be preempted to the state. However, it is important to recognize that local governments are the only entity that issues land use approvals for wetland activities. Local governments are currently required to consider wetlands in the conservation element of their comprehensive plans. Local governments are the only entity that looks at the bigger picture of where all of the local wetland resources are located. DEP is prohibited from considering land use in issuing environmental permits. If local wetland regulations are preempted, there will be no land use determinations made for wetland impacts. This means that many coastal counties will likely lose the vital flood protection benefits that coastal wetlands provide. Additionally, wetlands provide water quality filtration naturally, and for free. Local governments face a steep federal mandate in the Total Maximum Daily Load program. Water quality improvements that will be required as a result of that program will cost billions of dollars. Without any way to protect local wetland resources, local governments will find themselves faced with implementing costly stormwater facilities, meaning an increase in stormwater assessments and fees at the local level.

While some counties may never have the resources to accept delegation of state wetland permitting, there are some counties who might be interested in seeking delegation if there were a more workable delegation process in place. There are unfortunately several barriers in place for local governments that wish to seek delegation, including:

- There is some confusion as to what are the "relevant portions" of the Environmental Resource Program (ERP) permitting rules that local governments must adopt when requesting delegation of the program. This can be a sticking point when a local program has stricter standards in place. DEP has interpreted Florida Statutes to require that local programs must give up their stricter local standards in order to take on delegation. If the local program is going to be required to accept less stringent standards as part of taking on the state program, the incentive to seek delegation no longer exists.
- There is also some confusion as to what constitutes a procedural process that is "substantially equivalent" to the requirements of Chapter 120, F.S. Some local governments may have a public comment process in place that provides ample opportunity for the public to participate in permitting that is quite similar to the procedures provided for in Chapter 120, F.S. Minor differences should not prevent delegation from occurring.

- There should be an assurance that sufficient permit review fees to implement the delegated program will remain with the local government. Delegated programs do not pay for themselves because permit fee sharing arrangements that exists between the state and the local government does not cover local costs in running the program. It should be noted that, since the local government is doing the work, DEP saves staff and financial resources.
- DEP and the water management districts should be required to grant delegation when a local government meets all statutory and rule requirements.
- DEP and water management districts should develop a written guidance document for local governments who are interested in seeking delegation, so they will know upfront any barriers that may be identified during the negotiation process, what the expectations will be in terms of staffing levels that will be required, specific tasks that will need to be performed, etc. If the local government knows more about what to expect going into the discussion, this would cut down on the time it takes to negotiate a delegation agreement. It took Broward County five years to negotiate environmental resource permit delegation.

Some counties that have considered delegation have reported that DEP or the water management district may not be willing to allow local governments to retain stricter standards or make a determination that local procedures are substantially equivalent to Chapter 120, F.S. The county may have met all of the statutory and rule requirements necessary in order to obtain delegation, but for political or other reasons, an agreement cannot be reached with DEP or the water management districts. The Senate Committee on Environmental Preservation and Conservation suggested in its Agency Sunset Review of the Water Management Districts (Report Number 2009-207), that perhaps delegation should be granted by the Governor and Cabinet sitting as the Land and Water Adjudicatory Commission. FAC has not taken an official position on this specific recommendation, but it is worth examining the reasons why delegation has not been granted in the past, as well as how to clear the way for allowing streamlined permitting processes in counties where the resources exist to accept delegation.

## **CONCLUSION**

State and local officials should work together closely as partners on policies to improve Florida's economy. Counties are already undertaking many different efforts to improve their local economies. This approach should be encouraged and allowed to flourish. Counties are doing their part to improve their economy, and for each community the efforts will need to be a little different to take into consideration local markets and needs. However, there are state policies that can be considered as well in order to benefit the entire state, as outlined above. The Florida Association of Counties looks forward to working with the Legislature to further hone these recommendations.



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