

PANAMA CITY

Economic Development Plan

OCTOBER 2019

DRAFT



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Acknowledgements and Background

HR&A Advisors was engaged to develop a plan for the City of Panama City to both guide its economic recovery and address longstanding challenges to the city's economic growth. The Panama City Economic Development Plan was developed in coordination with Hagerty Consulting's work on the City of Panama City's Long-Term Recovery Plan and Dover Kohl & Partners' Master Plan for Downtown Panama City. The Economic Development Plan was developed over six months through data analysis, best practices research, and gathering of input and feedback from City staff and leadership, a local advisory committee and other stakeholders.

Acknowledgements

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EXECUTIVE SUMMARY

Destruction caused by Hurricane Michael displaced residents and shuttered businesses throughout Panama City, but it also brought the community together to rebuild and address longstanding issues. The hurricane damaged more than sixty percent of the city’s housing stock, displacing tens of thousands of residents temporarily and leading others to permanently relocate. While the community demonstrated incredible resilience with many businesses quickly reopening, there are a multitude of challenges facing Panama City in its economic recovery process. Many of these challenges, such as high concentrations of poverty, are issues the city faced before the hurricane. To meet these challenges, Panama City needs to take this opportunity to invest one-time federal and state aid in projects that build a robust and inclusive economy.

In the year since Hurricane Michael, Panama City has demonstrated its commitment to recover and become the premier city of the Florida Panhandle.

The City has organized its recovery around four lines of effort: safety and security, infrastructure, economy, and quality of life. Within each line of effort, the City is working to deliver actionable policies, programs, procedures, and processes to drive the recovery process forward. The strategies detailed here in the economic development plan support two of those lines of effort—the economy and quality of life—which in turn support the other lines of effort. Together, these strategies will help the city surpass its pre-hurricane economic conditions and strengthen Panama City’s long-term economic prospects.

The City’s leaders can build on the current momentum by focusing on actions that create a higher quality of life, a diversified economy, and more access to economic opportunities. These three action areas underpin the challenges facing the city both before and after the hurricane. **Improving Quality of Life** by investing in public and private amenities and addressing blight will both attract and retain residents, visitors and tourism, and small businesses. **Economic Diversification** will expand the employment base across more sectors, particularly those that draw revenue from outside the region. And expanding **Access to Opportunity**—especially access to high-quality schools and social services—will reduce barriers to upward mobility and increase the prosperity

of all residents. Addressing each of these areas of focus is critical to Panama City’s goal of becoming the premier city of the Florida Panhandle.

The upcoming 2020 Census poses a significant threat to Panama City’s long-term economic recovery. Current estimates of hurricane-related population loss point to a loss of approximately 8,000 residents, or about 20 percent of the population before the hurricane. Many of these residents cannot return without repairs to their homes, which will not be ready before the Census. The 2020 Census is likely to report a dramatic decline in population, which will in turn decrease the City’s access to state, federal, and philanthropic funding. The City should proactively position itself to conduct an interim special census after 2022, when many of the City’s recovery efforts will have been executed and when residents will have returned. The City has already engaged the Commerce Department and the Census Bureau to highlight the issue and its full implications. In order to truncate the hurricane’s long-term fiscal impact on the City’s recovery, it will be critical to remain vigilant through the next few years of recovery and to be ready to commit resources for the special census.

Panama City can immediately move forward with five strategies that lay the groundwork for long-term economic growth and prosperity. The immediate strategies focus on actions that the City can take directly,

using the resources currently available and building on additional federal and state recovery aid when it becomes available. The combination of these immediate strategies will position the City to increase local revenue, attract residents and businesses, and receive additional recovery aid. The strategies requiring immediate action are:

- 1. Reduce and Prevent Blight** through code enforcement and public support for building improvements;
- 2. Improve Housing in Existing Neighborhoods** through a suite of programs including down payment assistance, owner-occupied rehabilitations, infill redevelopment, financial education, and clearing title issues;
- 3. Incentivize Catalytic Development** by making public land available and partnering with private developers;
- 4. Support Small Businesses** by helping them navigate regulatory requirements and access additional resources that can reduce the costs of and barriers to business start-up and growth; and
- 5. Provide Wraparound Services at Schools** by expanding the suite of educational, psychological and social services offered to students.

As these strategies take shape, Panama City should target its limited local funding towards projects with a strong return on investment, while aggressively pursuing federal and state support. The City should evaluate the potential for recovery projects to grow the economy and generate public revenue. At the same time, the City needs to continue to directly engage with state and federal officials to ensure that longer-term funding, such as Community Development Block Grant – Disaster Recovery funds, are available to fund the City’s immediate strategies. The state and federal government ultimately set the rules for how recovery funding is awarded, but it is within the City’s power to advocate for programs that align with long-term needs.

Successful implementation will rely on added capacity, enhanced external partnerships and a clear monitoring program. To rebuild Panama City, local government staff will need additional capacity to expand services, manage recovery funding, maintain engagement with the community, and monitor progress in new programs. Initial recovery efforts have stretched

local government capacity to its limit and beyond. While this initial response has been remarkable, City staff will require additional support to maintain momentum over the long term. To do so will require the City to create new government positions, form closer partnerships with nonprofit organizations, and hire contractors to provide strategic capacity. The City will need to carefully consider how these resources integrate so that implementation progresses smoothly. To do this, the City should implement a clear monitoring and evaluation program that tracks the City’s progress towards measurable targets using openly reported indicators.



INTRODUCTION

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The Effects of Hurricane Michael

In October 2018, Hurricane Michael directly hit Panama City as a Category 5 hurricane, with winds over 161 miles per hour¹. The hurricane damaged 60 percent of the city’s housing stock², displaced thousands of residents³, caused widespread business closures⁴, and left the City with \$130 million⁵ in debris removal costs. As a result of this damage, the city’s property values fell by approximately 13.5 percent⁶, significantly reducing the City’s ad valorem revenues. Other City revenues, including its merchant license fee and marina slip rental fees, were similarly diminished impacted by the hurricane⁷. This extensive property damage and deep strain on the city’s fiscal resources have placed Panama City’s long-term economic stability at risk.



The Opportunity

Panama City’s recovery effort presents a rare opportunity not only to recover from the immediate hurricane-related crises, but also to address longstanding issues by making investments that maximize long-term economic benefits to the City and its residents. The Economic Development Plan lays out a set of strategies to realize this opportunity through a series of investments, incentives and governance changes. This is part of a larger recovery plan with four lines of effort on: infrastructure, safety and security, quality of life and the economy. Successfully implementing the plan will require a long-term coordinated effort across a variety of stakeholders committed to changing Panama City’s growth trajectory.

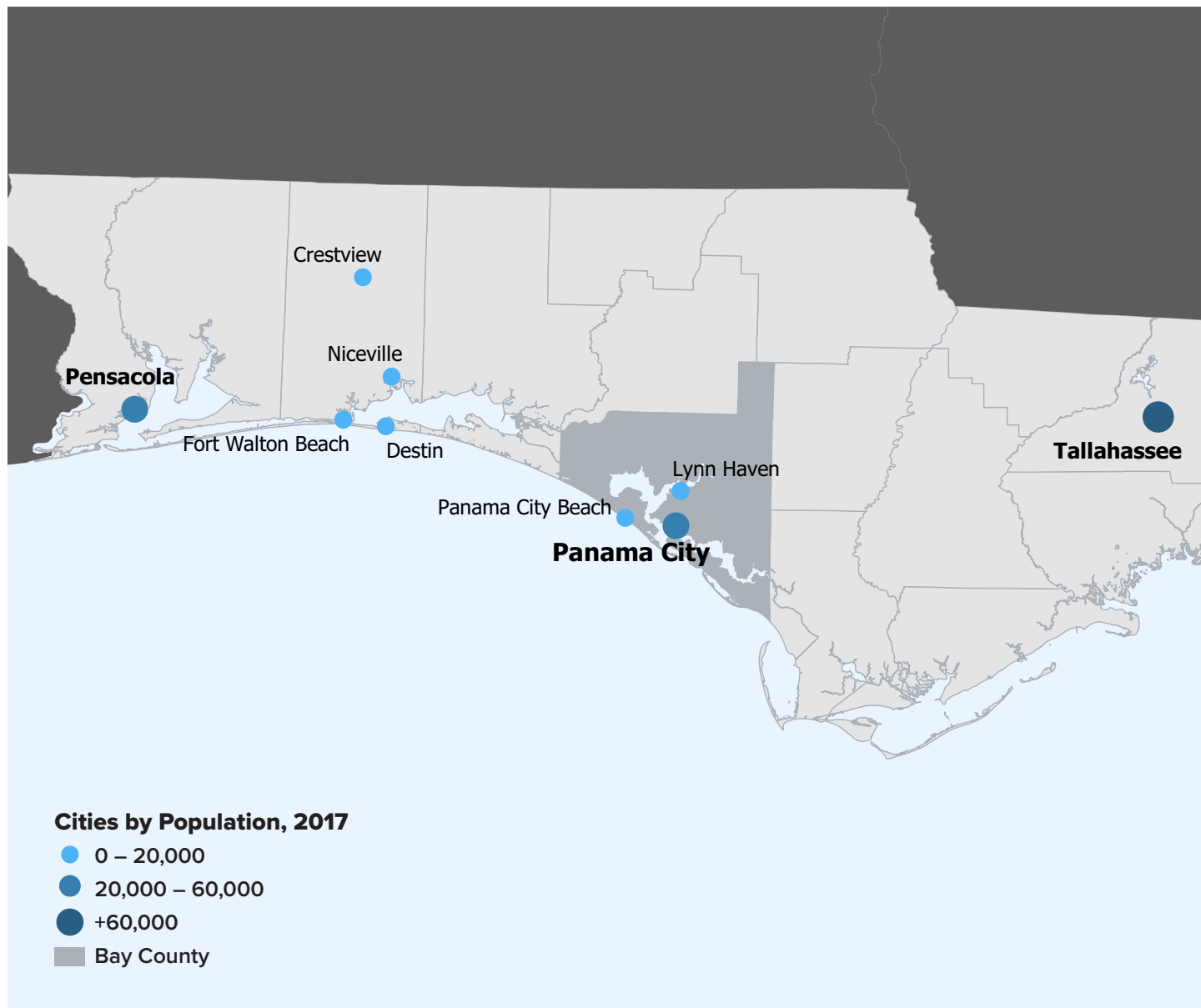
Panama City Overview

The City of Panama City is the county seat and economic center of Bay County, Florida. Approximately 40 percent of employees in the county work in Panama City. The city sits along the St. Andrews Bay, which provides more than 20 miles of estuary, salt flats, seagrass beds and deep channels for shipping and boating. This location has provided an economic base for the city since the 1800s,

attracting both businesses and visitors to the waterfront. Proximity to several military installations has also given the city a close connection to military staff and their families.

Despite these endowments, Panama City faced a range of demographic and economic challenges prior to Hurricane Michael.

FLORIDA'S PANHANDLE REGION

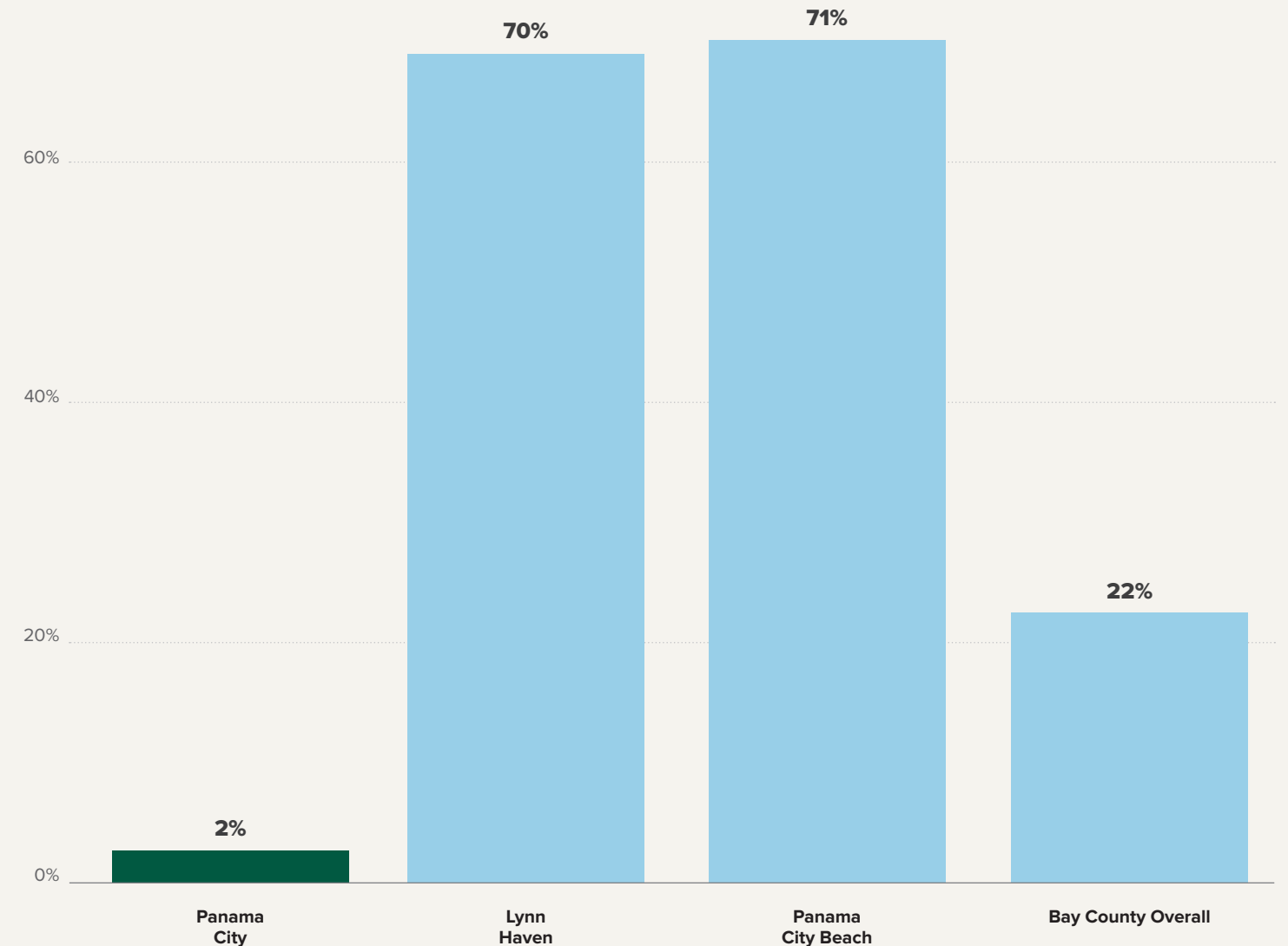


Stagnant Population Growth

In recent decades, Panama City's population growth has remained stagnant, even as other communities in Bay County experienced significant growth. This indicates that individuals and families moving to Bay County are choosing not to live in Panama City, or that residents within Panama City have moved to neighboring municipalities.

POPULATION GROWTH RATE, 2000 - 2018

While the Bay County region has grown rapidly in the past two decades, Panama City has not shared in this growth.



Low Income and Educational Attainment

Panama City lags the county, state and nation in several key socioeconomic indicators. Panama City has a higher share of low-income households, a lower share of residents with higher education degrees, and a higher share of renters. The lower levels of education, income and homeownership limit the city's ability to attract businesses that create higher paying jobs and the ability of residents to invest in their homes and support thriving retail corridors.

Racial Disparities

Socioeconomic outcomes vary significantly by race in Panama City. The median income for black households in Panama City is 60 percent of the median income for white households. On average, black residents also have fewer years of education and are less likely to own a home. The lower degree of economic outcomes and opportunities for black households has significant implications in Panama City, as the city is home to a large portion of black households (22 percent), compared to the County's eight percent.

Local Service Industries

Over 60 percent of Panama City's economy is concentrated in four industries: Health Care, Government (including military employment), Retail Trade and Food Services. These sectors serve the local population and tend to attract limited investment and trade from outside the immediate region. The retail and food services industries are somewhat associated with tourism, but the jobs in these sectors tend to be low wage and low skill. Over the last ten years, the retail and food services industries have grown the most rapidly,

driving a decline in the city's median wages. As a result, they are less likely to lead to broader economic growth within the Panama City. The next four largest sectors generate more trade and are better positioned to support economic growth, but they each account for less than six percent of the economy.

KEY DEMOGRAPHIC INDICATORS, 2018

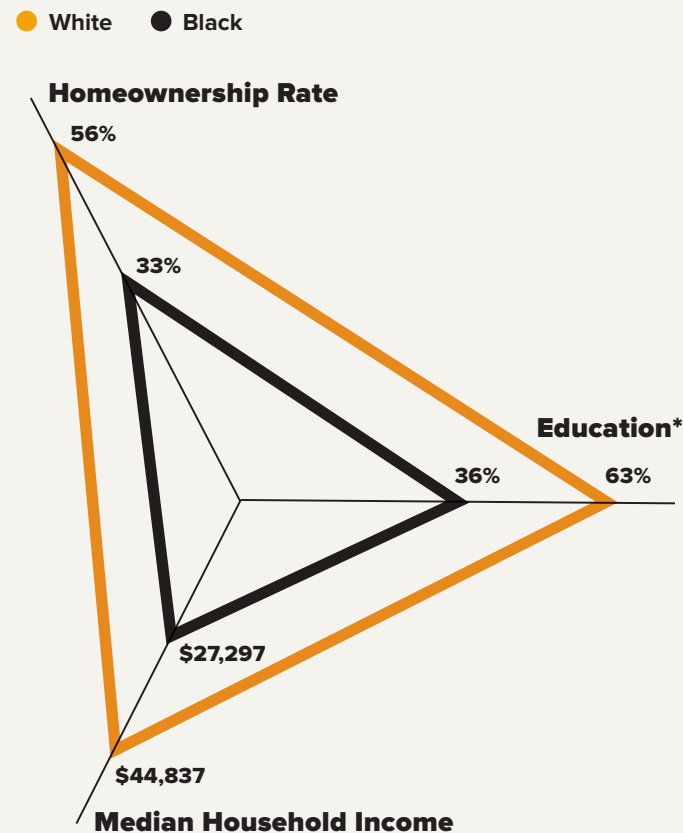
Panama City lags behind the region in household economic health indicators.

	Panama City	Bay County	Florida	National
Share of Households Earning <\$25K	31%	27%*	22%	21%
Median Household Income	\$40,360	\$51,140†	\$52,100	\$58,100
Renters as a Share of Total Households	51%	38%†	35%	36%
Share of Population with a Bachelor's Degree or Higher	23%	24%	29%	32%

* Excludes Panama City † Includes Panama City
Source: ESRI, American Community Survey (ACS)

RACIAL DISPARITIES AMONG PANAMA CITY RESIDENTS, 2017

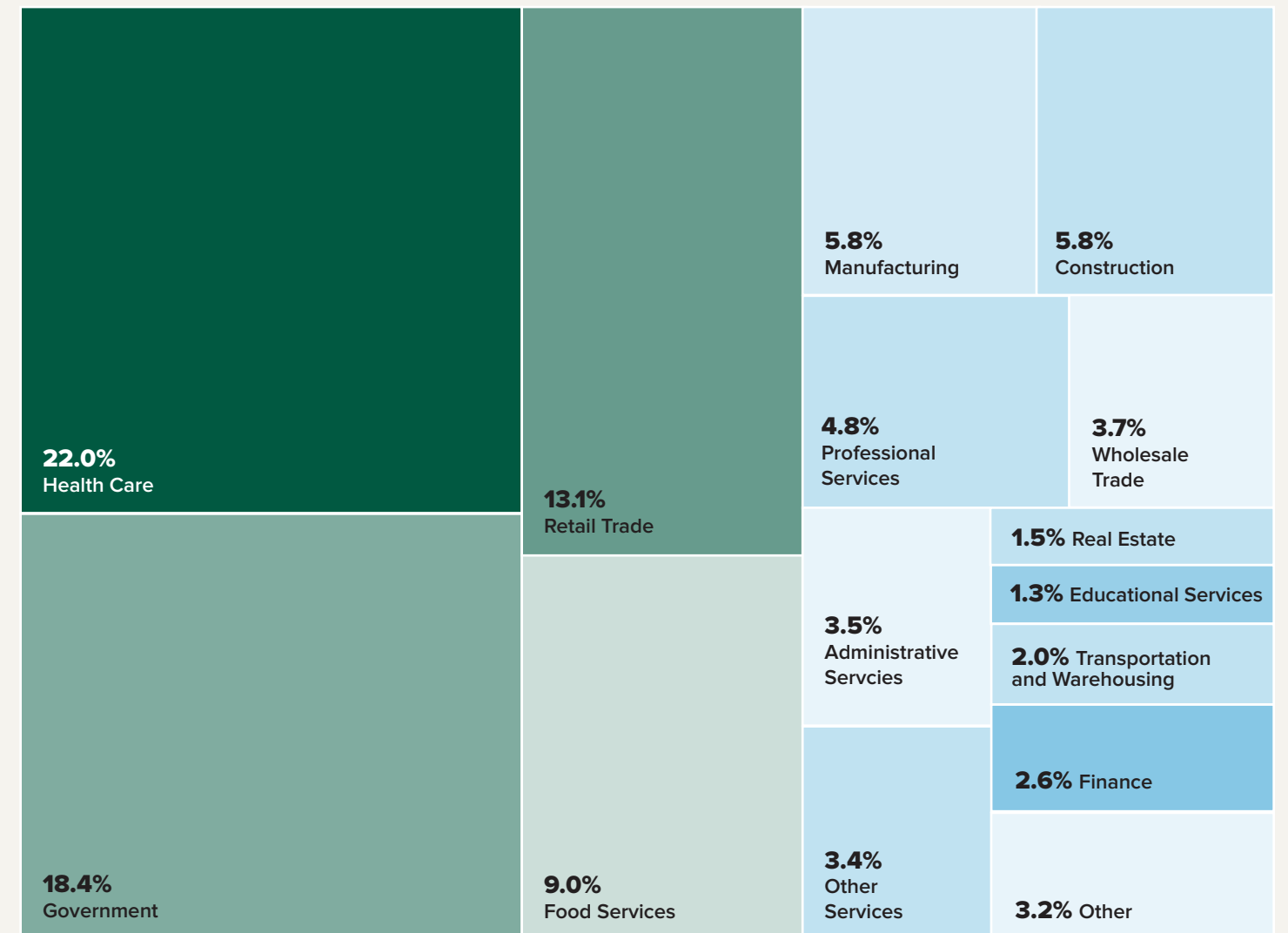
There is a clear disparity in economic outcomes between white and black households.



*Education: % of adults 25 or older who have at least some college education. Source: American Community Survey (ACS)

INDUSTRIES IN PANAMA CITY BY PERCENT OF TOTAL EMPLOYMENT, 2018

The four largest employment sectors do not attract revenue from outside of the region.



Source: Emsi



ECONOMIC DEVELOPMENT PLAN

Strategic Framework

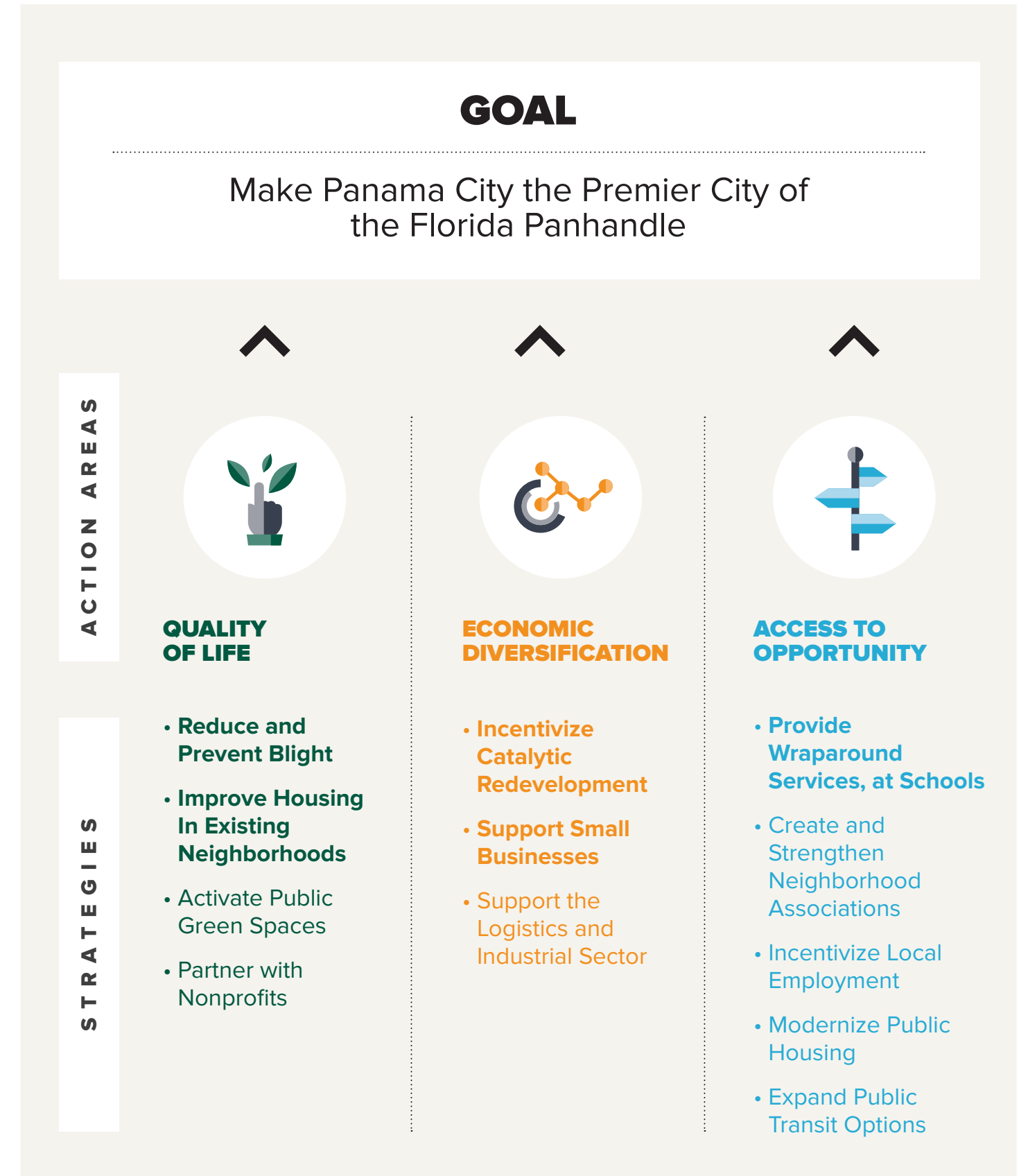
To make Panama City the premier city of the Florida Panhandle, the City's leaders need to focus on three action areas: improving quality of life, increasing economic diversification, and expanding access to economic opportunity.

- **Quality of life is the most critical issue facing Panama City because it is crucial to attract the residents, visitors and businesses it has failed to attract for decades.** Pre-existing blight worsened by hurricane damage is likely to push Panama City into a cycle of disrepair and disinvestment. Quality of life is determined by public and private amenities including parks, retail, entertainment, housing and educational institutions. The strategies within this action area directly address limited provision of certain amenities while also setting the general conditions for future improvement.
- **Economic diversification is more important to Panama City's short-term employment growth and long-term economic health than attracting any single employer or industry.** Diversification

would expand the employment base across more sectors, particularly those that are traded and support the growth of small businesses. The economic diversification strategies provided here do not include specific training programs or sector targeting efforts, though in the future these types of programs should be introduced to support new jobs as need arises.

- **Access to opportunity is crucial to creating a community of shared prosperity in Panama City.** High poverty areas of Panama City coincide with low-quality schools and limited transportation options. The barriers to accessing employment and schools undermine upward mobility for lower- and middle-income households.

Each action area consists of multiple strategies that allow the City to advance toward its goal. These strategies will require coordinated input from a range of stakeholders, and many require collaboration between government agencies. Several immediate strategies, shown in bold, can be implemented quickly to generate near-term improvements in quality of life, economic diversification and access to opportunity.



These twelve recommended strategies can be categorized as three types of interventions: place-based, incentive-driven and institutional.

- **Place-based strategies** direct resources to develop or reposition specific geographic places, with the goal of incentivizing and catalyzing growth in an area by concentrating public expenditures. These strategies aim to maximize the community benefits provided by physical assets such as land, buildings and commercial corridors.

- **Incentive strategies** involve designing policies to motivate private actors (whether businesses or individuals) to contribute to a public goal. Incentive strategies must be carefully designed such that the incentive recipients are properly motivated without being “over-subsidized,” to ensure the public dollars have maximum impact. Incentive strategies can be paired with place-based strategies to increase the private investment in target areas.

- **Institutional strategies** aim to build capacity or establish clear processes for organizations to implement and perpetuate programs. These strategies focus on dedicating staff, building partnerships and defining roles and responsibilities.

As the City moves forward on implementing this economic development plan, it will be critical to consider which mix of strategy types will help ensure success. As new place-based investments are made, the City needs to gauge whether proper incentives and institutional support are also being provided to encourage growth and investment.

PLACE-BASED STRATEGIES

Direct resources to develop or reposition specific locations

- Reduce and Prevent Blight
- Activate Public Green Spaces
- Incentivize Catalytic Redevelopment
- Modernize Public Housing
- Expand Public Transit Options

INCENTIVE STRATEGIES

Motivate private actors to contribute to a public goal

- Improve Housing in Existing Neighborhoods
- Support Small Businesses
- Support the Logistics and Industrial Sector
- Incentivize Local Employment

INSTITUTIONAL STRATEGIES

Build operating capacity and assign responsibilities

- Partner with Nonprofits
- Support Small Businesses
- Provide Wraparound Services at Schools
- Create and Strengthen Neighborhood Associations



QUALITY OF LIFE

Quality of life is the most critical issue facing Panama City, because pre-existing blight mixed with hurricane damage is at risk of sparking a cycle of disinvestment in the post-hurricane era. Panama City’s quality of life challenges include low school performance, aging housing stock and crime. Investing in quality of life improvements can help Panama City attract residents and businesses while reversing disinvestment and enhancing opportunity for current residents. The strategies within this action area directly address the City’s limited provision of certain amenities while also setting the general conditions for future improvement.

C O N T E X T

Blight and Vacant Land

Before Hurricane Michael, Panama City’s real estate market was stagnant, with limited growth in property values. The estimated actual property values from 2014 to 2018 in Panama City grew just 0.7 percent per year,

while property values in the rest of Bay County grew 2.8 percent per year⁸. Property disinvestment, underutilized commercial property, and vacant land were present citywide, including downtown. The hurricane damage exacerbated this challenge, by increasing the appearance of blight and the need for repairs to commercial and residential property throughout the city.

Aging Housing Stock

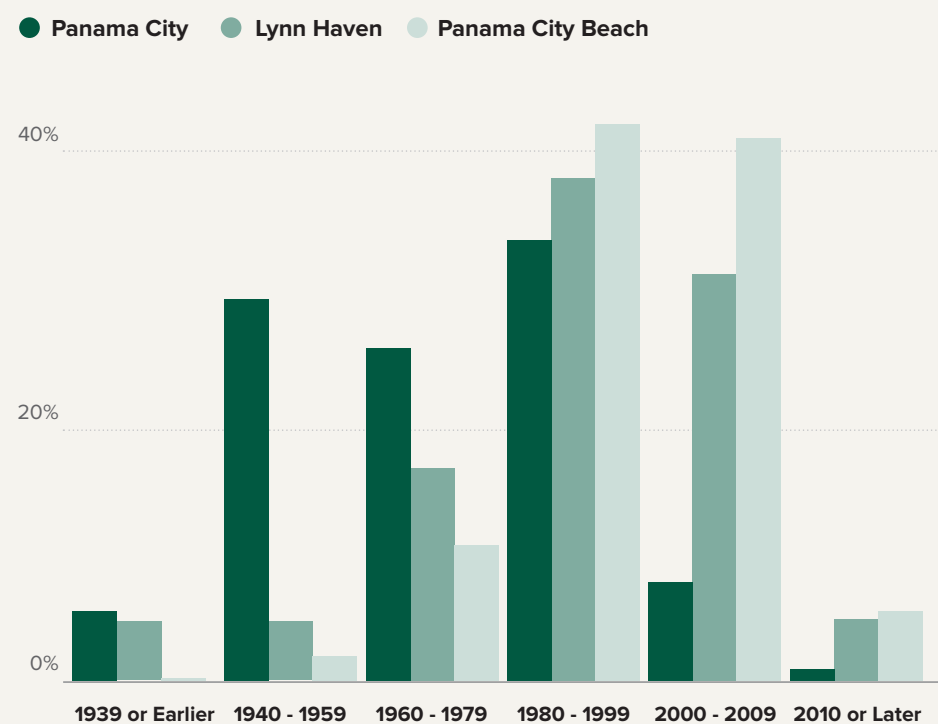
The City's housing stock has significant age and quality challenges. The majority of Panama City's housing stock is single-family housing and much of it was built prior to 1999. Only one percent of all housing units in Panama City were developed after 2009. Given that Panama City competes with other communities in Bay County for residents, the age and obsolescence of Panama City's housing is one factor that leads households to choose to live in other parts of the County where there is newer, higher quality housing.

Low rents in Panama City are indicative of housing stock issues that deter new development and discourage investment in existing properties. Multifamily housing in Panama City primarily consists of lower quality class B and C buildings, and real multifamily rents have been

decreasing. Developers of multifamily housing are more likely to build new housing in areas where rents are high and increasing. This is demonstrated by the absence of new deliveries in Panama City since 2012, while in the last two years 800 units were delivered in Panama City Beach and 90 units delivered in Lynn Haven. Hurricane Michael damaged or destroyed approximately 60 percent of the city's housing stock, and the loss of housing for the local workforce has complicated economic recovery. Several new rental housing developments are currently under review, and within a few years Panama City will have some new rental housing available. The ongoing challenge will be for Panama City to continue to attract multifamily housing development in existing neighborhoods and to support the repair and renovation of existing single-family housing.

EXISTING HOUSING STOCK BUILT BY DECADE

While new housing is being built in other parts of the county, Panama City has not seen significant housing development in decades.



AGE OF HOUSING STOCK, 2017

Median Year Built	Housing Units Built 2010 or later
1975	173
1991	351
1999	284

Source: American Community Survey (ACS)

Low Homeownership

Panama City has relatively low homeownership levels; only 49 percent of households are homeowners, compared to 64 percent nationally. Between 2010 and 2017, the share of homeowners decreased by 7 percentage points, while the share of renters increased by 7 percentage points. While there has been a general shift from homeowners to renters nationwide, this is occurring more quickly in Panama City. Panama City's homeownership challenges are complicated by intergenerational title issues, which discourage property repairs and prevent property sales. These can be costly and time-consuming to address. In addition, hurricane damage presents an immediate challenge to access to quality housing.

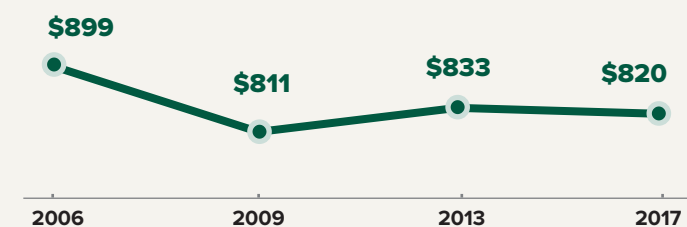
Limited Recreational Assets

Though Panama City has significant waterfront and 40 parks, the total acreage of parks per capita is half the national average. Many of the city's parks lack much of the infrastructure that would make them useable to residents, such as bicycle and pedestrian trails, playgrounds and community facilities. Recreational programming, including sports programs, family events and summer camps, is also limited. Waterfront pollution further limits the utility and value of the waterfront to residents. Panama City does have cultural institutions that offer a variety of programs throughout the year, but public support for these institutions is limited.

Furthermore, Panama City Beach and Destin both offer more amenities that attract a larger number of visitors, therefore driving a bulk of the region's tourism growth. In contrast, Panama City serves more as a bedroom community for low-wage tourism-related workers rather than as a direct driver of tourism in the region. Properly planned and programmed open space would provide opportunities for organized and informal activities, and they would be both a public amenity and a catalyst of economic development by attracting visitors and businesses. Improving programming and parks facilities would activate Panama City's parks and increase their value to Panama City residents.

REAL MULTIFAMILY RENT PER UNIT IN PANAMA CITY (2017 DOLLARS)

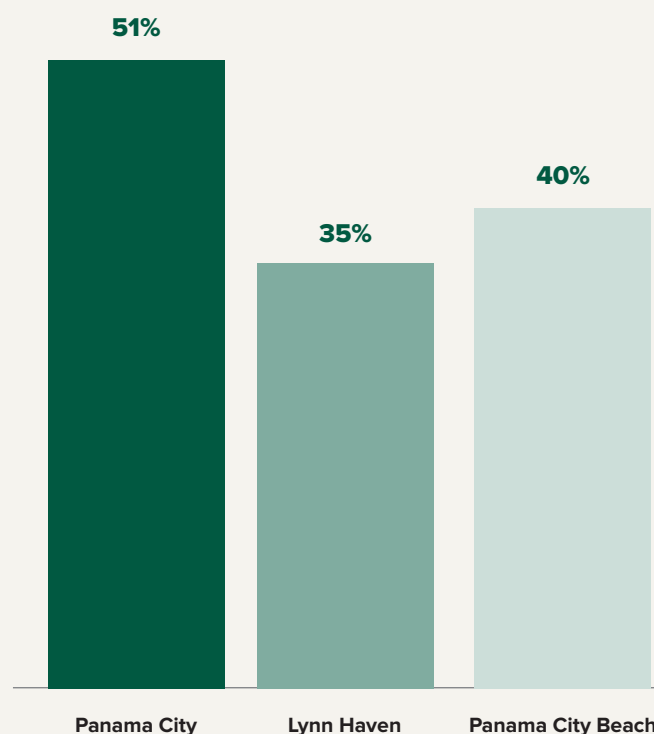
Low rents levels, even before the storm, made new multifamily development financially infeasible.



Source: American Community Survey (ACS)

RENTERS AS A SHARE OF TOTAL HOUSEHOLDS, 2017

Unlike nearby municipalities, Panama City is a majority renter community.



Source: American Community Survey (ACS)

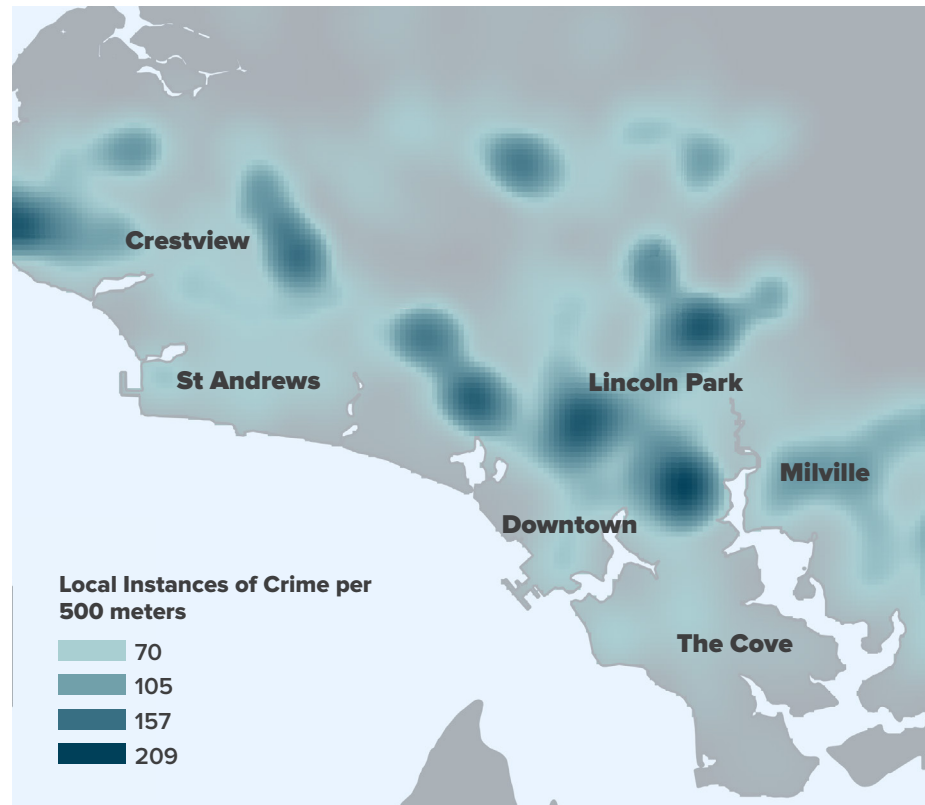
High Crime Rates

Crime complicates quality of life challenges by acting as a further deterrent to potential residents, visitors and private investors. Crime in Panama City is high

and concentrated in several neighborhoods, though it impacts most parts of the City. Concentrated crime can contribute to disinvestment and blight. The city's highest crime rates are in assault, larceny and property crimes.

CRIME HOTSPOTS IN PANAMA CITY, 2018

There are several hotspots of crime within the City, including Downtown and Millville.



STRATEGIES

Reduce and Prevent Blight

IMMEDIATE ACTION

Place-Based Strategy

Blighted properties depress property values, reduce potential tax revenues, deter visitors, and lead to a broader cycle of disinvestment in the neighborhood. To avoid this cycle, the City can use code enforcement to identify specific issues and then work with property owners to bring their buildings up to code, with initiatives such as home repair loans and small business façade improvement financing to encourage owners to invest in their properties or sell them to owners who will. For property owners without clear titles, the City can dedicate recovery funds to clear title issues and make it easier for owners to make improvements or sell their properties. Property owners who do not make required improvements will be subject to fines, and their delinquent properties can be returned to the market through assessments and tax auctions. This targeted and collaborative approach to code enforcement could improve the appearance of targeted neighborhoods and corridors which might attract private investment and drive tourism.

Improve Housing in Existing Neighborhoods

IMMEDIATE ACTION

Incentive Strategy

Panama City should redesign its affordable housing programs to take advantage of recovery funding, and reform its development approval process to attract private investment in housing and increase homeownership in existing neighborhoods. This strategy should be undertaken in close coordination with the City's blight removal strategy. A comprehensive set of programs including down payment assistance, owner-occupied rehabilitations, infill housing development, financial education, and clearing title issues is necessary to support the recovery of Panama City's housing market. Many of these programs already exist, so the City can focus on expanding participation and coordination.



CASE STUDY

Baltimore, MD Vacants to Value Program

In 2010, the City of Baltimore launched a Vacants to Value initiative with the goal of raising property values, attracting new residents and businesses and increasing local tax revenue. At the time of the program's launch, Baltimore had over 16,000 known vacant properties and a declining population. The Vacants to Value program helped the City gain control over vacant properties so that they could be given to buyers that would rehabilitate them. The program first targeted neighborhoods with assets, such as local businesses or institutions, to enhance the feasibility of development. After initial success, the city dedicated additional funding to the program and complimentary blight removal programs. With this funding, they provide subsidies to incentivize residents to become homeowners. The Vacants to Value Booster Program provides up to \$10,000 towards closing costs to homeowners that purchase a home that was previously vacant. As of late 2018, Baltimore has rehabilitated 4,200 vacant buildings and demolished more than 2,700 or roughly 43% of known vacant buildings at the start of the program.

Source: Shelterforce. Vacants to Value

Partner with Nonprofits

Institutional Strategy

The City has limited staff and resources to implement a range of recovery efforts and quality of life improvements. In the near term, the City can form partnerships with local and regional nonprofits to provide public events and services that align with nonprofit missions and City goals. Nonprofits are interested in providing arts and cultural events, recreational programming, and community services to Panama City's residents, which enhance quality of life and require limited additional City funding. These nonprofit partnerships can support other strategies, including activating public green spaces, providing wraparound services at schools, improving housing in existing neighborhoods, and supporting small businesses.

Activate Public Green Spaces

Place-Based Strategy

The City's parks, trails, waterfront and open space amenities are under resourced and underutilized, and therefore contribute much less to the quality of life in Panama City than they are capable of. Access to the bay is Panama City's biggest quality-of-life asset, yet the City's current public recreational amenities lack programming and do not provide consistent access to the waterfront for visitors or residents. Increasing capital and operating expenditures for public recreational and green spaces to expand amenities within parks, trails and recreational programming can create significant economic benefits for Panama City. The City should undertake a careful evaluation of existing green space assets and of potential capital investments and program strategies. This evaluation should focus on where investment in recreation will support catalytic redevelopment, housing improvements, blight reduction, wraparound services in schools, and the overall quality of life and economic competitiveness of the city.



CASE STUDY

Fountain Square in Cincinnati, OH

Despite its central location, Fountain Square in Cincinnati, OH was a blighted, underutilized asset that lacked programming and adequate maintenance. In 2006, a new nonprofit development corporation raised \$40 million in private investment to fund construction that transformed the asset into a local and regional destination for residents and visitors. The Square's operations are funded through significant earned income, sponsorship programs, and a City Professional Services Agreement. Today the park offers over 250 events per year, including ice skating, concerts, movie nights, and markets. Through improved connectivity and design driven largely by private sector participation, the public space has catalyzed tremendous growth, including \$125 million in private investment in the surrounding district.

Source: HR&A Advisors, Fountain Square



ECONOMIC DIVERSIFICATION

The long-term vitality of a city relies on having a diverse economy that serves the needs of the region, supports industries that attract outside consumers and investors, and appeals to a skilled workforce. Economic diversification is more important to Panama City's short-term employment growth and long-term economic health than attracting any single employer or industry. Diversification would expand the employment base across more sectors, particularly those that are traded and support the growth of small businesses. Most of the City's economy consists of non-traded industries, which involves money moving within the county, rather than bringing outside dollars through trade. The result of this composition is a greater susceptibility to economic downturn. In the near term, Panama City should continue to support County-level industrial recruitment and retention efforts, and in the future, the City may need to develop specific training programs or sector targeting efforts in coordination with Bay Economic Development Alliance (Bay EDA), the Workforce Board, the Chamber of Commerce, Gulf Power, and others. The strategies within this action area directly address opportunities to incentivize private investment and employment growth, and they align the City's economic development priorities with ongoing Bay County economic development efforts.

CONTEXT

Stagnant Commercial Real Estate Market

Panama City's commercial real estate market has been relatively stagnant compared to the rest of Bay County. Commercial vacancy is low and declining throughout

Panama City, and while there is significant vacant land for new commercial development, rents remain too low to support new development. Panama City needs a stronger commercial real estate market to expand the tax base and attract a broader range of amenity retail businesses (e.g. restaurants, coffee shops, grocery stores, etc.) that will attract residents and eventually more visitors.

COMMERCIAL REAL ESTATE VACANCY AND RENTS, 2018

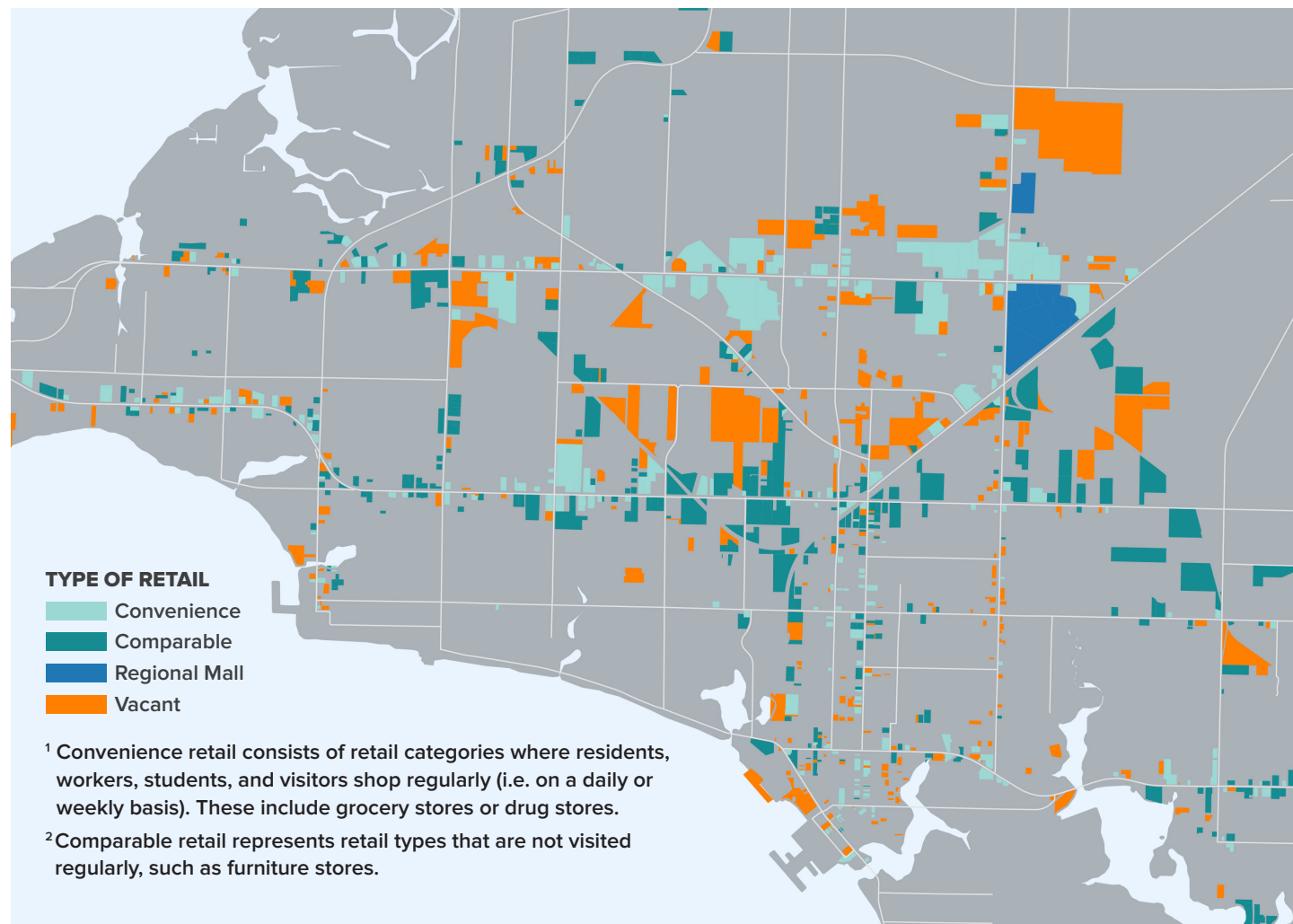
Panama City has low commercial vacancy, but low rents limit the potential for new development.

	RETAIL		OFFICE	
	Vacancy	Rent per Square Foot	Vacancy	Rent per Square Foot
Panama City	2.4%	\$9.17	1.4%	\$13.40
Panama City Beach	2.0%	\$15.13	5.3%	\$16.21
Pensacola	3.4%	\$14.07	8.2%	\$14.00
Tallahassee	4.5%	\$14.15	6.1%	\$18.80

Source: CoStar, CBRE

COMMERCIAL AND VACANT PROPERTY IN PANAMA CITY, 2019

Significant vacant land is available for new development in existing commercial centers.



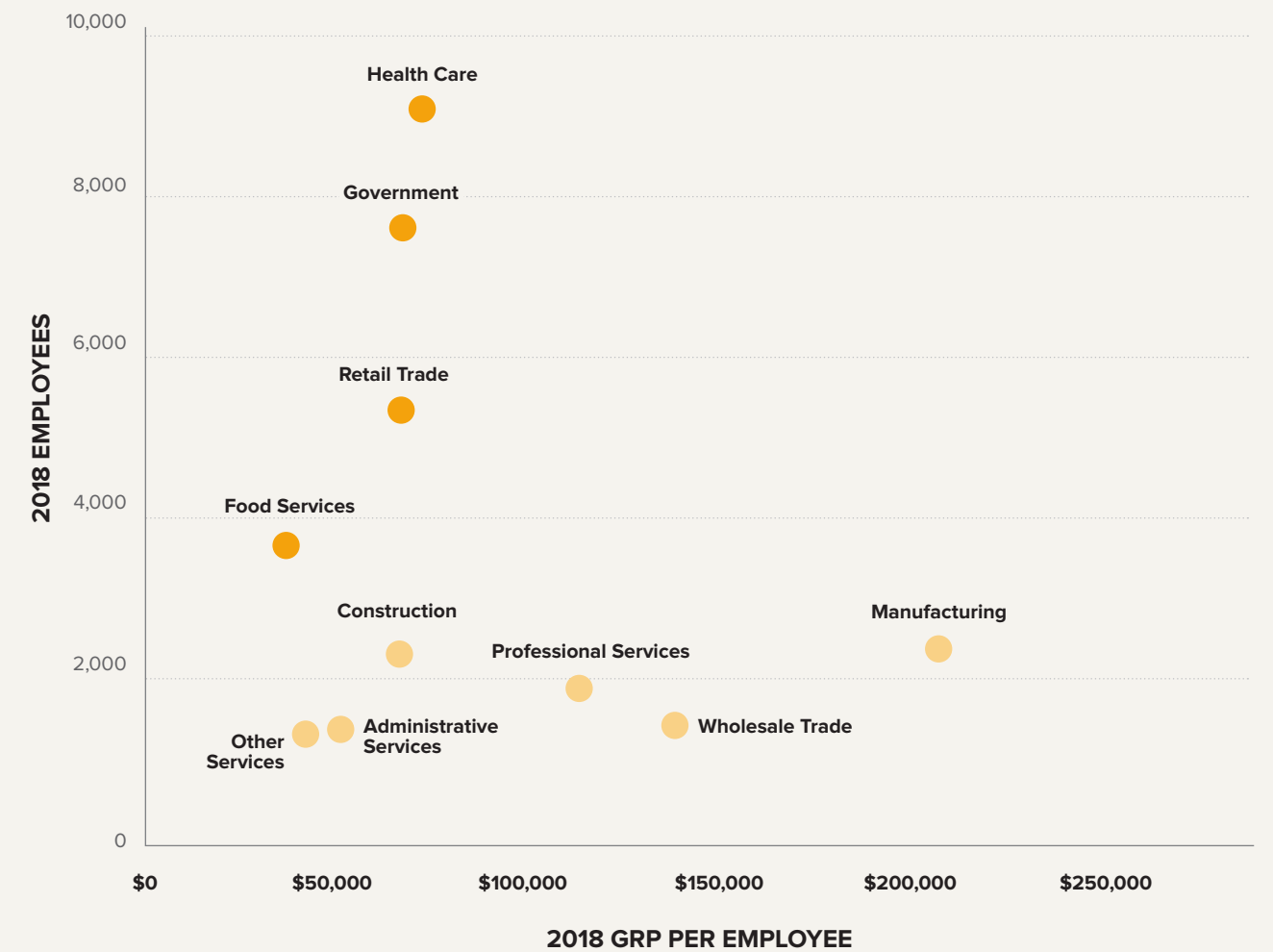
Low Productivity

Panama City's economy is relatively concentrated: its four largest industries account for 62 percent of employment, compared with 47 percent of employment at the state level and 46 percent nationally. Those same industries account for 48 percent of the city's economic output. Panama City's dominant sectors have relatively low levels of economic productivity per employee. These sectors, including retail, health care and food services, do not

create a significant number of middle-income jobs or support regional economic growth. The result is a set of occupations that are low skilled and low wage which are susceptible to seasonal fluctuations in visitors as well as to long term trends in automation. This relatively unspecialized talent base makes it more challenging to attract industries to Panama City.

EMPLOYEES VS. EMPLOYEE PRODUCTIVITY BY SECTOR IN PANAMA CITY, 2001 - 2018

Panama City's employment is concentrated in low-productivity sectors.



Source: EMSI

Small Business Challenges

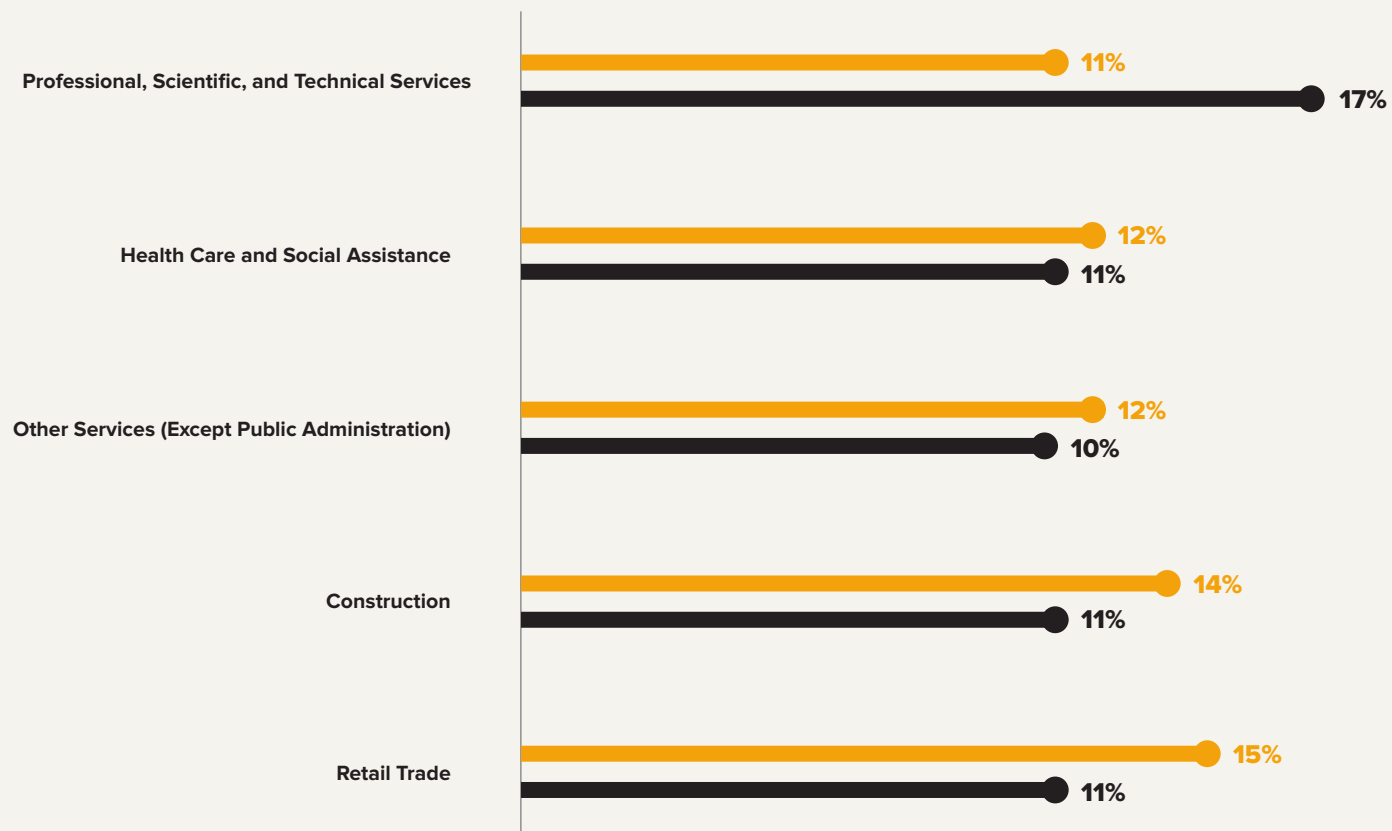
Small businesses are an important part of Panama City's economy. Businesses with fewer than 20 employees make up the majority of businesses (87 percent) in Panama City. Panama City has a slightly higher percentage of establishments with 5 to 49 employees than the state and nation. Small businesses in Panama City represent a more diverse mix of industries than the economy overall. In particular, the high-wage professional, scientific and

technical services sector accounts for 11 percent of small businesses, compared to 4.8 percent of the city's overall economy. However, interviews with local business owners indicate that the City's business services are lacking, and processes to obtain permits can be confusing. Providing support to new and growing small businesses represents a significant opportunity to grow the city's employment and economic diversification.

SHARE OF BUSINESSES IN INDUSTRY WITH FEWER THAN 20 EMPLOYEES, 2016

Small businesses are prevalent in Panama City, but not in the traditionally innovative and high-wage Professional, Scientific, and Technical Services sector.

● Panama City MSA ● Florida



Note: Small businesses are those with fewer than 20 employees.
Source: US Census Business Patterns

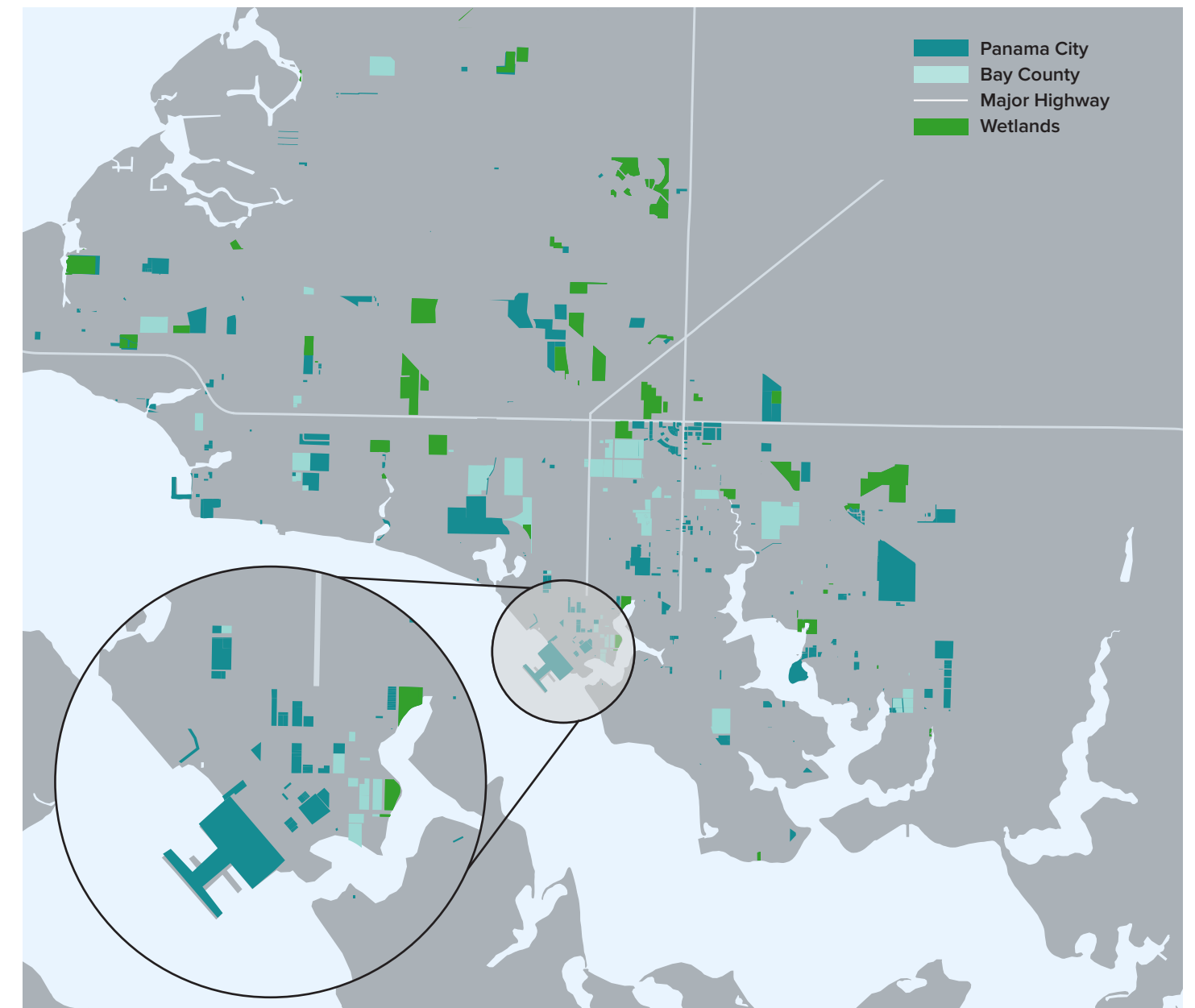
Available Public Land

Public land is one of the City's strongest assets for place-based development strategies. The sale or transfer of public land for development can incentivize private investment and increase public revenues by

returning property to the tax rolls. The City owns many parcels in existing neighborhoods that could support infill development. Bay County and Bay District Schools also own land within Panama City that could support development.

PUBLICLY OWNED LAND IN PANAMA CITY, 2019

The City owns 3% of land in Panama City overall, but 20% of land downtown. Overall, City-owned land is well located, with a variety of plot sizes. However, many sites are wetlands that require restoration to improve storm resilience.



Source: Bay County Open GIS Data Portal, Florida Geographic Data Library

Logistics and Industrial Assets

Panama City's port and intermodal facilities are among the city's strongest economic development assets. Increased capacity at the port's Eastern Terminal offers a renewed opportunity for the City to grow its transportation and warehousing sector, which may also benefit Bay County's growing manufacturing sector. There is a significant supply of vacant industrial land surrounding the intermodal facility and rail connection which could support industrial infill development.

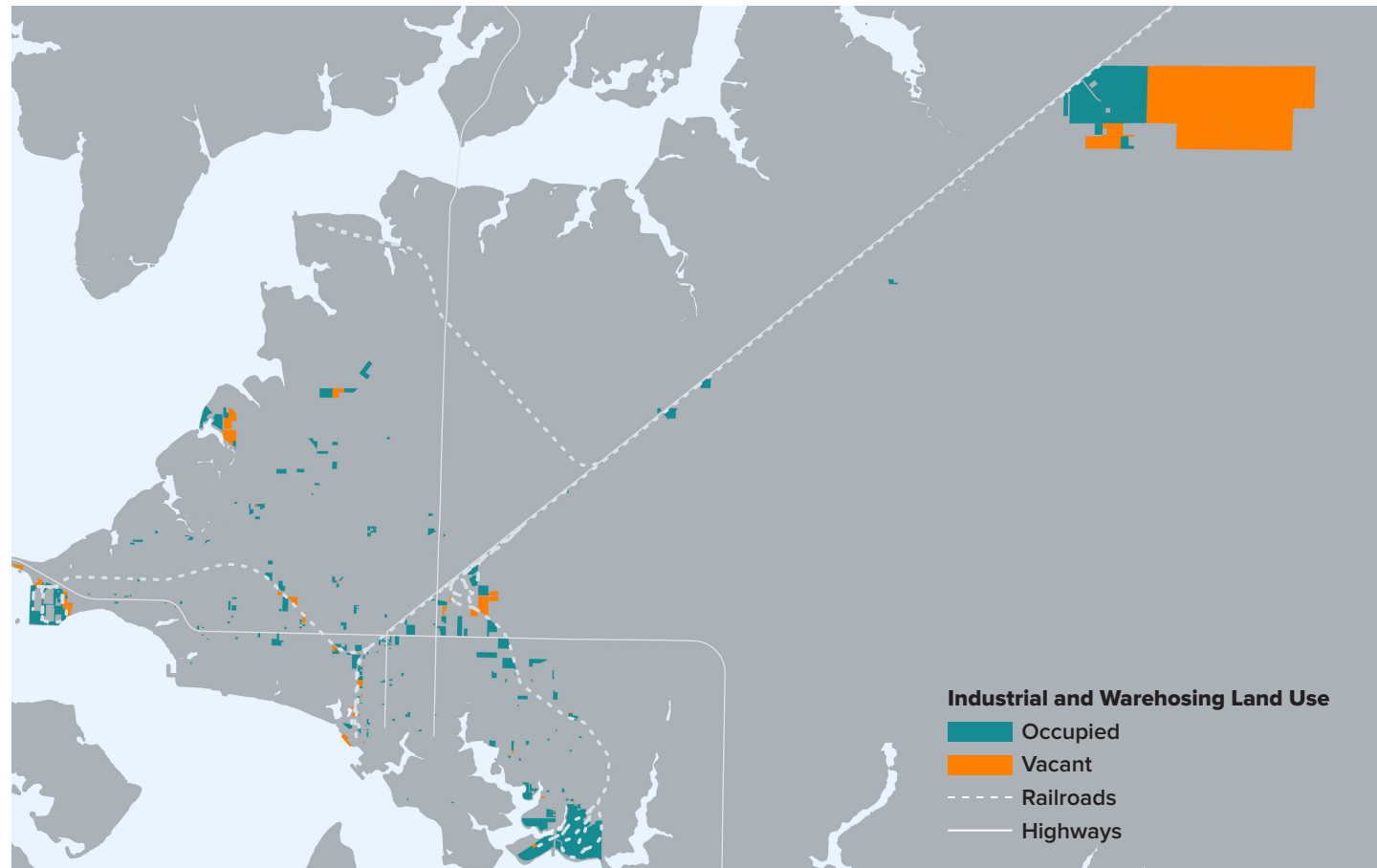
Innovation and Technology Assets

Panama City has an emerging ecosystem of innovation which provides an opportunity for future growth. The Millaway Institute for Entrepreneurship at Gulf Coast

State College provides direct support and training to business innovators, with an advanced manufacturing lab and training courses. The Jim Moran School of Entrepreneurship at FSU Panama City also supports emerging business owners. TechFarms, an incubator, provides a co-working space, lab machinery and mentoring to entrepreneurs. Techfarm's model integrates support for current military personnel and those who have recently served. Examples of local companies that are focused on innovation include Jellyfish Health, a tech healthcare company, and DragonAir Aviation, an engineering firm. These businesses are still small but with more support from the ecosystem they can grow into a larger part of the economy.

LOGISTICS AND INDUSTRIAL ASSETS IN PANAMA CITY, 2019

The \$60 million expansion of the Eastern Terminal creates more potential demand for existing and vacant land at the intermodal facility, vacant industrial sites along the rail connection, and existing warehousing facilities.



STRATEGIES

Incentivize Catalytic Development

IMMEDIATE ACTION

Place-Based Strategy

To reverse stagnation in Panama City's real estate markets and attract more tourism, particularly downtown and in other commercial areas, the City needs to incentivize infill development. This process can begin with small-scale projects that attract other development. There are three primary mechanisms at the City's disposal to incentivize these catalytic redevelopment processes: providing public land to developers, enhancing project feasibility by streamlining or expediting approvals, and providing incentives such as zoning variances, parking waivers and tax abatement. Rather than adopt universal incentive policies, Panama City can move projects quickly into development by providing transparency and consistency in the development review and approval process and by negotiating individual incentive packages for large projects. The City should reduce the need for development agreements for small-scale infill developments. This is an issue that can be addressed both as part of this strategy and the strategy to improve housing in existing neighborhoods.

CASE STUDY

Pensacola Revitalization

Prior to its revitalization, Pensacola struggled with high vacancy, low wages and educational attainment, high poverty, significant wage gaps and a large rent burdened population. Despite these challenges, the Studer family decided to invest in a few small shops downtown. Starting with an olive oil shop and a café, their small investments began to change the direction of development. The family then made larger investments. Since the early 2000s, they have invested about \$120 million in the city, including funding for museums, hospitals, childcare centers, Maritime Stadium and the baseball team. This, along with support from the public and the CRA, catalyzed the transformation of downtown.

The CRA contributed to Pensacola's revitalization by developing a CRA Plan in 2009 which included comprehensive strategies for marketing, economic development, capital projects and programming, including façade improvement incentives that complement the investments from the Studer family. The Studer Community Institute, founded by the Studer family, generated additional public support by engaging the community through a series of civic conversations. In partnership with the University of West Florida, the Studer Community Institute also tracked the community's progress using metrics that indicate economic growth, such as educational attainment and property values.

Now, they have seen measurable success, with more construction taking place in Pensacola than at any other time in history and property value growth of 25.9 percent in the last five years. With small business thriving, soaring property values and new focus on education, Pensacola's redevelopment process exemplifies the impact of small investments that lead to larger investments and public support.

Source: In Weekly, Florida Chamber of Commerce, Studer Community Institute

Support Small Businesses

IMMEDIATE ACTION

Incentive & Institutional Strategy

In the near term, attracting and growing small businesses has a great potential to create jobs and bring life to commercial corridors that are currently vacant and blighted. The existing Community Redevelopment Agencies (CRAs) offer the most appropriate structure to support small businesses and coordinate partnerships with county and regional economic development entities. The staff for the CRAs should act as liaisons to help small businesses navigate regulatory requirements and access additional resources that reduce the costs of and barriers to business start-up and growth. These small business liaisons can be established within City government, or through a nonprofit partner such as the University of West Florida's Small Business Development Center. In addition, the City can create a small business center downtown where businesses can access services and free or low-cost office facilities.

Support the Transportation and Logistics Sector

Incentive Strategy

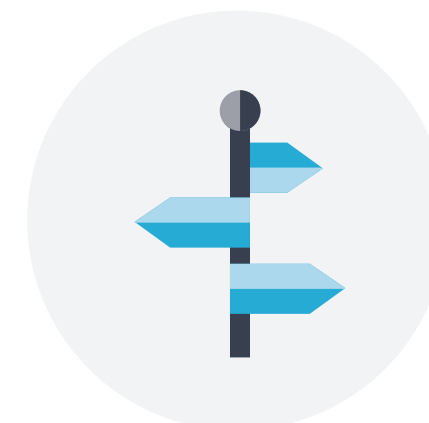
Panama City's port is the largest and most unique economic asset in the city. As the port expands, the City should forge a closer connection and continue to support the port to create a more dynamic logistics and industrial sector. Initiatives could include supporting the development of port and intermodal facilities and partnering with the Port Authority to identify and acquire development-ready industrial infill sites, to attract new industrial and warehousing activity to Panama City.

CASE STUDY

Supporting Second Stage Companies in Littleton, Colorado

Littleton adopted a strategy of "economic gardening" to grow its economy from within, rather than courting large outside businesses with incentives. The City focused on retaining and assisting local second stage companies, by providing tools and services such as search engine optimization, social network mapping and GIS and database research. The cost per job created is much lower than traditional incentives-based approaches. In the past 20 years, this program has helped entrepreneurs double employment from 15,000 to 30,000. During the same period, the City's retail sales tax revenue tripled from \$6 million to \$21 million.

Source: National League of Cities



ACCESS TO OPPORTUNITY

Access to opportunity is crucial to reducing disparities and creating a community of shared prosperity in Panama City. The neighborhoods in Panama City with high poverty coincide with low-quality schools and limited transportation options. Barriers to accessing health services, educational programs, cultural events and employment limit Panama City's long-term potential growth. Economic growth and quality of life improvements in Panama City will have the maximum impact if all of Panama City's residents can share in the benefits of public investment and economic growth. Inclusive growth allows more people to access higher-paying jobs and to purchase more goods and services, which in turn supports overall economic growth and long-term community vitality. Policy changes and dedicated resources are required to enhance opportunity for all its residents to own homes, receive quality education, access good jobs and participate in Panama City's economy. The strategies within this action area create opportunities for shared prosperity.

CONTEXT

Low-Performing Schools

School performance is a critical condition for Panama City to attract and retain residents, particularly those from the military base. It is also an important means of creating more shared prosperity across the city. Compared to the county and state, Panama City's school ratings and standardized test performance are low, particularly in

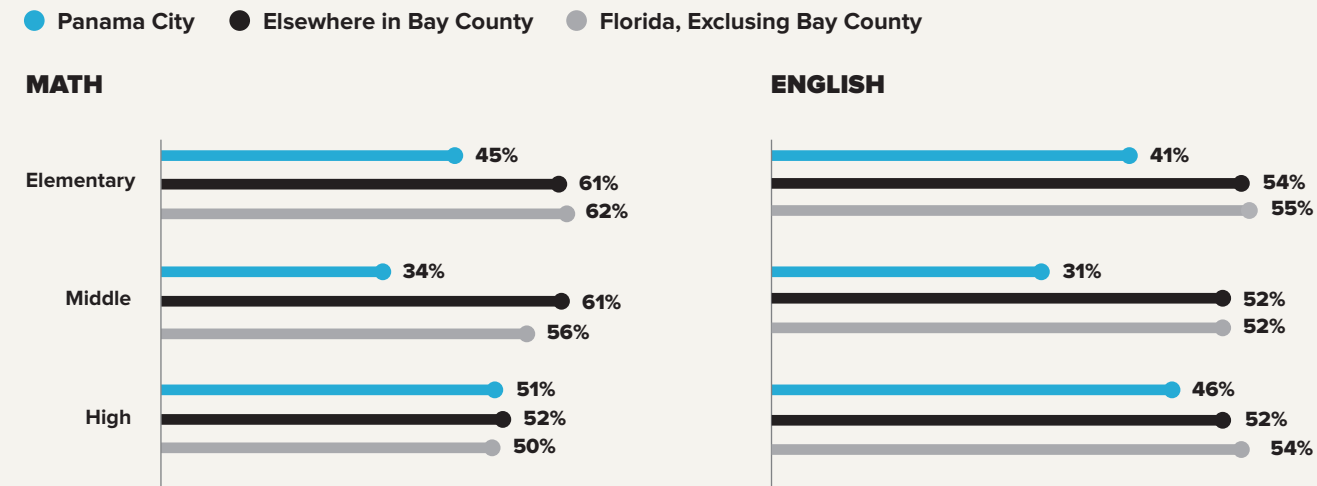
math, across primary public schools. Panama City's public schools serve a more economically disadvantaged population and a more racially diverse population than other Bay District public schools and charter schools.

Linked School Quality and Concentrated Poverty Challenges

School performance can often reflect the conditions and resources of the broader community. Likewise, in Panama City, areas of concentrated poverty tend to correlate

SCHOOL ACHIEVEMENT 2017-2018 SCHOOL YEAR

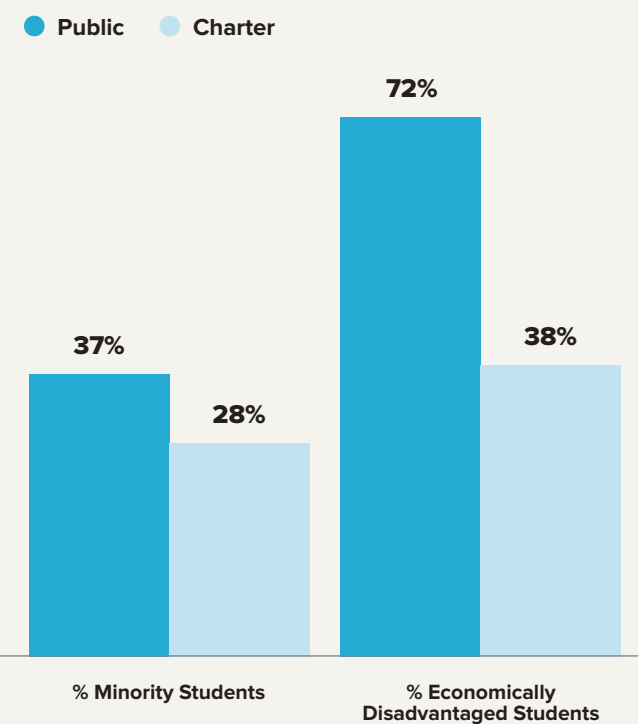
Panama City schools lag behind schools elsewhere in Bay County.



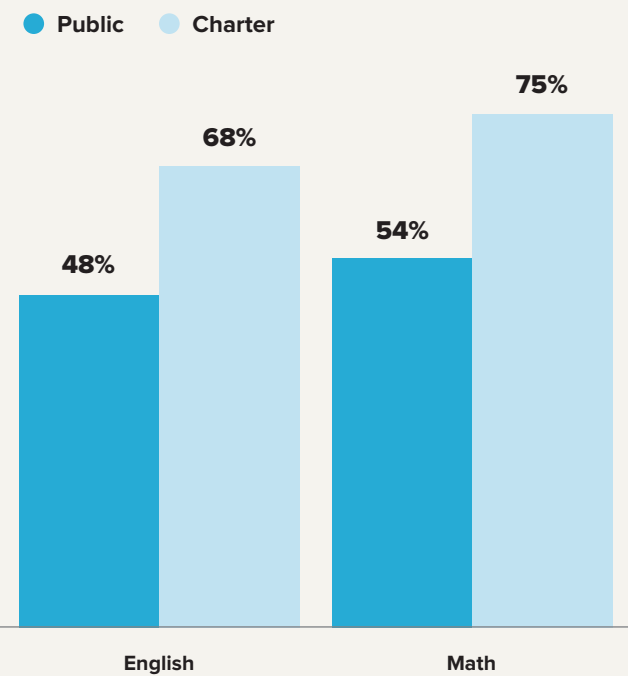
Source: Florida Department of Education, Bay District Schools

Charter schools serve a higher-income and predominantly white cohort of students.

SCHOOL DEMOGRAPHICS BAY DISTRICT SCHOOLS, 2017-2018



SCHOOL ACHIEVEMENT IN PUBLIC AND CHARTER SCHOOLS, 2017-2018

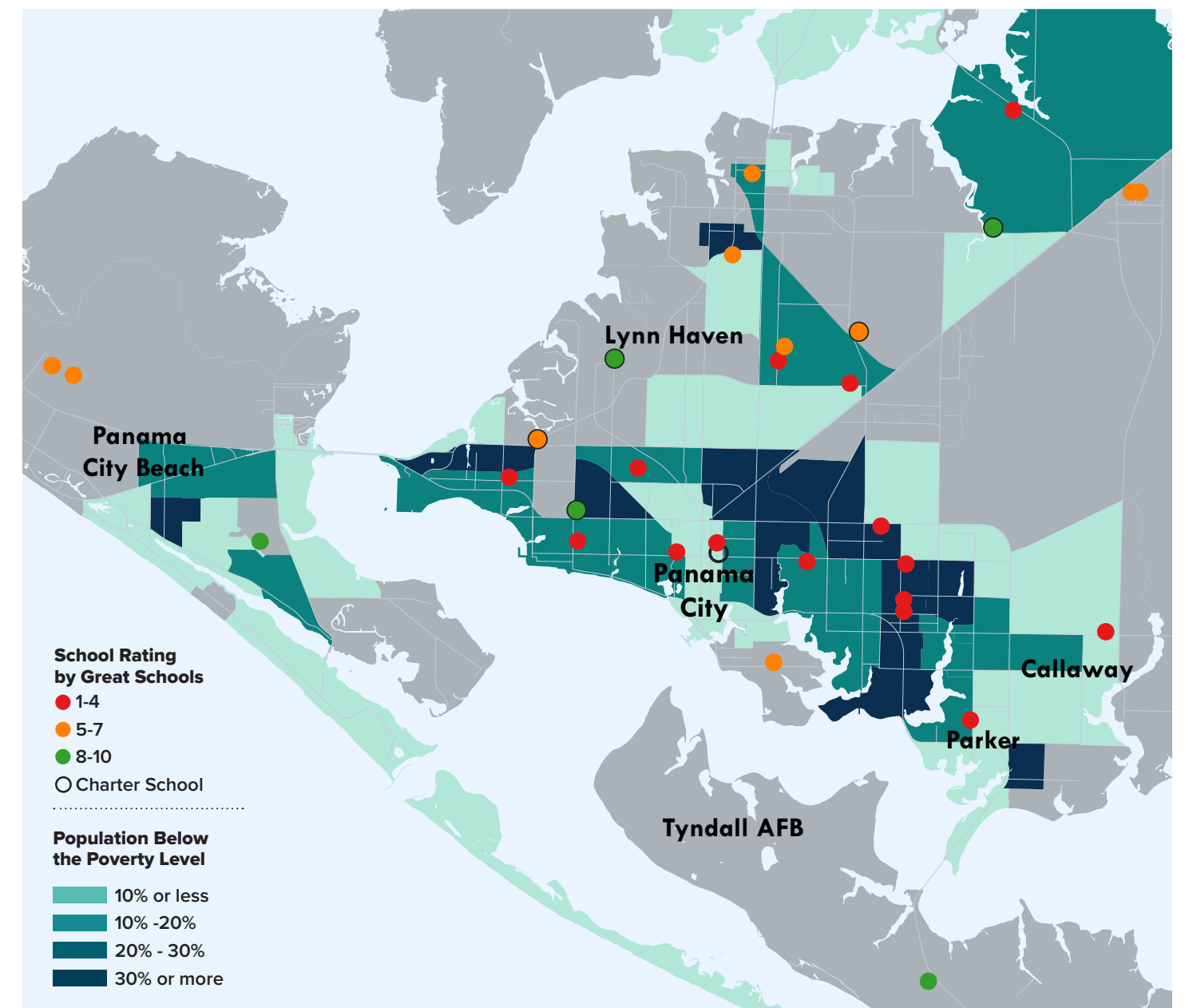


Source: Florida Department of Education, Bay District Schools

with schools that have performance challenges. Many of the worst-rated schools, according to Great Schools, are located in areas with the highest concentrations of poverty. As with the issues surrounding the persistence of blight, these low-performing schools can struggle to turn their performance around without new and bold approaches to support students and families.

CONCENTRATION OF POVERTY AND SCHOOL RATINGS IN PANAMA CITY AREA

Poverty and school performance are closely and negatively correlated.



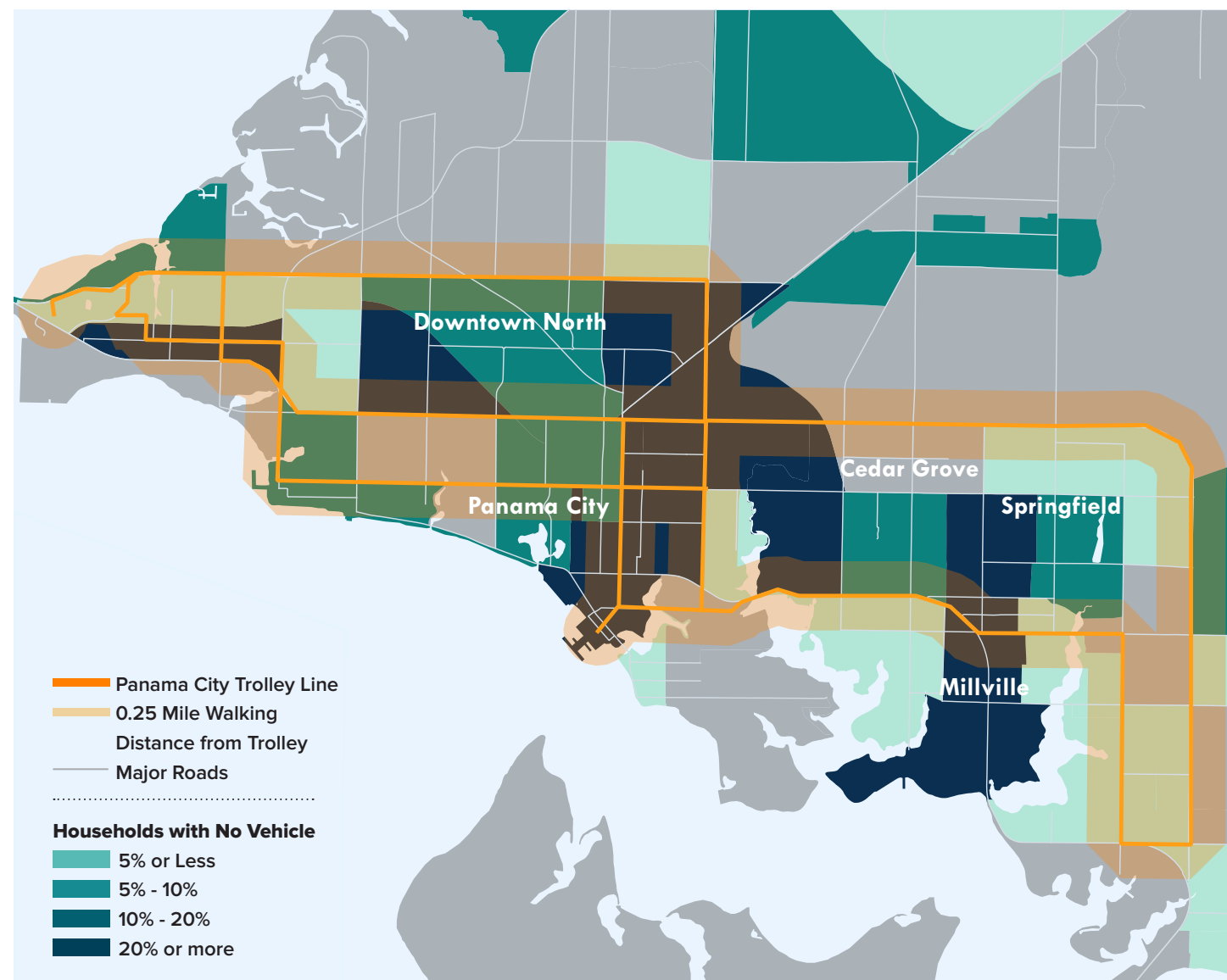
Source: Great Schools, American Community Survey (ACS) 2017 Census Bureau

Limited Mobility Options

In Panama City, access to regular needs such as education, health services, and employment options is dependent on access to personal vehicles, because public transit is infrequent and limited in geographic coverage. Exacerbating this lack of access is the fact that low-coverage areas particularly coincide with areas with low vehicle ownership. This lack of mobility compounds education issues, by limiting which families can access school choice programs.

ACCESS TO THE PANAMA CITY TROLLEY LINE

Current transit routes do not serve many areas in the city with the lowest rates of car ownership.



STRATEGIES

Provide Wraparound Services at Schools

IMMEDIATE ACTION

Institutional Strategy

Improving school performance will be critical to the long-term enhancement of Panama City's shared prosperity. Panama City's poor school performance reflects high poverty rates and limited access to social services. The City and the school district should work together to expand the suite of educational, psychological and social services offered to students. Extended services to all students might include educational and recreational enrichment (e.g. tutoring, after-school programming, access to college courses); health and wellness programs (e.g. health screenings, mental and behavioral health services and counseling); and social services (e.g. mentoring, crisis intervention, family supportive services). The City can also explore funding an assistant superintendent position to implement extended services and oversee the school turnaround process for Panama City schools. Providing these services will improve student wellbeing and school performance, which is critical for the City to both attract new residents as well as improve opportunities for existing residents.

CASE STUDY

Cleveland Community Wraparound Services

In 2012, Cleveland had among the highest child poverty rates in the nation and declining public-school enrollment. The Cleveland Plan prioritized wraparound services that currently provide social support from 16 lead agencies ranging from housing assistance to tutoring. A site coordinator determines which services are needed based on student assessments. The program is jointly coordinated with the United Way of Cleveland with donations from other local foundations. Between 2013 and 2017, the program significantly reduced chronic absences while chronic absenteeism increased slightly in other schools. Graduation rates were increased by 3.7 percentage points to reach 26.4 percent, compared to the district average increase of 2.6 percentage points. Academic results improved significantly as well, with one school showing a 60 percent increase in third graders passing the state test to move on to fourth grade and 100 percent of third graders passing the literacy test.

Source: Wrap4clekids.org, National Center for Community Schools

Create and Strengthen Neighborhood Associations

Institutional Strategy

Neighborhood associations across the country strengthen community resilience and reduce inequality by giving communities a stronger voice in public decision-making, and by providing community services such as neighborhood cleanup, community gardens, and training programs. By growing the community's capacity for organization and engagement, Panama City can improve its ability to deliver quality services and support shared prosperity in all communities. The City can help establish or strengthen existing neighborhood associations to further improve engagement, advocacy and community planning.

Incentivize Local Employment

Incentive Strategy

By requiring that businesses that receive public incentives must make efforts to hire Panama City residents, and by collaborating with the workforce investment board and businesses to identify, hire and train employees, the City can make it easier for businesses hire locally and expand their employee base. These efforts will support workforce development and employment in Panama City and ensure that public incentives are deployed to benefit all residents.

CASE STUDY

City of Durham Local Hiring Policy and Job Creation Incentives

The City of Durham, North Carolina has implemented requirements for businesses that apply for job creation incentives to increase wages and workforce development. In 2001, after a local social justice coalition Durham CAN raised concerns about low wages, the City adopted a living wage requirement to receive all incentives applied to new job creation. The incentive also applied to any businesses under government contract. The County followed the City's example and implemented similar wage standards.

In 2009, the City focused on workforce development by requiring all firms receiving incentives to sign a workforce agreement, a 'good faith' commitment to provide opportunities for Durham residents to apply for the jobs created with incentives. Durham's JobLink Career Center, which is a federally funded employment agency jointly managed by Durham City and the North Carolina Department of Commerce, gets priority in recruitment and referral postings. Participating businesses also help City officials assess industry skill gaps and evaluate the effectiveness of local training efforts.

As of 2013, six large companies have signed the agreement, including developers, Burt's Bees, Save-A-Lot and the Durham Performing Arts Center. They have added more than 375 jobs for Durham's residents. The incentive requirements have also allowed for partnerships between JobLink and local community colleges. Firms have the opportunity to obtain grants that assist with or subsidize the cost of employee training through JobLink of Durham Technical Community College. Durham is a competitive destination for business attraction, has increasing wages, more jobs available to residents and the ability to closely track hiring and skills advancements.

Source: Progressive Planning of Planners Network, NCGrowth at Kenan Institute of UNC Kenan-Flager Business School

Modernize Public Housing

Place-Based Strategy

Redeveloping public housing sites into thriving mixed-income communities will help the City reduce concentration of poverty and support neighborhood growth. The City and the Panama City Housing Authority could collaborate to redevelop the city's inventory of public housing, thereby advancing the goals of both organizations. Specifically, a joint comprehensive plan to modernize public housing would provide common ground and shared responsibility. Panama City Housing Authority is already moving forward with the redevelopment of two communities damaged by the hurricane. As additional recovery funding becomes available from the federal and state government, Panama City should collaborate with the Housing Authority to secure the funding and align redevelopment with the broader goals of deconcentrating poverty and expanding access to opportunity.

Expand Public Transit Options

Place-Based Strategy

Increasing access to alternative transit modes will make it easier for low-income households to access jobs, education and other opportunities. In addition to increasing provision of biking and walking infrastructure as recommended in the strategies supporting quality of life, the City can improve public transit service through a partnership with the County to expand bus service. The City could explore increasing bus service to occur at least every 30 minutes during peak commuting hours, and it could consider adding lines to low-coverage areas to improve access and reliability. In addition, the City could explore on-demand van service along some routes, to expand coverage and accessibility.



IMPLEMENTATION CONSIDERATIONS

In the wake of a disaster, it can be especially difficult to identify a few clear programmatic priorities, because so many of the city's critical systems are damaged. Through the RebuildPC program, Panama City is already supporting collaboration and increasing the flow of information and knowledge across diverse stakeholders. However, the City now faces an extremely wide range of costly strategy options, which each have an undeniably important impact on the city's health and prosperity. The ongoing challenge is to allocate effort and funding to maximize the impacts of the city's recovery.

Implementing the City's Economic Development Plan and other recovery and redevelopment plans will require the City to make fundamental changes in its organizational capacity, decision-making, and reporting practices. To ensure the success of its recovery and redevelopment efforts, the City must:

- 1. Increase governance capacity,** relying on external partners and independent contractors to expand near term capacity for program design and implementation;
- 2. Develop clear prioritization criteria and metrics** to identify, pursue, and track the efficacy of strategies that are both economically efficient and impactful; and
- 3. Identify and assemble sources of funding** for strategies, particularly near-term demands.

Governance

Many of the recommended strategies require increased capacity to design and oversee new programs. Assigning specific roles and responsibilities to coordinate each step of the City's Economic Development Plan will be critical to success. The City's existing staff is overburdened with recovery efforts on top of their typical duties. To alleviate this burden and ensure the successful implementation of the Economic Development Plan, the City will need a staff person or small team within the City government to oversee programs, manage data, provide clear information and track progress. The Economic Recovery Unit will be responsible for coordinating the

implementation of the Economic Development Plan and facilitating ongoing engagement with the public and key partners. However, the skills and capacity needed to oversee initial program design and implementation are not the same as those needed for ongoing project maintenance. As such, the City should look to make greater use of contractors in the design and launch phase and city staff for long-term implementation. In addition, some strategies need to be led by external partners. The City can consider its governance needs as consisting of three primary types of capacity:

City Staff

The implementation plan identifies which City departments may lead the implementation of each strategy within the Economic Development Plan. Sustaining momentum on these strategies will require that city staff have adequate time and authority to design, monitor and implement programs for each of the strategies. Clearly defining these roles will be crucial to the success of the plan, and a dedicated Economic Recovery Unit could consolidate multiple lines of effort related to the City's economic development needs.

Institutional Partnerships

Leveraging existing institutional partnerships, such as with Bay District Schools, Bay Economic Development Alliance, Panama City Housing Authority and CareerSource Gulf Coast, will be critical to the success of many strategies in the Economic Development Plan. In addition, the City should identify opportunities to create new partnerships as described in the strategy to partner with nonprofits,



to enable faster deployment of new programs without additional need for City staff or resources. The City may also consider restructuring existing public institutions such as the Downtown Improvement Board to align with its new development priorities.

Independent Contractors

The skills and capacity needed for the City’s near-term recovery efforts and implementation of the Economic Development Plan may be different from those needed for the City’s typical level of programming. To meet this near-term need, the City can leverage independent contractors to provide expanded capacity. For example, the City will need more building inspectors to ramp up its code enforcement activities as recommended in the strategy to remove blight. Rather than hiring and training a large staff for a few years of concerted code enforcement efforts, the City could contract with a company to provide the additional capacity needed to successfully implement this approach. Likewise, City staff may not have the expertise to design a successful RFP process for public land to incentivize catalytic redevelopment. Hiring subject matter experts to design and pilot this program can provide City staff the tools to implement this strategy.

Targets, Prioritization, Monitoring & Evaluation

Given how many competing issues the City is facing, it will be important to have a clear set of targets that allow the City to track its progress and establish the effectiveness of specific programs. Each of the City’s strategies will need specific key performance indicators (KPIs) and targets to communicate progress, evaluate effectiveness and assess long-term prioritization. As the implementation plan unfolds, the City will need to determine specific targets that are ambitious but achievable. An example of a potential target is to reduce the number of blighted properties by 40 percent by 2022. The City would then track the total number of blighted properties as well as those that are improved. Ideally, this information would be publicly accessible on a city data dashboard that is updated at least quarterly and reviewed by City leaders as they make budgeting and policy decisions. As the City develops specific programs around each strategy, it should establish KPIs that will measure progress towards targets. The following suggests some KPIs for each of the immediate action

strategies (see right).

Once clear targets have been determined the City will also need a transparent prioritization framework to support decision-making around resource allocation. Programs should be able to demonstrate their direct impacts on established targets, relative to their funding needs and need for City staff capacity. To assess the funding impact of each program, the City should estimate: the alignment with key action areas; initial and ongoing funding required; availability of external sources of financing or grants; and potential return on investment (ROI) for public funding. From these assessments, each program’s impact on City revenues should be clear, whether this impact is achieved through increasing property values, population, sales, or visitation. The staffing and responsibility for each program will need to be clearly laid out, with estimates of the degree of effort required to establish the programs, and agreement on who will lead implementation. Many of the suggested programs will require partnerships with other government entities and nonprofits, which will require implementation roles to be clearly defined and delineated, so that collaboration can be properly supported and incentivized.

In evaluating program requests, the City may therefore want to utilize the following metrics:

- **Available funding**
 - 10-year projected fiscal return on public investment (ROI)
 - Startup funding required (first year)
 - Ongoing funding required (annual)
 - External funding secured (state, federal, philanthropic)
- **Capacity needs**
 - Startup time required (first year)
 - Ongoing time required (annual)
 - Time until the program yields significant benefits
 - Degree of effort (based on number of staff required, relative difficulty of process, etc.)
 - Presence of external partners and level of collaboration

Funding

The City has access to federal, state, and local sources of funding to advance its Economic Development Plan. The City has the greatest degree of control over

ACTION AREAS	STRATEGIES	KPIs
 QUALITY OF LIFE	Reduce and Prevent Blight	<ul style="list-style-type: none"> • Percent of properties vacant • Vacant properties returned to market • Code violations per quarter • Small loans originated per quarter • Change in property values • Number of permits issued for repairs
	Improve Housing in Existing Neighborhoods	<ul style="list-style-type: none"> • Number of blue tarp houses repaired • Total new infill housing units delivered • Number of first-time homebuyers • Median home prices • Median rent
 ECONOMIC DIVERSIFICATION	Incentivize Catalytic Development	<ul style="list-style-type: none"> • Decrease in properties with zero property tax payments • Spillover investment in commercial space without public assistance • Ratio of private dollars invested per public dollar invested • Total square footage developed through public-private partnership
	Support Small Businesses	<ul style="list-style-type: none"> • Number of businesses supported • New businesses started • Jobs created • Incubator “graduate” businesses
 ACCESS TO OPPORTUNITY	Provide Wraparound Services at Schools	<ul style="list-style-type: none"> • Enrollment in elementary schools • Students served by program • Rate of Baker Acted children • Test performance • Citizen satisfaction survey

the timing and use of local funding, and should therefore invest local funding sources in programs that create near-term impacts, while positioning itself to attract available state and federal funding in the longer term.

Local Funding

Local funding is a scarce resource, but unlike federal recovery funding and other federal and state funding sources, local funding can be deployed immediately and has a high degree of flexibility. Local funding is well positioned to advance the City’s place-based, incentive and institutional strategies for economic development. In addition to general revenues, local funding sources include the following.

- **Public land** is a significant source of local funding, and the City should make it a priority to leverage public land as an investment in economic development. The City owns vacant land in key areas for catalytic redevelopment, including in downtown. Public land can be sold at below-market rates in exchange for public benefits, including catalytic redevelopment and new housing. Selling public land also returns formerly tax-exempt property to the tax rolls and increases public revenues.
- **Tax abatement** is an important tool for supporting private development. The City can abate property taxes or merchant license fees through agreements with developers or businesses to incentivize investment. However, careful assessment of the fiscal benefits of each tax abatement will be important to ensure that any tax abatement leads to a net increase in total tax revenue.
- **CRA funding** from tax increment revenues can be invested in economic development programs, including blight removal and catalytic development. The City should ensure that investments of CRA funds directly contribute to increases in property values to grow the revenues available for CRA programs.
- **Capital investments** can be made with local funding to make streetscape improvements or develop public assets like the marina or civic

center. As with tax abatements, the City should deploy this type of public funding strategically to ensure that investments are made in partnership with private investments to increase tax revenue.

- **Regulatory relief** is not a direct funding source but can be used to reduce the cost of private development and increase public revenues. For example, streamlined development processes that allow small developers to obtain approvals quickly and gain zoning variances as needed (for example, a reduction in parking requirements for downtown development) can be a form of incentive for desirable development.

Federal Disaster Recovery Funding

Federal Disaster Recovery Funding will be an enormous source of funding for Panama City’s recovery and redevelopment efforts, though the appropriations process means the funding will not reach Panama City immediately. The two most important sources of disaster recovery funding are Community Development Block Grant – Disaster Recovery (CDBG-DR) funds and FEMA Public Assistance (FEMA PA) funds.

- **CDBG-DR** is a large and highly flexible source of disaster recovery funding. The State of Florida will control the allocation of CDBG-DR fund to impacted localities and determine the programs for which funds can be used. The State has a great deal of flexibility around which programs it chooses to launch, how it designs these programs, and how it selects residents and businesses to receive the funding. It is essential that the City actively engages with State policymakers to ensure that eligible programs align with Panama City’s needs and priorities. There are several programs that Panama City should advocate to include in the State’s plan, such as removing blight, improving housing, providing small business services, and repairing and building infill housing. The implementation plan section below outlines examples of how these programs have been designed in other communities.
- **FEMA PA** is a federal grant program that helps communities recover from major disasters. FEMA PA funds can be used to rebuild damaged

CASE STUDIES

Building Code Enforcement, a Katrina Recovery Program

The Building Code Enforcement Program used over \$16 million of CDBG-DR funds to ensure that all homes repaired or rebuilt with Road Home funds complied with the Louisiana State Building Code. The program provided code inspectors and permit technicians in 11 parishes to assist with building code inspections. The funding also supported the expansion of code enforcement capacity by sponsoring training opportunities for local building code inspectors, engineers, and architects to become certified inspectors. This expansion of code enforcement capacity was necessary to expedite the construction of safer and stronger homes.

Source: Louisiana Division of Administration Katrina-Rita Housing Programs, Louisiana Division of Administration Katrina First Appropriation Action Plans and Amendments, Amendment 29

The Project-Based Recovery Opportunity Program - Louisiana

The Project-Based Recovery Opportunity Program (PROP) is meant to boost local economic development priorities in parishes impacted by hurricanes Katrina and Rita by offering direct low-cost loans for mid-sized businesses that are located or intend to locate in an area suffering long-term effects of the hurricanes. For-profit businesses, community-based nonprofit organizations, community development financial institutions and community-based economic development organizations with significant operations in Louisiana are eligible. Applicants are required to provide a plan detailing how the loan will be used. Each applicant must create a minimum number of jobs, based on the industry standards, have a minimum annual gross revenue of \$250,000 for existing businesses, and CDBG funds cannot exceed 75% of total costs. Special consideration is given to projects that align with community goals, such as creating opportunities for historically disadvantaged businesses or the preservation of historical structures.

Source: State of Louisiana Office of Community Development Disaster Recovery Unit

infrastructure and government facilities, either as they were or differently. The City should carefully consider how it uses FEMA PA funds both to enhance the City’s resilience to future hurricanes and to foster economic growth.

Other Federal Funding

The City should also leverage traditional federal funding as a part of its recovery. Programs, such as the Department of Transportation’s Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program, traditional Community Development Block Grant (CDBG) funding, and Low-Income Housing Tax Credits (LIHTC) available to local governments or partner organizations. The City has an advantage in pursuing these funds, both because it is currently recovering from a disaster and because it has already done much of the planning that these sources require. The City should be strategic about which funding sources it pursues, because many require significant staff time to oversee applications processes, and most place restrictions on the uses of funding. The City should only pursue funding sources that align with its recovery goals and strategies.

State Funding

Like the Federal Government, the State of Florida has a number of funding programs that could advance Panama City’s economic development strategies. These include the Triumph fund, the Florida Job Growth Grant Fund, and the Florida State Housing Initiatives Partnership Program (SHIP). The City recently received an \$8.4 million allocation of SHIP funding to address housing-related recovery needs.

Philanthropy

Hurricane Michael and its impacts on Panama City have not received as broad of media coverage as other recent disasters, limiting the City’s ability to attract philanthropic support. The City should partner with nonprofits and identify a few key campaigns through which philanthropic funding can be raised. These campaigns may be centered around needs such as student mental health services, tree planting, arts and culture programs, or homelessness reduction programs.



IMPLEMENTATION PLAN



The implementation plan lays out the specific recommendations, implementation needs, and timing to pursue each strategy, as well as metrics to track the success of implementation. In addition, case studies for each strategy provide illustrative examples of how other cities have addressed challenges through strategies similar to the ones proposed.

As a first step, the City should begin implementation of five immediate strategies. For the other strategies, the City should assess when it will launch each strategy based on the prioritization criteria outlined above, with a heavy emphasis on understanding the capacity to support execution of the strategy. For each strategy, an initial timeline of key implementation steps has been identified starting from the point when the City launches the strategy.

	<p>QUALITY OF LIFE STRATEGIES</p>	<p>Reduce and Prevent Blight 52 Improve Housing in Existing Neighborhoods 58 Activate Public Green Spaces 62 Partner with Nonprofits 64</p>
	<p>ECONOMIC DIVERSIFICATION STRATEGIES</p>	<p>Incentivize Catalytic Development 66 Support Small Businesses 68 Support the Logistics and Industrial Sector 72</p>
	<p>ACCESS TO OPPORTUNITY STRATEGIES</p>	<p>Provide Wraparound Services at Schools 74 Create and Strengthen Neighborhood Associations 76 Incentivize Local Employment 78 Modernize Public Housing 80 Expand Public Transit Options 82</p>



QUALITY OF LIFE

STRATEGY

Reduce and Prevent Blight

IMMEDIATE ACTION

Use code enforcement paired with direct assistance (e.g. low-cost loans, technical assistance, title clearance, etc.) to property owners to return vacant or severely damaged properties in blighted neighborhoods to productive use.

Blighted properties suppress property values, reduce potential tax revenues and lead to a broader cycle of disinvestment in the neighborhood. To avoid this cycle, the City can use code enforcement to identify specific issues and then work with property owners to bring their buildings up to code with initiatives such as façade improvement and property improvement loans or encourage owners sell property to new owners who can make the necessary repairs. For property owners without clear title, the City can dedicate recovery funds to clear title issues and make it easier for owners to make improvements or sell their property. Property owners who do not make required improvements will be subject to fines and these delinquent properties can be returned to the market through assessments and tax auctions. This targeted and collaborative approach to code enforcement could improve the appearance of targeted neighborhoods and corridors which might attract private investment.

IMPLEMENTATION STEPS

Within 3 months

- Identify target commercial corridors and residential neighborhoods by overlaying data from property inspections, hurricane damage, CRA boundaries and market activity to ensure that there is demand for private investment.

Within 9 months

- Establish a consistent and streamlined code enforcement process that alerts property owners of required repairs and encourages property owners to repair their property and return it to active economic use or sell to an owner who will.

- Provide low-cost loans for repairs and façade improvements for owner-occupied housing, rental housing and commercial property, and provide assistance to clear title on inherited properties.
- Develop communication material and conduct outreach about the City’s blight strategy to the general public and property owners with code violations.
- Identify major property owners and engage in direct dialogue to create an individual strategy to encourage soft site development, while maintaining consistent policies.

Within 18 months

- Establish a clear process to foreclose on properties where the owner does not make the necessary repairs and use this process to return delinquent properties to the market as quickly as possible.

CASE STUDIES

GARY, INDIANA

Data Systems, Code Enforcement and Delinquent Tax Enforcement

In 2015, as part of its Technical Assistance Scholarship Program (TASP), the Center for Community Progress (CCP) completed a diagnostic review and assessment of the City of Gary’s systems and practices in data collection, code enforcement and delinquent tax enforcement. The goal was to provide the City with the tools and knowledge needed to tackle widespread property vacancy and abandonment. CCP focused on how Gary gathered, managed and shared data throughout the code enforcement process. This helped the City identify underlying barriers and inefficiencies in its processes. In its previous code enforcement process, the City was wasting 37 percent of code enforcement activity on ‘dead properties’ that had been tax delinquent for at least two years. Now, Gary has the opportunity and tools to provide clear policy directives to code inspectors regarding abandoned properties, improve data-sharing and analysis to guide resource allocation and create an alternative to the criminal prosecution of violations.

SOURCE: CENTER FOR COMMUNITY PROGRESS

NEW ORLEANS

Façade RENEW Storefront Improvement Program

In 2014, the New Orleans Redevelopment Authority launched the Façade RENEW Storefront Improvement Program, to reduce blight in four target commercial corridors. The program provides 3 to 1 matching grant funds or reimburses 75 percent of the project’s total costs for façade improvements up to \$37,550 per commercial property. In addition to funding opportunities as an incentive for façade improvements, the program offers technical design assistance to all approved applicants. In the first year, the program saw 33 planned or completed projects and there has been a total of \$1.2 million invested in façade improvements since

City Lead

Development Services

City Support

Community Development, CRA, Community Redevelopment Board, Downtown Improvement Board, Code Enforcement Board

Location

Focus blight reduction efforts in prioritized commercial corridors and neighborhoods.

Metrics

- Percent of properties vacant
- Code violations per quarter
- Small loans originated per quarter
- Property values
- Number of permits issued for repairs

the program's launch. The program has seen success with a diverse range of properties, including cultural institutions, small businesses, dining establishments, mixed-use developments and nonprofit organizations. In addition to encouraging more investment in the area, the program has also provided the opportunity for historic restoration and preservation, as careful research is done on each property.

■ BALTIMORE

MD Vacants to Value Program

In 2010, the City of Baltimore launched a Vacants to Value initiative with the goal of raising property values, attracting new residents and businesses and increasing local tax revenue. At the time of the program's launch, Baltimore had over 16,000 known vacant properties and a declining population. The Vacants to Value program helped the City gain control over vacant properties so that they could be given to buyers that would rehabilitate them. The program first targeted neighborhoods with assets, such as local businesses or institutions, to enhance the feasibility of development. Between 2010 and 2015, more than 200 buyers and developers participated in the program. Now that the program has seen some success, the city has dedicated additional funding to the program and complimentary blight removal programs. With this funding, they provide subsidies to incentivize residents to become homeowners. The Vacants to Value Booster Program provides up to \$10,000 towards closing costs to homeowners that purchase a home that was previously vacant. The program has seen success in many neighborhoods, and as of late 2018, Baltimore has rehabilitated 4,200 vacant buildings and demolished more than 2,700.

SOURCE: SHELTERFORCE. VACANTS TO VALUE

■ The Stronger NJ Neighborhood and Community Revitalization (NCR) Program

Using \$75 million in CDBG-DR funds, the State of New Jersey has implemented the Stronger NJ Neighborhood and Community Revitalization (NCR) program following Superstorm Sandy. The program invests in municipal projects through a Streetscape Revitalization Program and the Development and Public Improvement Program. The Streetscape Program focuses on the nine most impacted counties and provides grants of up to \$1.5 M to support projects including street lighting, sidewalks and landscaping. At the end of the first quarter of 2019, 19 projects have been approved and of these projects, 14 have been completed. So far, more than \$12 million has been distributed for NCR Streetscape Projects, contributing to façade improvements in the area. The Development and Public Improvement Program offers grants and loans to large scale projects that contribute to the revitalization of Sandy-damaged areas. So far, 14 projects have completed construction with 5 additional projects that have been approved. Approximately \$44.5 million has been distributed so far.

SOURCE: RENEW NEW JERSEY STRONGER

■ CDBG-DR Landlord Rental Repair Program – Superstorm Sandy

Following the damage from Superstorm Sandy, The State of New Jersey has allocated \$70 million of its CDBG-DR funds to a Landlord Rental Repair Program. The program provides up to \$50,000 per storm-damaged unit to assist eligible landlords in repairing their residential rental properties. To determine the award, any other funds a landlord has received are subtracted from the total cost to repair their unit, or units. Additionally, to qualify for the funding, the landlord must rent the units to low-to-moderate income households at affordable rents following the completion of repairs. This increases the supply of affordable rental housing in areas damaged by the storm and helps to revitalize storm-impacted neighborhoods.

SOURCE: RENEW NEW JERSEY STRONGER

■ Building Code Enforcement – Katrina Recovery Program

The Building Code Enforcement Program used CDBG-DR funds to ensure that all homes repaired or rebuilt with Road Home funds complied with the Louisiana State Building Code. The program provided code inspectors and permit technicians in 11 parishes to assist with building code inspections. The funding also supported the expansion of code enforcement capacity by sponsoring training opportunities for local building code inspectors, engineers, and architects to become certified inspectors. This expansion of code enforcement capacity was necessary to expedite the construction of safer and stronger homes.

SOURCE: LOUISIANA DIVISION OF ADMINISTRATION KATRINA-RITA HOUSING PROGRAMS, LOUISIANA DIVISION OF ADMINISTRATION KATRINA FIRST APPROPRIATION ACTION PLANS AND AMENDMENTS, AMENDMENT 29

■ Unsafe Structures Demolition Program

After Superstorm Sandy, many homes were uninhabitable, due to structurally unsound and unsafe conditions. The Unsafe Structures Demolition Program uses CDBG-DR funds to help municipalities demolish those homes, targeting municipalities that experienced the most intense and concentrated housing damage. Buildings eligible for the program include those that were left in place since the storm without being mitigated in any way, and those that were partially mitigated but showed no signs of ongoing repair. These funds were important to revitalizing neighborhoods that were threatened with blight.

SOURCE: RENEW NEW JERSEY STRONGER



QUALITY OF LIFE

STRATEGY

Improve Housing in Existing Neighborhoods

IMMEDIATE ACTION

Establish and expand existing housing programs that provide grants and low-cost loans to support new infill development, repairs for aging housing stock, and access to homeownership in Panama City’s existing neighborhoods.

Homeownership is both an important aspect of community development and a significant asset-building tool for middle-class families. Panama City has a significant opportunity to redesign its housing programs and develop new programs to take advantage of recovery funding and address related homeownership challenges including needed repairs and affordable homeownership for moderate-income households. This will require close alignment with the City’s blight removal strategy. The City can dedicate funding to a comprehensive set of programs including down payment assistance, owner-occupied rehabilitations, infill housing development, financial education, clearing title issues and similar programs.

IMPLEMENTATION STEPS

Within 3 months

- Develop a master budget for the use of SHIP and other public funding to support homeownership programs targeted to existing neighborhoods.
- Assess the City’s housing needs and establish housing development goals for neighborhoods throughout Panama City.

Within 9 months

- Design new programs and redesign existing programs to boost homeownership in existing neighborhoods and to be aligned with code enforcement and blight efforts. Close alignment between code enforcement and the housing program is necessary for the success of both programs.
- Engage the State to design CDBG-DR programs that can provide funding to the housing programs that Panama City has designed.

- Engage housing developers and large owners on regulatory obstacles to housing development. Based on outcomes, consider forming a long-term advisory committee on housing that includes the County.

Within 18 months

- Reform land use and regulatory policies (building code, land use, permitting, etc.) as needed to remove identified barriers and increase the development of new housing, particularly in and around downtown.
- Select a program administrator for the City’s housing programs through a competitive RFP process.

CASE STUDIES

Many cities have access to homeownership programs that assist with down payments and closing costs (in the form of a low-interest or forgivable loan) and with homeownership counseling.

Urban Redevelopment Authority of Pittsburgh DPCCAP

The URA’s DPCCAP provides down payment and closing cost assistance to first-time homeowners in the form of 0 percent interest deferred loans. Households earning under 80% Area Median Income (AMI) receive up to \$7,500 loans and households earning between 80% and 115% receive up to \$5,000. The program is currently funded through the \$10 million Housing Opportunity Fund.

SOURCE: URBAN REDEVELOPMENT AUTHORITY

The Harris County Down Payment Assistance Program (HCDAP)

The primary goal of this program is to increase homeownership in Harris County by providing qualified applicants financial assistance in the form of a forgivable loan to be used towards a down payment on a new or existing home. Participants receive a forgivable loan up to \$35,000, which is disbursed from a portion of the Harris County CDBG-DR grant funds. Eligible households must have incomes at or below 120% of the AMI for Harris County, must be able to secure a first mortgage from a financial institution, and must complete required documentation.

SOURCE: HARRIS COUNTY COMMUNITY SERVICES DEPARTMENT

New Orleans Construction Lending Program

The New Orleans Redevelopment Authority has acquired hundreds of vacant and delinquent lots through blight eradication legislation. To facilitate the residential development of the properties, the City is offering a combination of financing and discounted land sales to vetted developers. Properties are offered only in

City Lead

Community Development

City Support

Subcommittee of the Long Term Recovery Committee

Location

Homeownership programs should be available citywide, with an emphasis on areas targeted for blight remediation and increased homeownership.

Metrics

- Number of new homeowners
- Number of low-income homeowners created
- Number of existing homeowners supported
- Number of vacant properties returned to market
- Homeownership rate for targeted neighborhoods
- Median home price
- Improvement in credit scores

targeted neighborhoods through a competitive RFP process. Key to this program is the fact that developers compete for properties, thus reducing the level of subsidy required. NORA provides up to \$30,000 in subsidy per home and limits each developer to five properties. The program also enforces Green Building Standards, requires that homeowners are at or below 120% AMI and limits properties to “tipping point” neighborhoods where investment can be catalytic in bringing in private actors. Key lessons for Panama City are to focus on potentially competitive and well-positioned neighborhoods; to leverage private market development expertise and competition; to combine financing and discounted land sales to create for-sale homes; and to achieve control over development quality through RFPs and building standards.

SOURCE: NEW ORLEANS REDEVELOPMENT AUTHORITY

■ **Greensboro Owner-Occupied Program**

Greensboro has several separate housing rehabilitation programs, including the Citywide Homeowner Housing Rehabilitation program, the Lead-Safe Housing program and Homeowner Emergency Repair. These programs provide between \$15,000 and \$60,000 in grants and deferred loans. They are funded primarily through HOME and CDBG funds.

SOURCE: HR&A



QUALITY OF LIFE

STRATEGY

Activate Public Green Spaces

Increase public recreational amenities, invest in natural resources to build resilience to extreme weather events, and make the bay more accessible to all.

The City’s parks, trails, waterfront and open space amenities are under resourced and underutilized, and therefore contribute much less to the quality of life in Panama City than they are capable of. Access to the bay is Panama City’s biggest quality-of-life asset, yet the City’s current public recreational amenities lack programming and do not provide consistent access to the waterfront. Increasing capital and operating expenditures for public recreational and green spaces to expand amenities within parks, trails and recreational programming can create significant economic benefits for Panama City. The City should undertake a careful evaluation of existing green space assets and of potential capital investments and program strategies. This evaluation should focus on where investment in recreation will support catalytic redevelopment, housing improvements, blight reduction, wraparound services in schools, and the overall quality of life and economic competitiveness of the city.

IMPLEMENTATION STEPS

Within 9 months

- Create an inventory of existing assets, capital expenditure requirements, existing programming.
- Identify several key park and waterfront investments that increase access to natural resources (e.g. bicycle and pedestrian trail network, public beaches or waterfront parks).
- Continue to implement an ecosystem-sensitive citywide tree planting program.
- Implement a "Friends of the Parks" strategy to coordinate smaller improvements (e.g. boat launches, planting)

Within 18 months

- Improve park amenities through mobile programming and partnerships with nonprofits and community groups.
- Activate waterfront and other parks with of family-oriented programming.

Longer-Term

- Invest in larger park assets (e.g. splash park, boat launch, public swimming pools).

CASE STUDIES

Center City Park & LeBauer Park in Greensboro, NC

In 2003, new development and programming of Center City Park and LeBauer Park in downtown Greensboro aimed to revitalize downtown and to create a community gathering space for residents. With a diverse community, the park needed programming that would attract a range of users and reflect the community. Project for Public Spaces supported the planning by facilitating a placemaking workshop. Through the workshop, Greensboro Parks decided to use the park space in conjunction with the properties surrounding it, including the Cultural Center, the YWCA and the library. After the initial planning phases, Action Greensboro created a temporary park on the site before construction began and experimented with programming the space by hosting several large community events. The park was built in partnership with local organizations. It is funded by the public sector, earned income and private contributions. Now, through free and varied programming including a band shell, reading room, game tables, art, a playground, cafés and a large performance lawn, the City has achieved its vision of providing an inclusive community gathering space and catalyzing broader district growth.

SOURCE: PROJECT FOR PUBLIC SPACES

Fountain Square in Cincinnati, OH

Despite its central location, Fountain Square in Cincinnati, OH was a blighted, underutilized asset that lacked programming and adequate maintenance. In 2006, a new nonprofit development corporation raised \$40 million in private investment to fund construction that transformed the asset into a local and regional destination for residents and visitors. The Square’s operations are funded through significant earned income, sponsorship programs and a City Professional Services Agreement. Today the park offers over 250 events per year, including ice skating, concerts, movie nights, and markets. Through improved connectivity and design driven largely by private sector participation, the public space has catalyzed tremendous growth, including \$125 million in private investment in the surrounding district.

SOURCE: HR&A ADVISORS, FOUNTAIN SQUARE

City Lead

Quality of Life

City Support

City Manager, City Commission, Development Services, CRA, Public Works, Engineering, Economic Recovery Unit

Potential Outside Partners

Bay County

Location

Citywide, with the potential to overlap with investments that support the City’s blight remediation and catalytic development strategies.

Metrics

- Attendance at city events
- number of city events
- number of remediated waterfront sites
- number of days water access points are closed per year
- public investment in green space improvements
- increase in users of improved assets
- number of trees planted



QUALITY OF LIFE

STRATEGY

Partner with Nonprofits

Seek out nonprofit partnerships to jointly improve the City’s services and programming across all areas of quality of life including housing, green spaces, crime reduction and school services.

The City has limited staff and resources to implement a range of recovery efforts and quality of life improvements. In the near term, the City can form partnerships with local and regional nonprofits to provide public events and services that align with nonprofit missions and City goals. Nonprofits may be interested in providing arts and cultural events, recreational programming and community services to Panama City’s residents, which would enhance quality of life while limiting the need for City resources. These nonprofit partnerships can support other strategies including activating public green spaces, providing wraparound services at schools, expanding homeownership and supporting small businesses.

IMPLEMENTATION STEPS

Within 9 months

- Follow up with groups that have attended public meetings and design charette activities and solicit ideas for specific events and services those groups are interested in supporting.
- Identify and contact other local or regional nonprofit organizations whose missions align with the City’s action areas including quality of life and access to opportunity.
- Identify areas of alignment between City priorities and resources and nonprofit priorities and formalize support provided by each partner.

Within 18 months

- Establish new partnerships and award funding to nonprofit partners to support the Economic Development Plan.

CASE STUDIES

Habitat for Humanity in Pensacola

Founded in 1981, Pensacola Habitat for Humanity has supported the building and renovation of affordable homes, with a total impact of 1,300 homes built in the Pensacola region. The nonprofit also has several programs related to neighborhood revitalization and home rehabilitation, including programs that repair homes for low-income households, landscape and clean up public spaces, provide home improvements such as accessibility accommodations and fire safety measures, etc. With 40 employees and roughly \$5 million in annual revenue, Pensacola Habitat is a sizeable operation that could potentially provide Panama City with guidance and technical assistance to replicate its grassroots homebuilding and revitalization efforts.

SOURCE: PENSACOLA HABITAT FOR HUMANITY

City Lead

Quality of Life

City Support

Community Development, CRA

Location

Citywide

Metrics

- Value of in-kind contributions
- volunteer hours
- number of events
- metrics relevant to the nonprofit’s mission/ purpose (e.g. housing units developed, individuals served)



ECONOMIC DIVERSIFICATION

STRATEGY

Incentivize Catalytic Development

IMMEDIATE ACTION

Negotiate project-specific incentive and approvals packages with private developers in public-private partnerships to pursue strategic redevelopment projects.

To reverse stagnation in Panama City’s real estate markets, particularly downtown and in other commercial areas, the City needs to incentivize the development of infill sites. This process can begin with small-scale but well-located projects that can attract other development and stimulate economic and fiscal growth in Panama City. There are two primary mechanisms at the City’s disposal to incentivize these catalytic redevelopment processes: providing public land to developers through a Request-for-Proposals (RFP) process and enhancing project feasibility by streamlining or expediting approvals and providing incentives such as zoning variances, parking waivers and tax abatement. Rather than adopt universal incentive policies, Panama City can move projects quickly into development by providing transparency and consistency in the development review and approval process and by negotiating individual incentive packages that not only leverage private investment but also create jobs, enhance quality of life and advance social equity.

IMPLEMENTATION STEPS

Within 3 months

- Inventory available land for catalytic projects, including publicly owned property and "soft sites". This analysis should include public schools, County land and other non-traditional sites. Identify and prioritize opportunities based on availability of land and location in priority development areas such as downtown.

- Evaluate the market potential of available sites through conversations with developers.

Within 9 months

- Conduct marketing and outreach to gauge interest and recruit developers, Opportunity Zone investors, and Triumph Fund administrators to gauge interest in potential sites.

- Release an RFP process to solicit developers for priority projects.

Within 18 months

- Negotiate incentive packages for each site, considering full scale of regulatory incentives, fiscal incentives and infrastructure investments.

CASE STUDIES

Pensacola Revitalization

Prior to its revitalization, Pensacola struggled with high vacancy, low wages and educational attainment, high poverty, significant wage gaps and a large rent burdened population. Despite these challenges, the Studer family decided to invest in a few small shops downtown. Starting with an olive oil shop and a café, their small investments started to change the direction of development. The family then started making larger investments. Since the early 2000s, they have invested about \$120 million in the city, including funding for museums, hospitals, childcare centers, Maritime Stadium and the baseball team. This, along with support from the public and the CRA, catalyzed the transformation of downtown.

The CRA contributed to Pensacola’s revitalization by developing a CRA Plan in 2009 which included comprehensive strategies for marketing, economic development, capital projects and programming, including façade improvement incentives that complement the investments from the Studer family. The Studer Community Institute, founded by the Studer family, generated additional public support by engaging the community through a series of civic conversations. In partnership with the University of West Florida, the Studer Community Institute also tracked the community’s progress using metrics that indicate economic growth, such as educational attainment and property values.

Now, they have seen measurable success, with more construction taking place in Pensacola than at any other time in history and property value growth of 25.9 percent in the last five years. With small business thriving, soaring property values and new focus on education, Pensacola’s redevelopment process exemplifies the impact of small investments that lead to larger investments and public support.

SOURCE: IN WEEKLY, FLORIDA CHAMBER OF COMMERCE, STUDER COMMUNITY INSTITUTE

Small-City Public-Private Partnerships (P3)

Small cities face several challenges when initiating P3s: it is difficult to formulate a revenue model that repays private investment and projects are often not large enough to attract experienced partners. Small cities have addressed these issues by consolidating projects, bringing in grant funding and providing incentives such as exclusive development rights, long-term leasing agreements and revenue-sharing opportunities. Small cities such as Missoula, MT, Salina, KS; and Texarkana, TX have each recently launched large P3 projects for flagship downtown or riverside projects.

SOURCE: HR&A ADVISORS

City Lead

Development Services

City Support

City Manager, Downtown Improvement Board, Community Redevelopment Board

External Partners

Bay County, Bay County EDA, Bay District Schools

Location

Catalytic development should be targeted downtown and in areas where available public land coincides with market potential.

Metrics

- Decrease in properties with zero property tax payments
- Spillover investment in commercial space without public assistance
- Ratio of private dollars invested per public dollar invested
- Total square footage developed through public-private partnership



ECONOMIC DIVERSIFICATION

STRATEGY

Support Small Businesses

IMMEDIATE ACTION

Designate CRA staff to act as liaisons to help small businesses navigate regulatory requirements and access additional resources that can reduce the costs of and barriers to business start-up and growth.

In the near term, attracting and growing small businesses has a greater potential to create jobs and bring life to commercial corridors that are currently vacant and blighted. The existing Community Redevelopment Agencies (CRAs) offer the most appropriate structure to support small businesses and coordinate partnerships with county and regional economic development entities. The staff for the CRAs should act as liaisons to help small businesses navigate regulatory requirements and access additional resources that can reduce the costs of and barriers to business start-up and growth. These small business liaisons can be established within City government, or through a nonprofit partner such as the University of West Florida’s Small Business Development Center. In addition, the City can create a small business center downtown where businesses can access services and free or low-cost office facilities.

Small business support also has the potential to grow Panama City’s emerging tech and innovation center in partnership with the Millaway Institute. By supporting start-ups and growing small businesses, Panama City can improve employment growth, business investment and economic diversity within its local economy.

IMPLEMENTATION STEPS

Within 3 months

- Evaluate Panama City’s small business support activities against the goal of attracting and nurturing small businesses throughout the city and particularly along key commercial corridors.

Within 9 months

- Establish a revised organizational structure that aligns the functions of the

CRAs and other city support for small businesses into a cohesive integrated structure.

- Add staff with responsibilities to support the CRAs and serve as liaisons for small businesses navigating city and county regulations and assistance programs.

Within 18 months

- Create a small business support center, alone or in partnership with the University of West Florida’s Small Business Development Center, that provides this technical assistance and connects small businesses to additional resources (e.g. affordable loans for capital and operating expenses, assistance in locating office or retail space, affordable business services including legal and payroll assistance).

Longer-Term

- Continually survey small businesses to identify needed services.

CASE STUDIES

Circles of Seven Mentoring Program in Normal, IL

The Normal Circles of Seven mentoring program was established in 2008 by the local Economic Development Council and was transferred to and administered by the Illinois State University’s Center for Emerging Entrepreneurs. The program connects small- and medium-sized businesses with seasoned businesspeople; cohorts of six or seven businesses meet for two to three hours each month to discuss business issues. The most successful cohorts work collaboratively to brainstorm solutions to anything from complex issues such as branding to simple tasks such as setting up a corporate email. The program has recently added a formal business course due to demand. The program is funded through a Small Business Administration grant, as well as participant fees.

SOURCE: NATIONAL LEAGUE OF CITIES

Supporting Second Stage Companies in Littleton, Colorado

Littleton adopted a strategy of “economic gardening” to grow its economy from within, rather than courting large outside businesses with incentives. The City focused on retaining and assisting local second stage companies, by providing tools and services such as search engine optimization, social network mapping and GIS and database research. The cost per job created is much lower than traditional incentives-based approaches. In the past 20 years, this program has helped entrepreneurial businesses double their employment from 15,000 to 30,000. During the same period, the City’s retail sales tax revenue tripled from \$6 million to \$21 million.

SOURCE: NATIONAL LEAGUE OF CITIES

City Lead

Economic Recovery Unit

City Support

Development Services, CRA

External Partners

Chamber of Commerce, Bay County EDA, Small Business Development Center, Millaway Institute

Location

The coworking space and small business support center should be located downtown.

Metrics

- Businesses supported
- Number of new businesses
- Jobs created
- Number of incubator “graduate” businesses

The Anacostia Arts Center

In 2002 Arch Development Corporation began renovation of a vacant retail property to build a home for its nonprofit, which focuses on the economic regeneration of the Anacostia neighborhood in Washington, DC. In 2011, the lower level of the building was repositioned to serve as a small business incubator and in 2013, after input from the community, the job training center on the upper level was transformed into an arts center with an aim at supporting professionals in the arts and the creative economy. The Center is 9,300 square feet, which includes a black box theater, space for galleries and boutiques, an exhibition gallery, a café and a lounge area. The Center supports small businesses, with an emphasis on the creative economy. The space continues to grow as a home for the arts within the Anacostia neighborhood.

SOURCE: ANACOSTIA ARTS CENTER

The Project-Based Recovery Opportunity Program - Louisiana

The Project-Based Recovery Opportunity Program (PROP) is meant to boost local economic development priorities in parishes impacted by hurricanes Katrina and Rita by offering direct low-cost loans for mid-sized businesses that are located or intend to locate in an area suffering long-term effects of the hurricanes. For-profit businesses, community-based nonprofit organizations, community development financial institutions and community-based economic development organizations with significant operations in Louisiana are eligible. Applicants are required to provide a plan detailing how the loan will be used. Each applicant must create a minimum number of jobs, based on the industry standards, have a minimum annual gross revenue of \$250,000 for existing businesses, and CDBG funds cannot exceed 75 percent of total costs. Special consideration is given to projects that align with community goals, such as creating opportunities for historically disadvantaged businesses or the preservation of historical structures.

SOURCE: LOUISIANA DIVISION OF ADMINISTRATION'S OFFICE OF COMMUNITY DEVELOPMENT, DISASTER RECOVERY UNIT



ECONOMIC DIVERSIFICATION

STRATEGY

Support the Logistics and Industrial Sector

Support the development of port facilities and intermodal facilities and identify opportunities for industrial infill development to grow Panama City’s logistics and industrial sector in partnership with the Panama City Port Authority and Bay EDA.

Panama City’s port is the largest and most unique economic asset in the city. A closer connection and continued support as the Port Authority expands could create a more dynamic logistics sector. This could include supporting the development of port and intermodal facilities and partnering with the Port Authority to identify and acquire development-ready industrial infill sites to attract new industrial and warehousing activity to Panama City. In addition, the City can grow Panama City’s transportation and logistics sectors in partnership with Bay EDA.

IMPLEMENTATION STEPS

Within 9 months

- Identify capacities needed at the port and intermodal facility and potential resources to make improvements.

Within 18 months

- Identify and market industrial development sites near the intermodal facility and port in partnership with the Panama City Port Authority and Bay EDA.

CASE STUDIES

Port Tampa Bay

Port Tampa Bay is the largest economic engine in West Central Florida, generating more than \$17.2 million in economic impact and affecting more than 85,000 jobs. In 2016, the Port developed a strategy, Vision 2030, to guide investments in the Port’s infrastructure. The strategy serves the Port’s growth by focusing on safety, capacity and growth of opportunity for new business. Vision 2030 outlines seven core strategies, “Seven Anchors,” that include goals for the Port’s expansion. Example projects in 2018 include the Big Bend Channel Navigational Improvements, which was a P5 public-private partnership between US Army Corps of Engineers, Florida Department of Transportation, Mosaic, Tampa Electric

and the Port itself to begin working on deepening and widening the channel for greater capacity. 2018 was the second consecutive year the Port broke a record for operating income, earning \$59.1 million. The success is attributed to added cruise activity, a 55 percent increase in container cargo, new and expanded leases and increased imports in petroleum, limestone, citrus and sulfur. Port Tampa Bay has also marketed their new, state-of-the-art facility for cold storage, and targeted additional marketing to container carriers. The successful expansion of the Port is due to both the strategic plan and the Port’s many partnerships, including the Governor, the Legislature and the Florida Department of Transportation, Mosaic, Tampa Electric and Enterprise Florida among others. The public-private partnerships have helped bring the goals in Vision 2030 to fruition and resulted in the Port’s continued growth

SOURCE: PORT TAMPA BAY

City Lead

Economic Recovery Unit

City Support

City Manager’s Office, Development Services

External Partners

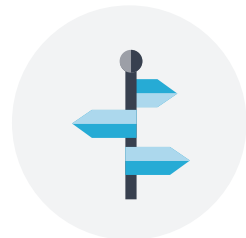
Panama City Port Authority, Bay EDA

Location

Intermodal facility and areas surrounding the Port and Eastern Terminal

Metrics

- Number of new port/logistics/transport jobs in the city
- Square feet of warehouses leased
- Square feet of warehouses constructed



ACCESS TO OPPORTUNITY

STRATEGY

Provide Wraparound Services at Schools

IMMEDIATE ACTION

Partner with Bay District Schools to take a focused approach to improve the quality of public schools in Panama City by offering a suite of educational, mental and social services to students.

Improving school performance will be critical to the long-term enhancement of Panama City’s quality of life. Panama City’s poor school performance reflects high poverty rates and limited access to social services. The City and the school district should work together to provide a suite of educational, psychological and social services to students. Extended services to all students might include: educational and recreational enrichment (e.g. tutoring, after-school programming, access to college courses); health and wellness programs (e.g. health screenings, mental and behavioral health services and counseling) and social services (e.g. mentoring, crisis intervention, family supportive services). The City can also explore funding an assistant superintendent position to implement extended services and oversee the school turnaround process for Panama City schools. Providing these services will improve student well-being and increase quality of life for the City’s current residents and is the best approach to improving school performance, which is critical for the City to attract new residents.

IMPLEMENTATION STEPS

Within 9 months

- Partner with Bay District Schools to develop an integrated school plan to address the needs of Bay District public schools in Panama City.

Within 18 months

- Provide students in Panama City with wraparound services including mental health and behavioral services, after-school programming, mentoring programs, crisis interventions and tutoring.

- Dedicate City resources to provide wraparound services and additional staff to focus on improving schools in Panama City, such as an assistant superintendent for Panama City schools.
- Create opportunities for high school students to access vocational training or college preparatory classes at Gulf Coast State College (GCSC) and Florida State University (FSU).

CASE STUDIES

Kent School Services Network, Michigan

Since 2006, the Kent School Services Network (KSSN), has had a unique leadership team which includes executives from three school districts, several Kent County departments (health, social services, intermediate school district), Network 180 (mental health services), Spectrum Health/Healthier Communities, several private foundations and the local United Way. The National Center for Community Schools provided on-site training and consultation to implement enhanced services through the school system. There are now 16 schools in the KSSN that provide a range of coordinated services through the schools where they’ve seen increasing performance.

SOURCE: NATIONAL CENTER FOR COMMUNITY SCHOOLS

Cleveland Community Wraparound

In 2012, Cleveland had among the highest child poverty rates in the nation and declining public-school enrollment. The Cleveland Metropolitan School District developed a plan to prioritize wraparound services for its students. The program, which is jointly coordinated with the United Way of Cleveland, currently provides social support from 16 lead agencies ranging from housing assistance to tutoring. A site coordinator determines which services are needed based on student assessments. Between 2013 and 2017, the program significantly reduced chronic absences in participating schools, while chronic absenteeism increased slightly in other schools. Graduation rates were increased by 3.7 to 26.4 percent, compared to the district average of 2.6 percent. Academic results improved significantly as well, with one school showing a 60 percent increase in third graders passing the state test to move on to fourth grade and 100 percent of third graders passing the literacy test.

SOURCE: WRAP4CLEKIDS.ORG, NATIONAL CENTER FOR COMMUNITY SCHOOLS

City Lead

City Manager’s Office

City Support

Quality of Life, City Commission

Potential Outside Partners

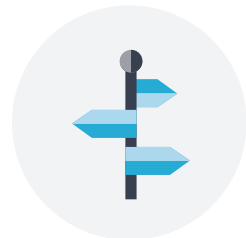
Bay District Schools, Gulf Coast State College (GCSC), Florida State University (FSU), Bay County, CareerSource Gulf Coast

Location

Citywide; Bay District-wide

Metrics

- Number of students served by program
- Number of students served by school
- Rate of Baker Acted children
- Test performance
- Citizen satisfaction survey



ACCESS TO OPPORTUNITY

STRATEGY

Create and Strengthen Neighborhood Associations

Strengthen existing community development organizations and support the development of new neighborhood associations to improve community services, advocacy and planning.

Neighborhood associations across the country strengthen community resilience and reduce inequality by giving communities a stronger voice in public decision-making and by providing community services like neighborhood cleanup, community gardens and training programs. By growing the community’s capacity for organization and engagement, Panama City can improve its ability to deliver quality services and support shared prosperity in all communities. The City can help establish or strengthen existing neighborhood associations which could strengthen engagement, advocacy and community planning.

IMPLEMENTATION STEPS

Within 3 months

- In coordination with the Partner with Nonprofits strategy, approach national associations about providing technical assistance to create active neighborhood associations, and approach national and local mission-minded organizations about supporting the establishment or expansion of community development organizations

Within 18 months

- Support community engagement and new or growing neighborhood associations by with public space, communications and outreach to convene community conversations

CASE STUDIES

Portland Community Participation Programs

Founded in 1974, Portland has one of the oldest Citizen Participation Programs (CPP) in the nation. Portland’s CPP allows the neighborhoods to provide input on land use and quality of life decision-making by the City. With programs including graffiti abatement, crime prevention and liquor license notification programs, the program is regarded as one of the best and most comprehensive in the nation.

The structure of the program is based on Neighborhood Associations, which is meant to increase the effective communication and information flow between citizens, neighborhoods and government. There are now 95 Neighborhood Associations in Portland, which are organized into seven District Coalitions. Each District Coalition is a nonprofit that facilitate the Neighborhood Associations, are funded by the City and serve as a resource.

The revitalization of a commercial corridor in Portland’s Belmont neighborhood serves as one example of how a Neighborhood Association’s partnership with a nonprofit can strengthen the community and community participation. Since the 1980s, the commercial corridor in Southeast Portland had empty buildings, industrial establishments and a large, vacant, deteriorated dairy building that became a center for drug activity. In the 1990s, the residential neighborhood near the corridor improved, but the corridor itself remained blighted. REACH Community Development, Inc. partnered with the neighborhood association and business association in the area to coordinate engagement activities to improve the corridor. The Belmont Businesses Association and REACH developed a commercial revitalization plan. REACH also partnered with neighborhood associations to develop a participatory approach to neighborhood planning, project design and implementation. The result was a Belmont Action Plan, which helped people develop participation skills by giving community members some responsibility for each task. This increased clean-up activities, planted trees and enabled residents to host a street fair. REACH improved relationships between two neighborhood associations by working with both groups to get residents and businesses to participate in goal setting and strategy development. This guidance allows for the associations to take the lead role in subsequent neighborhood efforts.

Guided by community interests, REACH helped the Neighborhood Associations ensure the dairy redevelopment would meet the needs of the community. By private developer, the dairy farm became a mixed-income housing and space for small businesses. This then attracted new businesses to Belmont, creating a vibrant, pedestrian-friendly corridor.

SOURCE: THE URBAN INSTITUTE, THE NEW ORLEANS CITIZEN PARTICIPATION PROJECT

City Lead

Community Development

City Support

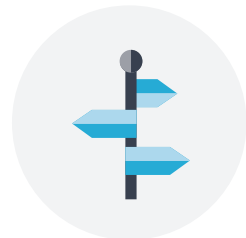
City Commission, Quality of Life

Location

Citywide

Metrics

- Citizens engaged per year
- Citizen satisfaction survey
- Community service hours per neighborhood
- Number of public events held



ACCESS TO OPPORTUNITY

STRATEGY

Incentivize Local Employment

Increase employment by creating local hiring requirements for businesses receiving public incentives and for all CDBG-DR programs administered locally.

By requiring that businesses receiving public incentives make efforts to hire Panama City residents and collaborating with the workforce investment board and businesses to identify, hire and train employees, the City can make it easier for businesses hire locally and expand their employee base, while supporting workforce development and employment in Panama City and ensuring that public incentives are deployed to benefit all residents.

IMPLEMENTATION STEPS

Within 18 months

- Establish local hiring requirements for businesses receiving public incentives.
- Partner with the workforce investment board to provide support to businesses to identify and hire unemployed or underemployed local residents.
- Provide ongoing training support to help workers remain employed and access opportunities for career advancement.

CASE STUDIES

City of Durham Local Hiring Policy and Job Creation Incentives

The City of Durham, North Carolina has implemented requirements for businesses that apply for job creation incentives to increase wages and workforce development. In 2001, after a local social justice coalition Durham CAN raised concerns about low wages, the City adopted a living wage requirement to receive all incentives applied to new job creation. The incentive also applied to any businesses under government contract. The County followed the City's example and implemented similar wage standards.

In 2009, the City focused on workforce development by requiring all firms receiving incentives to sign a workforce agreement, a 'good faith' commitment to provide opportunities for Durham residents to apply for the jobs created with incentives.

Durham's JobLink Career Center, which is a federally funded employment agency jointly managed by Durham City and the North Carolina Department of Commerce, gets priority in recruitment and referral postings. Participating businesses also help City officials assess industry skill gaps and evaluate the effectiveness of local training efforts.

As of 2013, six large companies have signed the agreement, including developers, Burt's Bees, Save-A-Lot and the Durham Performing Arts Center. They have added more than 375 jobs for Durham's residents. The incentive requirements have also allowed for partnerships between JobLink and local community colleges. Firms have the opportunity to obtain grants that assist with or subsidize the cost of employee training through JobLink of Durham Technical Community College. Durham is a competitive destination for business attraction, has increasing wages, more jobs available to residents and the ability to closely track hiring and skills advancements.

SOURCE: PROGRESSIVE PLANNING OF PLANNERS NETWORK, NCGROWTH AT KENAN INSTITUTE OF UNC KENAN-FLAGLER BUSINESS SCHOOL

City Lead

Community Development

City Support

Purchasing

External Partners

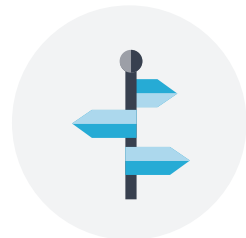
Gulf Coast Workforce Board, Bay EDA

Location

Citywide

Metrics

- Percent of new jobs filled by local hires
- Number of employees retained past 6 months
- Average wage of new hires and average wage over time
- Skills gap assessment



ACCESS TO OPPORTUNITY

STRATEGY

Modernize Public Housing

Panama City Housing Authority and the City of Panama City must collaborate to create a comprehensive plan to modernize all public housing in Panama City based on best practices for creating inclusive mixed-income communities.

Redevelopment of public housing sites into thriving mixed-income communities will help the City reduce concentration of poverty and support neighborhood growth. The City should support the Panama City Housing Authority in redeveloping its inventory of public housing to advance the goals of both organizations.

IMPLEMENTATION STEPS

Within 3 months

- In partnership with the Housing Authority, review damage assessment for public housing and discuss options for redevelopment of public housing.

Within 9 months

- Housing Authority prepares a plan for all public housing that calls for redevelopment or disposition of properties.

Within 18 months

- Establish an agreement with the Housing Authority to formalize how the City will support (e.g. public funding, infrastructure investments, development of neighboring sites, regulatory relief, etc.) the redevelopment or disposition of Housing Authority properties.

CASE STUDIES

Norfolk Public Housing Redevelopment

The City of Norfolk, Virginia has a disproportionate share of public housing units relative to the other cities in the region; though it has only 17 percent of the regional population, it has 48 percent of the same area’s public housing units, many of which are obsolete. This has led to a concentration of poverty in several parts of the city. Norfolk is moving forward with the redevelopment of the St. Paul’s area, where three public housing communities house 618 families, all of whom will be

relocated with the help of housing choice vouchers. St. Paul’s will be redeveloped into mixed-income housing, the development of which will be “kick-started” by a \$30 million federal grant.

SOURCE: HR&A ADVISORS

Fund for Restoration of Multifamily Housing

The Fund for Restoration of Multifamily Housing (FRM) Program was created to increase the supply of affordable housing in communities impacted by Superstorm Sandy. The program helps finance the development of affordable housing in nine counties that the federal government determined were most impacted by the storm by providing zero- and low-interest loans to qualified developers and public housing authorities. There is an unmet need for affordable rental housing following the storm, and this program helps rehabilitate and replace affordable units damaged by the storm, as well as builds new rental housing to address the needs of impacted neighborhoods.

SOURCE: RENEW NEW JERSEY STRONGER

Multi-Family Rental: Low-Income Housing Tax Credit “Piggyback”

The Piggyback program helps finance and rebuild multi-family workforce rental housing. The allocated CDBG funds are “piggybacked” onto GO Zone Low Income Housing Tax Credits and projects using tax-exempt private activity bonds and 4% LIHTCs. The program resulted in 52 projects completed with a total of 6,425 units developed and an additional 8,448 to be constructed, 63 percent of which are affordable. Within these units, there was a 96 percent overall program occupancy as of late 2011.

SOURCE: HUD EXCHANGE, LOUISIANA OFFICE OF COMMUNITY DEVELOPMENT

City Lead

Panama City Housing Authority

City Support

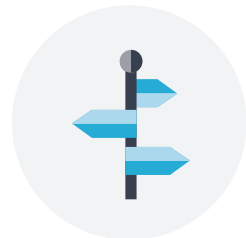
Community Development, City Manager

Location

Citywide

Metrics

- Number of units redeveloped
- Units by income level
- Number of mixed-income projects



ACCESS TO OPPORTUNITY

STRATEGY

Expand Public Transit Options

Increase mobility options by providing biking and walking infrastructure, improving public transportation service and expanding access in underserved neighborhoods.

Increasing access to alternative transit modes will make it easier for low income households to access jobs, education and other opportunities. In addition to increasing provision of biking and walking infrastructure as recommended in the Quality of Life Strategies, the City can improve public transit service through a partnership with the County to expand bus service. The City could explore increasing bus service to at least every 30 minutes during peak commuting hours and adding lines to low-coverage areas to improve access and reliability. In addition, to expand coverage and accessibility the City could explore on-demand van service along specific routes.

IMPLEMENTATION STEPS

Within 18 months

- Provide quality bicycle and pedestrian infrastructure, with a focus on multi-use paths along the waterfront and in low income neighborhoods.
- Work with County to develop a more robust regional plan for transit. Ensure access between population centers and employment centers by providing public transportation at least every 30 minutes during peak commuting times.
- Explore smaller on-call van service to expand accessibility to some without expanding full transit network.

CASE STUDIES

Tupelo, MS Transit Service

In 2016, the Community Transportation Association of American and the Social Innovation Division from Toyota North America partnered with elected officials, community groups and others in Tupelo, MS to study the need for a transit service and to develop plans for implementing that service. 2.3 percent of households in Tupelo do not own a vehicle, so public transit would fill a need for the city’s

working poor, as well as help older and disabled residents become more mobile. The Tupelo City Council then voted to supply match funds to secure 5311 funding from the Mississippi Department of Transportation. The City worked with the Northeast Mississippi Community Services to finalize routes and schedules, which included three bus lines. Elderly and disabled residents are also able to request to be picked up at their home. This became the first public transit service in Tupelo in recent history. Estimates suggest the system has provided between \$2 and \$7 million in economic benefits to the city. This includes reduced costs to the medical industry for missed appointments, tax fare savings for riders, extra money for workers and the value of additional shopping trips.

SOURCE: COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA, COMMUNITY TRANSPORTATION READER, DAILY JOURNAL – TUPELO, MA

City Lead

City Manager’s Office

City Support

Public Works, Engineering, Community Development

External Partners

Bay County

Location

Citywide

Metrics

- Ridership on trolley
- Added trolley service times
- Coverage of transit system, miles of protected bike lanes
- Miles of sidewalks added



Endnotes

1. National Weather Service
2. EPCI Housing Inspections, City of Panama City
3. US Postal Service
4. Northwest Florida Business Assessment of Hurricane Michael Impacts
5. Hurricane Michael Impact Analysis, Hagerty Consulting
6. Bay County Property Appraiser, via City of Panama City
7. City of Panama City revenue data
8. Panama City Comprehensive Annual Financial Report, 2018; Bay County Comprehensive Annual Financial Report, 2018

