



CITY OF FORT LAUDERDALE

APPROVED
ECONOMIC DEVELOPMENT ADVISORY BOARD
MEETING MINUTES
CITY OF FORT LAUDERDALE
OCTOBER 14, 2020, 3:45 P.M.
VIRTUAL MEETING

January-December 2020

<u>Board Members</u>	<u>Attendance</u>	<u>Present</u>	<u>Absent</u>
Jordan Yates, Chair	P	4	0
Nicholas Kuchova, Vice Chair (dep. 4:45)	P	4	0
Jay Adams	P	3	1
Michael Buonaiuto	A	3	1
Christopher “Kit” Denison	A	1	3
Dudly Etienne-Harvard	P	4	0
David Neal	P	4	0
Brett Rose	A	1	3
Michael Stara	P	4	0
John Vratsinas	P	4	0

Staff

Michael Chen, City Liaison, Economic and Business Development Manager
Suzy Joseph, Economic Development Program Analyst
Krystal Permanan, Economic Development Program Analyst
Jamie Opperee, Recording Secretary, ProtoType, Inc.

Communications to the City Commission

None.

I. Call to Order & Determination of Quorum

Chair Yates called the meeting to order at 3:45 p.m. It was noted a quorum was present.

II. Approval of the September 9, 2020 Meeting Minutes

Motion made by Mr. Stara, seconded by Vice Chair Kuchova, to approve the minutes. In a voice vote, the **motion** passed unanimously.

III. Staff Updates – General Update (5 minutes)

Mr. Chen reported that beginning on Thursday, October 15, 2020, the Business Engagement, Assistance, and Mentorships (BEAMs) program will begin a global commerce series. The event is promoted by Broward County as well as through the City’s social media platforms, and will include presentations from Port Everglades,

Enterprise Florida, Broward County, the U.S. Export Assistance Center, and others. Attendees must be present for all four sessions in order to receive a graduation certificate.

IV. Board Members Discussion – Local Economic Activity and Recovery

Chair Yates stated that due to the unprecedented circumstances presented by the ongoing COVID-19 pandemic, he felt the Board members should discuss what they are seeing in terms of economic recovery in the Fort Lauderdale community. This may include what is or is not working in terms of recovery, what types of businesses are recovering or have closed, and what the Board can do to provide leadership.

Mr. Neal emphasized that retail has been greatly affected by the pandemic, while service-oriented businesses, such as grocery stores, are performing well. Banking also appears to be thriving in the current environment. Other businesses, including “mom and pop” stores that are not providing a service and have struggled to pay rent during the shutdown, are not doing as well. He suggested that these businesses are in need of support during this period.

Mr. Neal continued that multi-family housing seems to be doing well in the commercial real estate market at present, as well as industrial warehousing and e-commerce headquarters around the country.

It was noted that many businesses with a large number of employees have implemented rotating schedules to prevent too many people from working together on the same shifts. These businesses are concerned with the potential for liability.

Mr. Vratsinas addressed the commercial insurance market, noting that most business clients are able to keep paying their bills, although some industries, such as cruise lines and airlines, have had significant layoffs. The hospitality industry has also been greatly affected. He noted that his company has seen only a 2% drop in its clientele out of over 470,000 clients since March 2020.

Mr. Vratsinas continued that most clients are continuing to pay for health insurance policies, including supplemental insurance, because they are concerned with the potential impacts of disease. One area of concern is the expected increase in commercial property and casualty insurance rates: while insurance has been less expensive following the recent recession, many insurance companies are concerned with the effect of the pandemic on their reserves.

Ms. Etienne-Harvard characterized the decline in some businesses as due to fear of contracting the coronavirus rather than the results of the economic climate. Many small businesses that are not surviving are those that did not have a marketing plan in place to seek new work, but were relying primarily on “repeat work.” It appears to be difficult for many smaller businesses to adapt to new ways of doing business.

Mr. Chen addressed property insurance rates in Florida, confirming that an increase is not only expected but a number of companies are expected to withdraw from the Florida market. When this is combined with the economic challenges introduced by the pandemic, small businesses that own their properties may find it difficult to secure sufficient short-term capital.

With regard to the tourism and hospitality industries, Mr. Chen continued that full recovery is anticipated in or around the third to fourth quarter of 2024. Property and casualty insurance rates are also greatly affected by the impact of hurricanes on the state of Florida, although these rate increases are also part of a national trend. The COVID-19 pandemic is creating additional balance sheet issues for major carriers.

Mr. Vratsinas stated that he would encourage business owners to mitigate risks as best they can by improving security and safety conditions to lessen their exposure. He characterized this as an education issue: insurance brokers and other industry representatives will need to advise business owners that costs are increasing, and few businesses will have built these significant increases into their budgets for the next year.

Mr. Chen stated that the office market suffered a delayed effect of the COVID-19 pandemic: there has been a gradual reopening of businesses that determined how they would go forward. The expectation is that there will be a substantial increase in office vacancies in South Florida, likely to begin in the fourth quarter of 2020 and first quarter of 2021. The office market is anticipated to stabilize by approximately mid-2021.

Mr. Neal noted, however, that the recent Paycheck Protection Program (PPP) provided funding to companies that applied for it, with the contingency that they must use 60% for employees and the remaining 40% toward rent, utilities, and other business expenses. They were also required to retain their employees for the duration of PPP funding. Mr. Neal explained that his concern was for the likelihood that businesses may have begun terminating or furloughing their employees once PPP funding was no longer available.

Vice Chair Kuchova noted that some industries, such as yachting, are not affected by the pandemic, as its effects on the economy are unlikely to have a significant effect on their clientele. He suggested that the City might reach out to this industry to determine if there are ways it can be of assistance. Another consideration is the cruise industry, as well as those industries that provide services to cruise passengers. Reaching out to the Cruise Line Industry Association in Miami may be one way to identify how to provide support to these businesses.

Mr. Chen confirmed that major cruise lines have taken a significant economic hit, and noted that a number of these lines have published modified 2021 schedules, many of which are selling out. Carnival Cruise Lines, which is the largest line in the world, has pulled operations from Port Everglades and will instead focus on operations out of the Port of Miami. Vice Chair Kuchova characterized the limited schedule as an opportunity

for the City to take an active role with the cruise industry and other industries that support it. Mr. Chen agreed, noting that the Broward County Convention and Visitors' Bureau is working closely with the cruise industry to prepare to offer support to these businesses.

Mr. Chen continued that during the early quarantine period, he had spoken with representatives of the City's marinas and Broward County's Office of Economic Development regarding the type of program that would best assist the marine industry at this time. He noted that the Fort Lauderdale International Boat Show will be held on a modified platform. The economic impact of the Boat Show in a typical year is roughly \$850 million.

V. Chairman Update – Operation: Short Term Board Vision

Chair Yates stated that he would like the Board to determine a short-term vision for its role in the current economic environment so they can establish and work toward goals. This may include acting as a "think tank" as well as contributing to the City discussion of how to support key industries and economic engines.

Vice Chair Kuchova reiterated that the Board needs to examine what they may be able to do for the City's key industry sectors, keeping in mind that in addition to these sectors, there are ripple effects of those industries being able to do more business. Mr. Neal added that it is important that existing businesses acquire sufficient funding to stay open, pointing out that some industries, like restaurants, are still operating on limited capacity and will require more funding.

Chair Yates asked if the Board may invite leaders of multiple industry associations to attend meetings and participate in discussions about potential coordination of efforts. He pointed out that inviting different industries to participate could provide opportunities for them to hear different perspectives and approaches. Mr. Chen agreed that he can reach out to industry leaders, although he noted that the marine industry is unlikely to participate in the near term, as they are focused on the Boat Show. The medical industry is also unlikely to participate, as they continue to work to control the pandemic. It may be possible to bring in representation from the restaurant, retail, and tourism industries.

Mr. Chen continued that much of this type of coordination is already underway by different industries: a meeting would provide the Board with information on how they can aid in economic recovery efforts. With respect to assistance, he noted that one program is targeted at businesses within the City's Community Redevelopment Agencies (CRAs) which may have been unsuccessful at accessing state and federal programs. The scale of the pandemic's economic effects, however, is so large that there are few cities and/or counties that can provide significant assistance.

Vice Chair Kuchova asked if the Board might be able to serve as a conduit or accelerator for startup communities and existing incubators. Mr. Chen advised that Economic and Community Investment is one of the few City Departments that has received funding for new programs, including the Florida/Israel business accelerator, which is still underway. Broward County's goal is to establish a full-fledged world trade center in Fort Lauderdale, and will draw on not only the partnership with Israel but sister cities in Brazil and international trade groups as well. Conversations with Broward College and Florida Atlantic University are also ongoing with regard to training and expansion of research facilities.

Mr. Chen continued that he hopes to expand outreach to Nordic countries to which Vice Chair Kuchova may be able to arrange introductions. He also hoped to reach out to multiple consulates located in Miami, and to establish a sister city relationship with Qatar, as well as an incubator program for Qatar investors. He emphasized the City's role as a hub for startup businesses and entrepreneurs, which is due in part to Florida's favorable corporate tax structure; however, he noted that other business networks throughout the country are not necessarily discussing Fort Lauderdale in this capacity, and suggested the Board consider how to structure outreach to these networks.

Vice Chair Kuchova left the meeting at 4:45 p.m.

Mr. Chen proposed that the Board hold strategy sessions to determine which kinds of groups it would be appropriate to reach out to, and what kind of marketing or branding outreach should be assembled to make them more aware of opportunities in Fort Lauderdale. Mr. Stara noted that one strategy should focus on pointing out what Fort Lauderdale has to offer that other states do not. Mr. Chen added that another key activity will be identifying the target industries for this outreach.

Chair Yates advised that he would prepare a proposal to serve as a framework for what each member can do to advance the initiatives the members have discussed. Mr. Chen stated that this would be an attachment sent in advance of the next Board meeting.

The Board members discussed meeting times, with Mr. Chen pointing out that the Mission-to-Market Subcommittee is not currently meeting because there is no separate business to discuss associated with that Subcommittee's charge. There was also discussion of meeting at an earlier time if the communications technology meeting format continues to be used in the future.

VI. Old Business

None.

VII. New Business

The next virtual EDAB meeting will be November 11, 2020.

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There being no further business to come before the Board at this time, the meeting was adjourned at 5:07 p.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.

[Minutes prepared by K. McGuire, ProtoType, Inc.]