

# ECONOMIC DEVELOPMENT STRATEGIC PLAN CITY OF FORT WORTH, TEXAS



## 18-MONTH PROGRESS UPDATE

AUGUST 2019

# ACKNOWLEDGEMENTS

TIP would like to thank the following individuals and organizations for their participation in this planning process:

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**TIP STRATEGIES, INC.** is a privately held economic development consulting firm with offices in Austin and Seattle. TIP is committed to providing quality solutions for public and private sector clients. Established in 1995, the firm's primary focus is economic development strategic planning.

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# INTRODUCTION

In December 2017, the City of Fort Worth and TIP Strategies completed an Economic Development Strategic Plan with initiatives and actions organized around the themes of competitiveness, creativity, and community vitality. The plan's vision, which is to compete successfully on the national and international stage for creative, high-growth businesses and the talented individuals who fuel them, includes three goals and four specific outcomes:

## GOALS

1. Establish Fort Worth's competitive edge
2. Become a hub for creative business
3. Ensure community vitality

## OUTCOMES

4. High-wage job growth
5. A more sustainable tax base, driven less by residential property valuation and more by commercial and industrial investment.
6. An economy that capitalizes on high-growth businesses and the creative individuals who fuel them.
7. A commitment to quality of place throughout the community.

These outcomes are tangible and measurable. In the case of the first two (wage growth and tax burden), data are readily available and can be tracked over time. The third outcome (attracting high-growth industries) can be measured using employment data in target industry classifications. The fourth outcome (quality of place) is less easily measured, but there are ways in which the vitality of neighborhoods can be assessed indirectly. These include rising home values, new business startups, reduction of blighted areas, and the emergence of walkable corridors with a mixture of residential and commercial developments and related amenities.

In 2019, The City of Fort Worth contracted with TIP Strategies to review the City's progress on the Economic Development Strategic Plan, to include:

- Interviewing City staff regarding progress-on-goals, current issues and concerns, and capacity and needs
- Updating data for the City and domestic benchmarks, and a discussion of regional positioning
- Preparing and presenting findings to the City Council in the form of a PowerPoint presentation and summary report of findings suitable for distribution to a broader audience

Using data analysis, media coverage, and interviews, TIP Strategies has developed this assessment of progress on goals in the Economic Development Strategic Plan and recommendations for next steps.

# SUMMARY OF FINDINGS: DATA SNAPSHOT

The overall purpose of the assessment is to understand Fort Worth’s progress on Strategic Plan metrics and action items over the past year, relative economic position, and to highlight its competitive advantages and disadvantages.

To provide a common framework for the review process, TIP conducted a demographic and economic assessment of Fort Worth specifically focused on the metrics in the plan.

The findings presented in this section are based on the following elements:

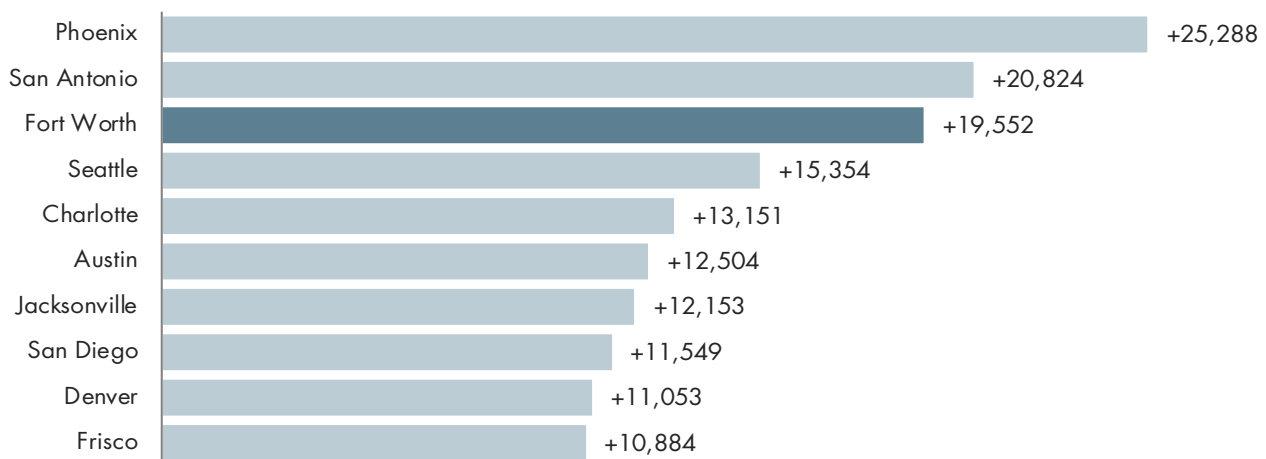
- A review of relevant data and other material provided by the City of Fort Worth and others
- A review of economic and demographic data from primary and secondary sources, including the US Census Bureau, ESRI Community Analyst, the Texas Comptroller of Public Accounts, and Economic Modeling Specialists Inc. (EMSI), and Crunchbase
- Our review of current activity in the Metroplex
- Consideration of best practices nationally

## POPULATION GROWTH

Fort Worth continues to benefit from sustained population and economic growth. Over the last several decades, Fort Worth has been one of the fastest-growing large cities in the US; this trend continued in 2018 as Fort Worth experienced the 3rd largest population increase of any US city. This growth is also exceptional within the region, as Fort Worth gained more new residents than any of the other large cities in the Dallas-Fort Worth area in 2017-2018. A growing population presents the city with increased demand for housing and jobs, an expanding employment pool, and the opportunity to shape future growth with (potentially) greater tax revenues.

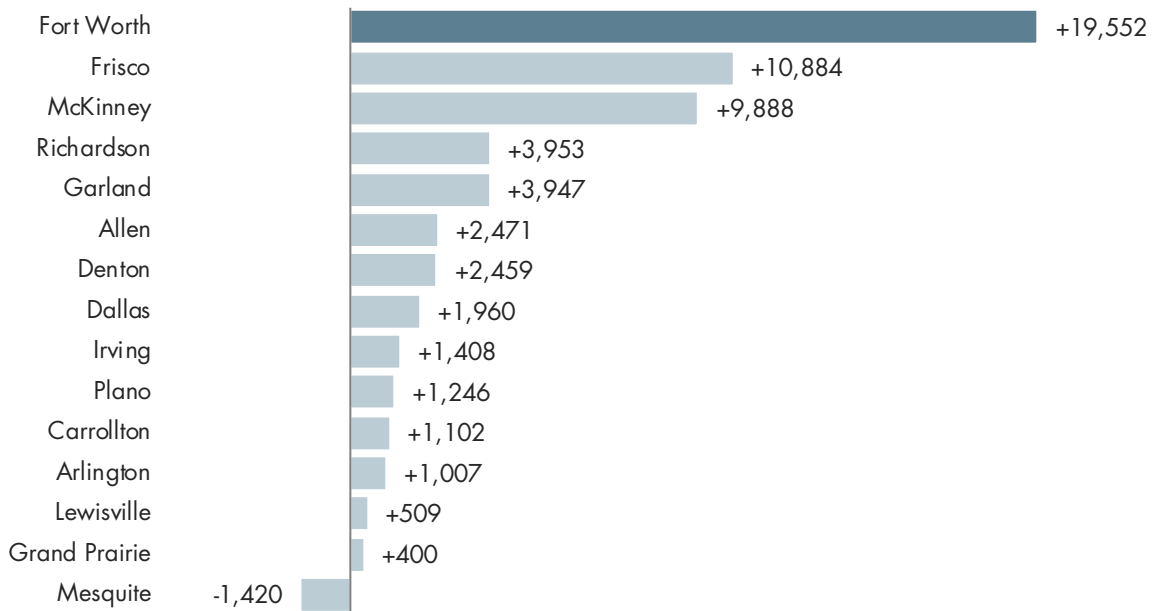
The challenge for economic development is not just whether the community can continue to add people and jobs. As with all growing cities, the question becomes what kind of development the City wants – and what is required to ensure that development is sustainable. In short, how does Fort Worth “up its game” to compete nationally as well as globally?

**FIGURE 1. TOP 10 US CITIES FOR NET POPULATION CHANGE, 2017-2018**



Source: US Census Bureau, Mid-year Population Estimates Program.

**FIGURE 2. POPULATION CHANGE IN LARGE DALLAS-FORT WORTH CITIES, 2017-2018**



Source: US Census Bureau, Mid-year Population Estimates Program.

## HIGH-WAGE JOB GROWTH

The creation of well-paying new jobs was a consistent theme throughout the planning process. High wage earners contribute to a growing tax base not only through increased spending power, but also in home sales that generate greater tax benefits to the City. There is also a close correlation between greater income and technology skills, even when the jobs themselves are not listed within traditional technology industry classifications. The competitive advantage of Fort Worth within the region cannot continue to rest on manufacturing (with its declining employment base), nor on retail and related service sector employment. Finally, entrepreneurial activity – especially as it relates to traded-sector and knowledge-intensive enterprises – links closely to the greater investment capital available to higher wage workers.

The table below shows that Fort Worth is making steady progress in high-wage job growth. There are increases in two of the Strategic Plan’s three metrics. Growth in the average wages of jobs created/retained, however, is slightly lower than desired, and further emphasizes the need to focus on higher earners.

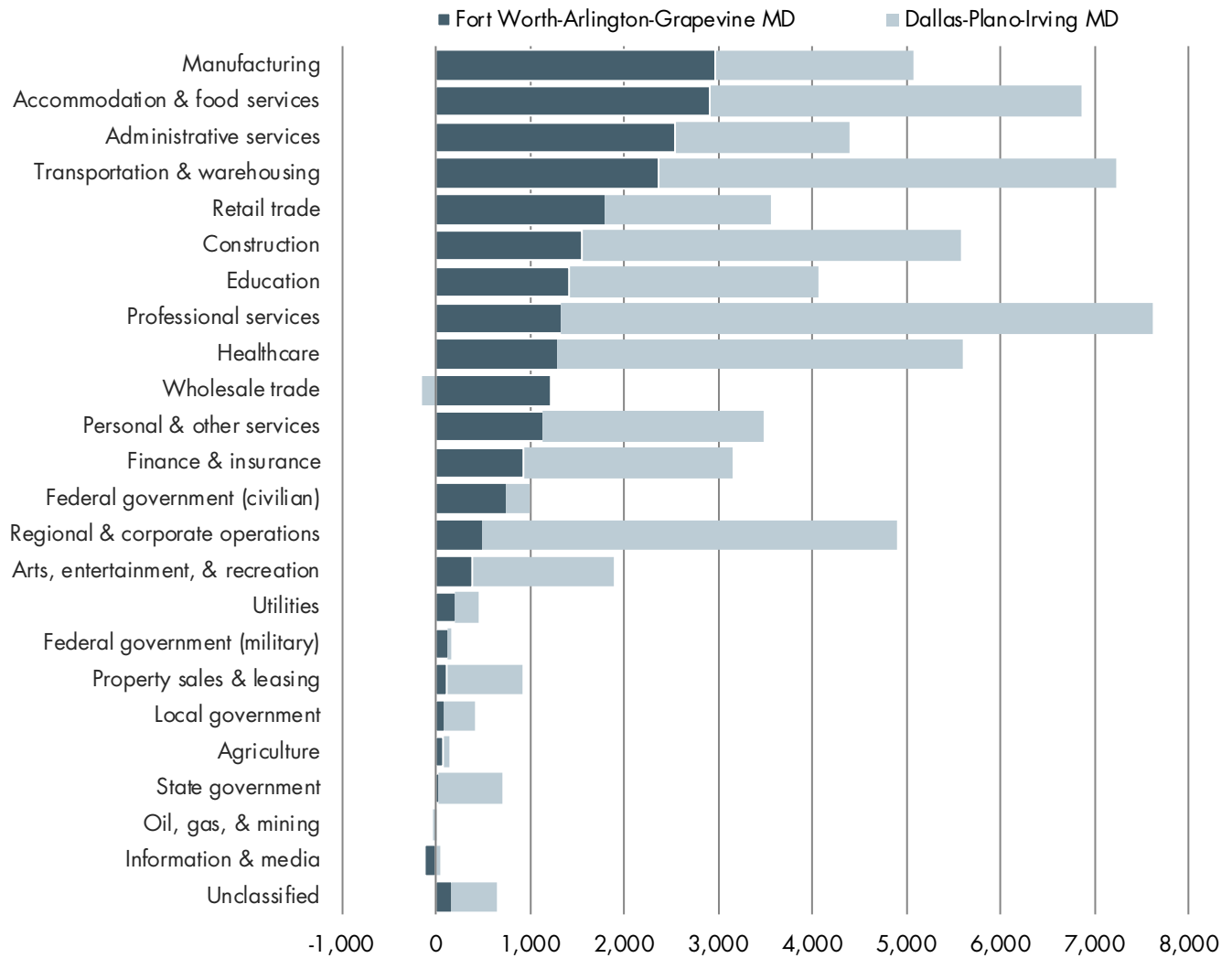
**FIGURE 3. HIGH-WAGE JOB GROWTH METRICS**

METRIC	2017	2018	ANNUAL GROWTH TARGET	STATUS
Number of jobs created/retained	1,029,600	1,068,300	Increase by 3% each year	3.6% increase, exceeds goal
Average wages of jobs created/retained	\$47,547	\$48,643	Increase by 3% each year	2% increase, below goal
Private non-farm employment	893,000	936,500	Increase by 3% each year	5% increase, exceeds goal

Source: City of Fort Worth.

Also of concern is that while employment expanded in the Fort Worth metro division in 2018, the Dallas metro division led by wide margins in professional services and healthcare. Professional services—which includes a range of high-wage jobs—is a key indicator for economic success. Prior to the Strategic Plan (from 2010-2016) job growth in professional services took place almost exclusively in the Dallas side of the region, with the sector not contributing to job growth in Fort Worth during that timeframe. Recent data indicate a more positive trend, with more than 1,300 new professional services jobs added from 2017 to 2018 in the Fort Worth metro division. The healthcare industry also grew by about 1,300 jobs in the Fort Worth metro division from 2017 to 2018, but this is a significantly slower rate of growth compared to previous years. Intensifying efforts to attract jobs in these sectors remains a top priority, especially as the Near Southside Medical Innovation District and other large-scale developments become a reality.

**FIGURE 4. NET JOB GROWTH BY SECTOR & METRO DIVISION, 2017-2018**



Source: EMSI 2019.2 – QCEW Employees, Non-QCEW Employees, and Self-Employed.



## SUSTAINABLE TAX BASE

The City of Fort Worth’s tax base is heavily dependent on residential property; the Strategic Plan recommended increasing commercial and industrial investment to create a broader and more sustainable tax base. Revised incentive policies, zoning changes downtown, the expected establishment of industry task forces in 2019, and the development of targeted business strategies will help to further diversify the city’s tax base. Discussions have taken place within the City to increase urban mixed-use residential districts, and several redevelopments are underway, including two of the former XTO buildings.

Specific metrics in the Strategic Plan tied to developing a sustainable tax base include retail sale growth, commercial tax base growth, hotel occupancy, the amount of new office space (in square feet) added to the regional market, and the amount of new industrial space (in square feet) added to the regional market. Based on 2017-2018 metrics, the City of Fort Worth is on track with each of the annual growth targets.

**FIGURE 5. SUSTAINABLE TAX BASE METRICS**

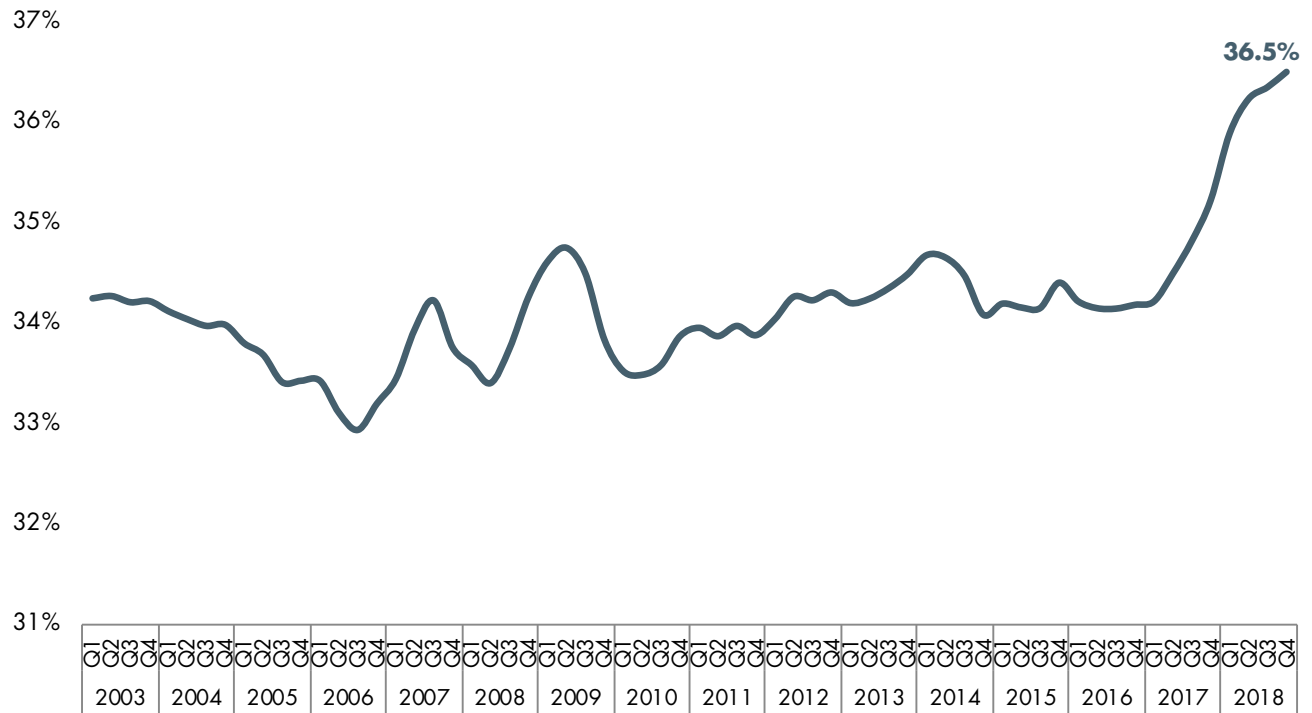
METRIC	2017	2018	ANNUAL GROWTH TARGET	STATUS
Retail sale growth	\$140,680,044	\$154,573,000	Increase by 5% each year	9% increase, exceeds goal
Growth of commercial tax base	\$20,353,254,646	\$22,439,551,673	Increase by 9% each year	9% increase, exceeds goal
Hotel occupancy	64.8%	Data not yet available for 2018	Maintain above 65%	
Amount of new office space (SQ/FT) added to regional market	42,291,630	42,531,437	Increase by 1% each year	1% increase, meets goal
Amount of new industrial space (SQ/FT) added to regional market	118,997,510	123,852,804	Increase by 2% each year	4% increase, exceeds goal

Source: City of Fort Worth.

When compared with the rest of the region, Fort Worth’s share of the metro division’s taxable sales rose sharply in 2018 (Figure 6), indicating growth in the sales tax base. Contrary to the plan’s goals, single-family permitting still dominates Fort Worth’s landscape, especially at the low end of the market (Figure 7). Fort Worth has a much lower average value of single-family permits than competitor cities in the region. Multi-family permits are fewer in number relative to single-family, but average values are relatively high (Figure 8).



**FIGURE 6. TAXABLE SALES: CITY OF FORT WORTH AS A PERCENT OF METROPOLITAN DIVISION**



Source: Texas Comptroller of Public Accounts.

**FIGURE 7. SINGLE-FAMILY PERMITTING ACTIVITY AND VALUES IN LARGE DALLAS-FORT WORTH CITIES, 2017-2018**

NUMBER OF SINGLE-FAMILY PERMITS ISSUED

CITY	2017	2018
<b>Fort Worth</b>	<b>5,042</b>	<b>5,477</b>
McKinney	2,526	2,280
Frisco	1,935	2,195
Dallas	2,100	2,009
Denton	871	1,005
Arlington	475	619
Carrollton	301	571
Irving	648	517
Allen	435	457
Grand Prairie	257	394
Lewisville	242	352
Plano	315	244
Garland	171	92
Richardson	134	85
Mesquite	67	70

AVERAGE VALUE OF SINGLE-FAMILY PERMIT

CITY	2018
Richardson	\$433,951
Irving	\$404,342
Plano	\$394,784
Carrollton	\$392,050
Lewisville	\$310,447
Garland	\$289,512
Allen	\$284,416
Denton	\$265,436
McKinney	\$263,070
Frisco	\$253,190
Mesquite	\$238,306
Grand Prairie	\$235,490
Dallas	\$235,164
Arlington	\$216,011
<b>Fort Worth</b>	<b>\$173,467</b>

**FIGURE 8. MULTI-FAMILY PERMITTING ACTIVITY AND VALUES IN LARGE DALLAS-FORT WORTH CITIES, 2017-2018**

NUMBER OF MULTI-FAMILY PERMITS ISSUED

CITY	2017	2018
Dallas	5,151	6,038
<b>Fort Worth</b>	<b>3,814</b>	<b>3,833</b>
Frisco	2,342	2,613
Grand Prairie	426	1,244
McKinney	1,475	1,223
Richardson	1,946	1,102
Arlington	495	947
Lewisville	272	688
Carrollton	588	638
Allen	599	597
Denton	569	547
Plano	859	468
Garland	2,181	364
Irving	1,024	33
Mesquite	0	0

AVERAGE VALUE OF A MULTI-FAMILY UNIT

CITY	2018
Frisco	\$164,338
Irving	\$136,030
<b>Fort Worth</b>	<b>\$126,838</b>
Plano	\$118,807
McKinney	\$113,969
Garland	\$113,187
Lewisville	\$112,209
Denton	\$107,148
Richardson	\$104,772
Dallas	\$102,994
Arlington	\$97,812
Grand Prairie	\$86,871
Carrollton	\$66,323
Allen	\$55,235
Mesquite	n/a

Source: (all figures) US Census Bureau, Building Permits Survey. Permitting data represent the calendar years as shown; 2018 data are preliminary.

## HIGH-GROWTH BUSINESSES AND THE CREATIVE INDIVIDUALS WHO FUEL THEM

Promoting Fort Worth to creative individuals and to high growth businesses is a challenge. Lower cost housing is not necessarily a draw, especially when amenities are perceived to be lacking. Image continues to matter. The push by the Mid-Cities to project a younger, more tech-welcoming face is a consistent theme. We see that with UT-A in Arlington, with the burgeoning music scene in Irving, and in many smaller but significant ways throughout the Metroplex. With talent availability foremost on the minds of corporate executives and site selectors alike, previously secondary factors such as a variety of housing options, entertainment venues, a vibrant night life, and a dynamic small business environment now dominate discussions in economic development.

Despite the efforts of other communities to reposition themselves, the Fort Worth value proposition has never been stronger. Not only is Fort Worth growing at a spectacular rate, new projects and activities are garnering wide attention. One good example of positive recent attention was the Fort Worth on Rainey activation at SXSW 2019 in Austin. The two-day activation welcomed more than 3,700 attendees and reached an audience of more than 1.3 million on social media during the opening weekend of SXSW, the world’s leading technology conference. The theme of the activation “Y’all means all: Everyone’s welcome in Fort Worth, Texas” communicated an inclusive and welcoming message to creative people and entrepreneurs from around the world.

As reported by the City, newly built and strengthened relationships between TechFW, University of North Texas Health Science Center (UNTHSC), University of Texas at Arlington, Tarleton State, and the Texas A&M Law School will help strengthen connections between Fort Worth’s startup/tech community and local and regional higher education institutions. In addition, the development of and investment in areas such as the Near Southside Medical Innovation District directly contribute to the growth of creative businesses. Revised incentive and tax abatement policies will help ensure that businesses receiving financial benefit do so in a way that helps advance the goals of the plan.

Despite the fiercely competitive regional pull for millennials and tech start-ups, Fort Worth has made progress on most of the metrics related to high-growth businesses and creative individuals (Figure 9). In addition, the Cowtown Angels have grown to 50 members, a record number. The group is having an impact on the entrepreneurship community, with a 28% increase in applications from startups from 2017-2018, monthly pitch days in partnership with UNTHSC, and two angel investor mini-boot camps planned for 2019 to educate new investors. To illustrate some of the investment in young businesses, recent venture capital investments are in Figure 10, representing a variety of industries.







**FIGURE 9. HIGH-GROWTH BUSINESSES AND CREATIVE INDIVIDUALS METRICS**

METRIC	2017	2018	ANNUAL GROWTH TARGET	STATUS
Private sector business creation (Tarrant County)	42,763	43,447 (second quarter)	Increase by 3% each year	1.6% increase, below goal
Number of new businesses formed	5,581	5,823	Increase by 5% each year	4% increase, below goal
Number and dollar value of venture capital and angel investment deals	15 companies \$1,605,160	11 companies \$2,249,000	Increase each year	29% increase, meets goal
SBIR/awards	1	1	Increase by 1 per year	No change, meets goal

Utility patent grants	468	407	Increase by 1% each year	7% decrease, below goal
Growth of academic R&D investments	\$152,928	Data not yet available for 2018	Based on university funding	
Growth of private capital investments				
Population age 25+ with a bachelor's degree	28.3%	ACS 2018 1-year estimates not yet available	Increase by 2% each year	
Percent of the population age 20-34	23.8%	ACS 2018 1-year estimates not yet available	Increase by 1% each year	
Number of enrolled college and university students	134,374	135,735	Increase by 3% each year	1% increase, below goal
Annual unemployment rate	3.9%	3.3%	Decrease each year	.6% decrease, meets goal
Graduation rates of area high schools	93.96%	93.98%	Maintain above 93%	.99% increase, meets goal

Source: City of Fort Worth.

**FIGURE 10. VENTURE CAPITAL HIGHLIGHTS FOR FORT WORTH IN 2018**

	COMPANY	FUNDING	TYPE	DESCRIPTION
	Craftwork Coffee	\$932,500	Venture Round	Part coworking space, part coffee shop
	MedHab	\$914,770	Venture Round	Develops medical devices that offer customized physical rehabilitation protocols for patients
	PumpJack Dataworks	\$250,000	Seed	A Texas based sports-technology service
	Harvest Returns	\$105,000	Seed	An online marketplace for agriculture investments
	Farm Tech Innovation	\$100,000	Pre-Seed	Focuses on tracking issues related to animals and public health (dba HoofUp)
	SideKick.Tools	\$60,000	Seed	Boosts customer growth, rescues lost revenue, and leverages declining resources

Source: Crunchbase.

## QUALITY OF PLACE

Place matters. Recent trends have shown that employees want to live near their work and with easy access to amenities. Walkable communities – as opposed to long commutes – are more than a passing fad. Fort Worth can capitalize on this by continuing to link economic development (industry recruitment) with planning (housing and mixed use development). In addition, Fort Worth’s vibrant downtown and the eminently walkable medical district provide precisely what millennials are demanding. With ongoing Trinity River enhancements (including Panther Island), the Cultural District, and extensive trails and parks, Fort Worth is on a par with Dallas and clearly ahead of the Mid-Cities and smaller suburban cities. Wider recognition of these assets, however, has still eluded Fort Worth. It should not come as a revelation that Fort Worth has so much to offer. This is still largely a marketing challenge and we strongly recommend revisiting a “regional brand awareness” campaign.

A review of the plan’s metrics indicate that Fort Worth is making progress on quality of place goals. There has been an increase in the median home sales price and median monthly rental rates. Other positive signs of progress include new coworking spaces in Near Southside and Downtown, incentives to provide more residential options downtown, a completed pedestrian connection on E. 3<sup>rd</sup> Street under the Union Pacific Railroad to Hillside, bike lanes on the S. Main Street underpass, and a W. 7<sup>th</sup> street redesign that is currently underway.

**FIGURE 11. QUALITY OF PLACE METRICS**

METRIC	2017	2018	ANNUAL GROWTH TARGET	STATUS
Share of workers working from home	3.6%	ACS 2018 1-year estimates not yet available	Increase by .5% each year	
Median home sales prices	\$235,068	\$249,166	None	6% increase
Median monthly rental rates of apartments	\$940: 1BR \$1,140: 2 BR	\$920: 1BR #1,150: 2BR	None	2% decrease: 1BR .9% increase: 2BR

Source: City of Fort Worth.

## SPECIFIC GROWTH TARGETS

The plan calls for attracting new investments and businesses into the community, focusing on target industries that align with Fort Worth’s assets. There has been progress on this metric as the City, Visit Fort Worth, Hispanic Chamber, and Black Chamber meet monthly to develop Fort Worth’s marketing message. The City and partners intend to start industry task forces in 2019 to recruit new expansion projects; this group would focus on targeting out-of-market HQs of companies with a Fort Worth presence. This should also include partnering with Fort Worth’s major employers to pursue supply chain businesses and focusing on HQ relocations of major corporations within industries that already have a strong Fort Worth presence. The city has also taken measures to support business recruitment and expansion by implementing Salesforce to track leads and projects; the goal of focusing on incentive compliance efforts is scheduled to begin in 2019. The City has also completed an initial business walk with Southeast Fort Worth Inc and East Fort Worth Business Alliance.

The city is on target to meet the business recruitment specific growth target metrics in the Strategic Plan (Figure 12); during 2018 the city gained two Fortune 1,000 HQs and 10 Inc 5,000 firms. The residential development numbers fall short of goal progress for housing units within one, two, and four and four miles of the CBD (Figure 12).

**FIGURE 12. SPECIFIC GROWTH TARGET METRICS**

SPECIFIC TARGET	STARTING POINT (2017)	ANNUAL GROWTH TARGET (2018-2022)	2018	FINISH LINE (2022)	STATUS
Fortune 1000HQs	2 (American Airlines & Pier 1 Imports)	Add 1 Fortune 1000 HQ each year	2 (American Airlines, Range Resources Corp)	7 Fortune 1000 HQs	No Change
Inc. 5000 firms	11	Add 5 Inc. 5000 firms each year	10	36 Inc. 5000 firms	Added 10 firms; exceeds goal
Residential development in CBD: 1-mile radius	4,095 housing units	Add 1,000 net new housing units per year	4,399 units	9,095 housing units	304 unit increase; below goal
Residential development in CBD: 2-mile radius	14,541 housing units	Add 2,000 net new housing units per year	15,475 units	24,541 housing units	934 unit increase; below goal
Residential development in CBD: 4-mile radius	66,709 housing units	Add 4,000 net new housing units per year	68,203 units	82,709 housing units	1,494 unit increase; below goal

Source: ESRI forecasts for 2019; City of Fort Worth.

## IMPLEMENTATION MATRIX

In addition to the Economic Development Strategic Plan metrics described in the previous section, the City of Fort Worth also received an implementation matrix. The matrix tracks progress on three goals (below) with corresponding initiatives, actions, responsible parties, and timeframes for implementation. The actions are described as ongoing or scheduled for 2018, 2019-2020, 2021-2022. Responsible partners include the leading economic development organizations, K-12 schools, universities, and employers. The three major goals are to:

1. Establish Fort Worth's competitive edge
2. Become a hub for creative businesses
3. Ensure community vitality

The City of Fort Worth has done an excellent job of tracking these items by status and time horizon. Most of the 2018 initiatives and actions are in progress or have expected start dates in 2019. Receiving this matrix was critical to analyzing progress on high wage growth, building a sustainable tax base, supporting high-growth businesses and creative individuals, quality of place, and specific growth targets. This information, in addition to what was heard during the interview process, inform the next section.



## SUMMARY OF FINDINGS: INTERVIEWS

To provide a common framework for our recommendations, TIP conducted interviews with individuals from the City of Fort Worth, local economic development and tourism organizations, surrounding communities, and a leading site selector to gain a better understanding of how Fort Worth is perceived, what progress has been made on the Strategic Plan’s goals and metrics over the past year, and where there are opportunities to enhance progress. Three major themes emerged: ensuring strategic and organizational alignment, prioritizing and developing target industries, and ensuring community vitality by cultivating a sense of place.

The findings presented in this section are based on the following elements:

- A review of relevant data and other material provided by the City of Fort Worth and others;
- Input from 14 different interviews
- TIP’s experience working with communities across the country and compiling best practices.

## STRATEGIC AND ORGANIZATIONAL ALIGNMENT

The Strategic Plan calls for coordination between several public and private sector entities to further Fort Worth’s position within the Metroplex. The plan cites collaboration between the City of Fort Worth Economic Development Department and the Fort Worth Chamber of Commerce as critical to effective implementation. New investments from the City and the Chamber are required to move the plan from concept to action, including increasing the staff capacity to carry out critical activities in:

- marketing a target industry recruitment program
- high-growth start-ups and tech company recruitment
- business retention and expansion (BRE)
- research
- urban development.

*“People are beginning to recognize our challenges and are ready to get to work.”*

-Interview respondent

During the interview process we frequently heard that there is a great deal of enthusiasm regarding the plan and its goals, and that there is progress towards various goals. There has also been improvement on the city’s perception both internally and externally. In areas where progress is not as clear, respondents felt that it can be difficult to assess changes over the period of a single year and that more time might be required to make an accurate assessment and begin implementation on all the identified priorities.

Fort Worth has a strong employment base, downtown, and surrounding neighborhoods, but does not always get a fair share of notice from site selectors and corporate leaders; interview respondents largely reported not seeing any changes regarding Fort Worth’s perception within the Metroplex. When compared to other area cities and suburbs, they felt Fort Worth is often overlooked and has not received some of the economic development seen in suburbs northeast of Dallas.

Cooperation and coordination between Fort Worth’s various economic development organizations is critical to raising the city’s profile with site selectors and external companies. Achieving alignment while maintaining separate roles and responsibilities for the City’s Economic Development Department, the Chambers, Sundance Square, Alliance, and others will benefit from coordinated economic development efforts. While the recently signed memorandum of understanding between the City of Fort Worth Economic Development Department and the Chamber is a sign of success, additional coordination is needed.

*“The biggest struggle is organizing roles and getting focused on targets and marketing.”*

-Interview respondent

Resourcing is a challenge for all organizations, and all efforts should be designed for maximum efficacy. Using the Strategic Plan implementation matrix as a basis, the various organizations should develop **a clearly defined one-year work plan** to prioritize actions and develop next steps. Efforts should also be made to continue tracking progress; for example, meetings with and visits to prospects should be linked to outcomes. These outcomes should inform future action, whether there are actions to repeat or actions to avoid. The plan’s actions and outcomes can be used to bolster future organizational development and funding as well as business recruitment and development efforts.

## PRIORITIZING TARGET INDUSTRIES

Fort Worth continues to position itself as one of America’s leading corporate HQ locations, with the goal of one Fortune 1,000 relocation per year. Major recent expansions, such as Charles Schwab, the Amazon Air Freight Hub, and Facebook data center are all positive signs of progress. Large corporate relocations are notoriously difficult to obtain, however, and should be balanced with other regional opportunities aligned with target industries. The Strategic Plan identified eight target industries:

*“Prioritization of corporate HQ is still the highest priority.”*

*“Community self-esteem is tied to your ability to recruit corporate jobs.”*

-Interview respondents

1. Aerospace manufacturing and design
2. Transportation innovation
3. Life sciences delivery & innovation
4. Geotechnical engineering
5. International business
6. Corporate & regional HQs
7. Professional services
8. Financial Services

***This analysis focused on whether the current target industry strategies are the right ones, and if the perception of Fort Worth within the Metroplex has changed.***

While there has not yet been much change in the perception of Fort Worth, internally there is increasing cooperation and enthusiasm for completing goals in the Strategic Plan. The eight industries identified in the Strategic Plan are still applicable to today's landscape. Fort Worth is initiating changes to strengthen the City's brand as it relates to target industries, including developing new incentive programs, renovating and expanding the convention center, embarking on a targeted digital marketing campaign targeting cities that have exported business to Fort Worth, and working with the University of Texas at Arlington on a strategic development plan for the Medical Innovation District that will guide future growth. These efforts are important, positive steps, and should be taken within the context of a coordinated, focused effort to balance Fortune 500 and 1,000 recruitment with regional opportunities aligned with target industries.

*"Do not chase Fortune 500 and regional wins; it's so hard to make that happen. We need a more targeted strategy that is industry-focused."*

*"It is difficult to get funding from the business community without specific results and a specific strategy for recruitment."*

-Interview respondents

In addition to labor availability (which is an advantage widely across the Metroplex), site readiness, including adequate infrastructure, utilities, and access to transportation options, are a determining factor in attracting a corporate headquarters. Fort Worth should focus on ensuring that available sites meet the needs of target industries, and that incentive programs are appropriately calibrated to attract this type of development. To meet the needs of existing businesses, the City and Chamber developed a new BRE program through the Chamber's BRE committee. Future efforts should continue to be structured around a tiered approach that prioritizes companies at risk of downsizing/relocating, have significant growth potential, and fall within the city's target industries.

There is great potential for industry development around the medical innovation district (MID) in Near Southside. Medical schools generate revenue from the healthcare sector, students, lab space and other assets; according to Near Southside, Inc, 2014 University of North Texas study of the district's healthcare facilities found that there is a potential \$4.2 billion annual impact in Fort Worth, including 39,000 jobs. At present, the effort to build out the medical innovation district is mostly a city-sponsored initiative, but success will require the contribution and efforts of multiple partners. The MID will need to develop a unique identity to compete with the strong medical presence in other Texas cities, including Houston, Austin, and (of course) Dallas. This identity should be designed around targeted recruitment by industry leaders and practitioners in concert with the medical district innovation plan developed by the University of Texas at Arlington team.

*"The new medical school has the potential to be a catalyst and game changer for Fort Worth."*

-Interview respondent

## ENSURE COMMUNITY VITALITY

Fort Worth has been called a small big city, a place where people are proud of the reasonable cost of living and the amenities you would expect from a larger city. Quality of place is an essential component of a successful economic development strategy. The strength of neighborhoods, of connectivity among different districts of the city, and of urban amenities is what makes cities attractive to talented individuals and businesses. The Strategic Plan calls for accelerating downtown Fort Worth's emergence as the premier mixed-

*"There is a stiff war for talent; increasingly, people are choosing to live closer to work as commute times get difficult."*

-Interview respondent

use business district in Texas and aligning neighborhood assets to benefit from and support citywide economic growth.

The status of downtown Fort Worth is directly correlated with the success of the rest of the city. Downtown is well-positioned for the future with connectivity internally and to the rest of Fort Worth, as well as opportunities for development in residential, office, and recreation. It is important to balance office, hotel, residential, and mixed-use development. According to the City of Fort Worth, there are currently more than 1,000 housing units currently under construction in the urban core; building on this success and continuing to seek ways to encourage high-density residential development downtown is essential to creating a dynamic, active downtown. In response to the Strategic Plan’s direction to increase high-rise residential downtown, the city has created a new incentive policy. In addition, Downtown Fort Worth has hired a consultant to complete a housing study that will create a better understanding of the housing market for residential downtown and what steps may be required to increase density and affordable housing.

*“Downtown is on an upward trajectory.”*

-Interview respondent

The urban districts surrounding Fort Worth are either already experiencing change or are on the cusp of new development. Interstate 35 has been characterized as the dividing line between where the city is more established (west of the highway) and where development is beginning to happen previously under-resourced and under-invested neighborhoods (east of the highway). The Near Southside Medical District is already home to major hospitals and independent medical clinics, and the establishment of a Medical innovation District will attract new businesses and residents to the area.

*“When funky neighborhoods win, the whole city and downtown win.”*

*“There has been disproportionate development on the east side.”*

-Interview respondents

Evans and Rosedale, with large tracts of vacant land and proximity to downtown and the Near Southside medical district, is a strong candidate for revitalization and redevelopment. One recent example is the development of property north of the Evans Avenue Plaza, south of East Terrell Avenue. While still in the initial planning stages, the area is one of sixteen pedestrian-focused urban villages in Fort Worth and may receive a residential, hotel, and commercial development. Concerns of gentrification, displacement, and the loss of community culture have accompanied the possibility of redevelopment in Evans and Rosedale; these community concerns should be considered and addressed by the City’s internal due diligence process as development moves forward.

## RECOMMENDATIONS

### COORDINATE TARGET INDUSTRY RECRUITMENT BY CONTINUING TO ALIGN PROGRAMS, FINANCIAL RESOURCES, AND STAFF

In October of 2018, the City Economic Development Department was reorganized, and three new staff positions authorized; an MOU was executed between the City and Chamber. A revised incentive policy was approved in January of 2019 and focuses on collaborative efforts between the City and Alliance. Monthly meetings between the City, Visit Fort Worth, Hispanic Chamber, and Black Chamber to discuss marketing also help further targeted recruitment. The first year has seen great progress, but there is still a need to coordinate target industry recruitment between organizations.

A consistent theme during the interview process was the need for greater coordination and target industry recruitment. Corporate HQ relocations are of great benefit to the economy, but those efforts should be balanced with cultivating smaller relocations and supporting local businesses. Expected actions in this area during 2019 include an industry task force led by the Chamber, City, and area businesses. This task force is intended to work through existing Fort Worth companies to further new expansion projects. The use of Salesforce to enhance BRE efforts is being set in motion.

There is also an opportunity to establish stronger links between Fort Worth’s tourism and event promotion efforts and its business recruitment activities. Visit Fort Worth is working with local partners to enhance and raise the profile of events such as Fortress Festival and Main Street Arts Festival, which can raise the profile of local small businesses while bringing new visitors to Fort Worth.

As mentioned throughout this report, the largest recruitment efforts on the horizon are likely to be at the Near Southside Medical Innovation District. A successful build-out of the MID will require targeted development to design appropriate facilities (i.e., wet lab space) and industry recruitment to bring together a mutually beneficial group of talent, companies, healthcare, and educational facilities. While some of this coordination is currently happening through an ad hoc group, the process should be formalized with a task force to coordinate and ensure the adequacy of future public, private, and nonprofit investments associated with the UNTHSC School for Medicine and other medical facilities in the Near Southside.

### PROMOTE THE SUCCESSES AND STORY OF FORT WORTH THROUGH A MORE AGGRESSIVE MEDIA STRATEGY

The Strategic Plan calls for attracting new investments and businesses into the community, focusing on target industries that align with Fort Worth’s assets. According to interviewees, one of the biggest challenges for Fort Worth is developing a unique identity within the Metroplex that gets the city noticed by site selectors, and a strong marketing strategy can help to address this challenge.

*“We need to get out there and tell the story- market downtown.”*

-Interview respondent

While some stakeholders have begun to focus on aligning messaging, during the interview process it appears a coordinated approach has not yet reached a broader audience. Specific actions, such as creating a new City of Fort Worth Economic Development Department website and making improvements to the Chamber's economic development website are either on hold or scheduled for later in 2019. Also scheduled for 2019 are several Chamber-led initiatives to create a detailed package of promotional materials aimed at Fort Worth and Dallas commercial real estate brokers and to create specific marketing materials to promote Fort Worth's urban core.

Creating a comprehensive marketing strategy that aligns Fort Worth's message across websites and **all** promotional material strengthens target industry recruitment and should become a primary course of action over the next year.

## **BLEND OLD AND NEW FORT WORTH IN DEVELOPMENT AND REDEVELOPMENT INITIATIVES**

There is great potential for change in downtown Fort Worth and the surrounding urban districts, particularly, Evans/Rosedale, Panther Island, and Near Southside. The plan calls for aligning neighborhood assets, including people, businesses, and real estate, to benefit from and support citywide growth. The City should be ambitious in plans to create landmark neighborhoods in these locations.

Some initial progress has occurred in support of blending old and new Fort Worth in well-planned development and redevelopment projects, but most of the responsive action is scheduled for 2019 or later. As new areas are developed and positioned for new businesses and residents, there should be a conscious effort to maintain and include a "sense of place" that makes Fort Worth unique, whether the goal is to preserve an old building downtown or support the longevity of local businesses.

Responding to this challenge includes identifying target development sites and identifying ways to connect those sites with the city's economic nodes as soon as possible. For example, the plan recommends preserving key sites within Panther Island for future corporate HQ locations and creating site plans for areas that would be ideal for commercial development. In addition, planning for mobility-related initiatives, such as supporting complete street reconfigurations and coordination with transportation providers, major employers, and other partners to enhance transportation options can connect more residents with the housing and employment opportunities these areas will provide.

Increased development brings concerns that existing residents and businesses might be displaced; included with the new buildings, businesses, and residents should be those that are already there. Applying an internal due-diligence process in advance of any major City-led investments intended to revitalize specific neighborhoods can help alleviate concerns, as could a dynamic marketing initiative to dispel any misperceptions about existing neighborhoods or new development.