

BRICKTOWN

BALLPARK





‘If you build it, they will come’

Entrepreneurship and community development

BY TONI LAPP, SENIOR WRITER

It's a warm summer evening in Oklahoma City, and Mark Carmouche, a flamboyant water taxi driver, is telling his boatful of passengers about the downtown river walk they are traversing.

“This used to be a slum in here, a salvage operation,” the silver-haired captain says as he gestures to the buildings on both sides of the concrete banks. “But Oklahoma City got rid of all that and built this canal. Oklahoma City is a leader in downtown renewal.”

He queries to see what out-of-state visitors are on his boat and enthusiastically responds, “Yee haw,” when he learns there is a group of five from Brazil.

He goes on to tell the passengers about his city's Metropolitan Area

Projects plan—or MAPs, an acronym that most residents already know.

“We have no natural landmarks. No Rocky Mountains, no Atlantic Ocean and no Pacific Ocean. But this is Oklahoma City, and if you build it, they will come,” he declares. “It must be working; Brazil's here after all.”

Such optimism is typical in Oklahoma City's Bricktown neighborhood. It is a model that other communities could learn from, says an economist at the Federal Reserve Bank of Kansas City.

“Traditionally, communities have sought after large firms in developing their local economies, but research shows that this is not likely to be a successful policy,” says Kelly Edmiston of the



Community Affairs Department. “We have found that large firms ultimately do not bring as many jobs and benefits as expected when they relocate or open a new location. You have to consider what might have happened in the absence of the firm. Moreover, aggressive recruitment policies often set off bidding wars that leave everyone worse off. A better option is to create an environment conducive to entrepreneurship and home-grow your own economic success.”

Edmiston has written recently about his research on community development strategies in a paper titled “The Role of Small Businesses in Economic Development.” An entertainment district such as Bricktown offers just such an example of an environment conducive to entrepreneurs. The positive effect is felt in terms of both job creation and tax impact—by attracting a number of small businesses and creating a vibrant community in which people want to live and work.

A twist of fate gave impetus to Oklahoma City’s Bricktown District. In 1991, the city, then reeling from the 1980s oil bust, had put together a financial package in a bid for a United Airlines maintenance facility. City leaders had lobbied residents to pass a 33-month, one-cent sales tax to offer incentives to the airline.

Needless to say, officials were disappointed when they learned that the airline would build its facility in Indianapolis instead.

Then-Mayor Ron Norick was motivated



to tour downtown Indianapolis to see what it had that Oklahoma City didn’t.

“There were people downtown, restaurants, hotels—lots of activity, whereas Oklahoma City was struggling,” he said.

A seed of an idea was planted: Rather than wait for a company to come to the rescue of its blighted downtown, Oklahoma City would rebuild itself.

“We rolled the dice in an up or down proposal,” says Norick. “It was a gamble, but our people supported it. Every church group, neighborhood group, civic group got behind it. The thought was, ‘We’re doing it for our kids. We’re not doing it for jobs, but for ourselves.’”

In 1993, voters approved a sales tax increase that paid to build a baseball park, canal and performing arts center, upgrade the convention center and more—nine projects in all. Many more projects that followed were private.

“My plan was to put as much as we were going to spend on the aircraft plant into the downtown area,” says Norick. “To get hotels



and restaurants, we needed lots of activities in one area.”

Mapping a future

Jim Cowan was one of the few entrepreneurs who gambled on Bricktown before anyone else did. Many people scoffed at his business plan for Bricktown Brewery, a micro-brewery and restaurant in the warehouse district, he said.

“This wasn’t a proven location, but there was excitement about what there could be,” he said. The hardwood floors, brick walls, open ductwork and exposed pipes of the turn-of-the-century building—once a candy factory—provided the atmosphere that Cowan wanted for his business. He opened in October 1992, the year before MAPs went to voters.

Business was lackluster, and rumblings about improving the area occurred in fits and starts. MAPs jump-started the movement.

“It didn’t happen fast enough for some of us,” says Cowan.

To be fair, Oklahoma City wasn’t starting from scratch. There was already a convention center downtown. Nearby, there were a lot of vacant brick buildings already owned by the city. Much thought was put into the projects MAPs would undertake. The SBC Bricktown Ballpark was the first project.

“Naturally, restaurants and clubs followed, because they’re going to go where the people are,” says Norick.

The theory that private investment follows public investment is proven time and again throughout the area, says Frank Sims, executive director of the Bricktown Association. Sims counts off on his fingers some of the other public projects that have figured into the



taxpayers’\$350 million contribution: the Ford Center Arena, a reconstruction of the Civic Center Music Hall and a public library. But get him to tally the litany of private investments that have followed and he runs out of fingers: two new hotels, an apartment complex, a Bass Pro Shops sporting goods store and country music star Toby Keith’s restaurant and nightclub, just to name a few.

The challenge as Bricktown continues to grow is to improve the mix of retail and residential to the abundance of nightclubs and restaurants, says Sims.

There is a sense that Bricktown is reaching critical mass.

One of the newest tenants is Nonna’s, a

BRICKTOWN

A lesson in community development

Bricktown might offer an example for other communities interested in fostering jobs and revenue.

The entertainment district came about in the aftermath of disappointment over the lost United Airlines contract. The money that was used to build Bricktown would not have been available had the city instead used the money to create financial incentives for the airline, says Ron Norick, the former mayor.

“Aggressive courting of large firms can distort rational behavior, causing a waste of economic resources.”

—Kelly Edmiston

With Bricktown, Oklahoma City has created an environment conducive to small business growth, says Federal Reserve economist Kelly Edmiston.

“Bricktown is likely to be self-sustaining, while a manufacturing plant in the global economy won’t be,” he said.

Ironically, the winner of the United Airlines contract, Indianapolis, did not realize a great boon from the maintenance facility. The jobs that were created did not reach the number promised by the airline, which filed for bankruptcy in 2002.

Yet, the bidding war for the maintenance facility is a strategy frequently pursued by communities.

“Aggressive courting of large firms can distort rational behavior, causing a waste of economic resources,” says Edmiston in his paper, “The Role of Small Businesses in Economic Development.”

Take the case of two competing regions that are otherwise on a level playing field, so that a

prospective firm is indifferent to locating in either jurisdiction, says Edmiston. Wherever it locates, it will create new jobs and income, but it will also generate additional costs to the region, which must provide roads, sewers and public services such as schools and police.

“Now consider that one of the regions offers to abate the locating firm’s property taxes, and the other region follows suit to stay competitive. The two regions are again on a level playing field.

“Neither region has gained an advantage by its aggressive recruiting, but the winning region will now be faced with increased costs but no property taxes to offset them,” Edmiston writes in his paper.

Like it or not, a relocating business is going to increase costs for the new area. Other businesses that don’t receive tax abatements will be left paying the bill, says Edmiston.

T



restaurant and gift store owned by Avis Scaramucci. She says initially she was skeptical about the MAPs plan.

“I was going to vote ‘no,’” says Scaramucci. “But MAPs passed, and lo and behold before our very eyes, things started happening. First the ballpark, then the library and museum. The building began.”

“I got so excited, I began coming down here and poking around. The buildings just caught my imagination.”

She eventually purchased a building near the canal and relocated her establishment from the south side of the city.

The decision was easy, she says.

cus largely on keeping down expenses such as taxes, land and labor. This focus has prompted them to move in large numbers, first to the South and then overseas, to contain costs.

“Now our economy is transitioning into something better,” says Edmiston. “We don’t need to, nor should we try to, keep these businesses from moving.”

Job growth is now in high-tech, high-paying industries. With these employers, the concern is more on finding qualified workers, he says.

“Anymore, businesses with high-skill, high-paying jobs are going to relocate where smart, creative people want to live,” he says.

“Businesses with high-skill, high-paying jobs are going to relocate where smart, creative people want to live.”

“How many times in your lifetime do you get to witness a renaissance in your own city?”

But she is not alone. Other entrepreneurs are opening businesses in what she describes as a “conglomeration of people and opportunity.”

“There are so many people down here, different people doing different things, and we come together as a neighborhood.”

Quality of life

“When I think about Oklahoma City and Bricktown, the thing that impresses me is that the goal here was not to lure companies, but to create a nice place to live,” says Edmiston.

The indirect benefit of improving the quality of life was to make the city more enticing for business. This was demonstrated recently. In 2004, Dell opened a customer service center in Oklahoma City, a move that never would have happened before the downtown redevelopment, says Norick.

Events such as this reflect a shift in strategy in community development. Once upon a time, communities tried to develop a niche industry for themselves. Edmiston envisions something more organic happening—an environment that attracts bright people who bring their own niche ideas.

Traditionally, U.S. job growth is centered on manufacturing, he notes. Manufacturers fo-

This being the case, then Dell’s move can be viewed as a vote of confidence for Oklahoma City.

T

FURTHER RESOURCES

THE ROLE OF SMALL BUSINESSES IN ECONOMIC DEVELOPMENT

www.KansasCityFed.org/TEN

COMMENTS/QUESTIONS are welcome and should be sent to teneditors@kc.frb.org.