

Leon County Sales Tax Committee

August 23rd, 2012

Framework for Sustainable Economic Development

Leon County Sales Tax Committee

Thursday, August 23, 2012

Leon County's LeRoy Collins Main Library

Beth Kirkland, *Executive Director of the Tallahassee/Leon County
Economic Development Council*

Michael Parker, *Director of Economic & Community Development
for the City of Tallahassee*

Ken Morris, *Director of Economic Development & Business
Partnerships for Leon County*



Public/Private Model for Economic Development

- Initial government funding leverages substantial private investment
- Draws on a broad range of expertise and skills
- Can mobilize both public and private resources and is financially flexible
- Act as a strong voice for interests of local business while having access to and input from highest levels of local gov't
- Education and workforce partnerships address talent needs



Working Together to Create Jobs

- By connecting the private sector, education and local government, the Economic Development Council of Tallahassee/Leon County, Inc. (EDC) helps join forces to:
 - Foster entrepreneurialism
 - Advance local businesses
 - Grow targeted industry sectors
 - Attract innovative companies to our area
 - Create a competitive business climate



Fostering Entrepreneurialism

Targeted Industry Sector: *Renewable Energy & the Environment*



High Performance Magnetics
Leading the way in Cable-in-Conduit Systems

- Landed a \$5 million federal contract
- Created **five** initial jobs
- Average Annual Wage **\$73,200**
- Selected as US national supplier of specialized high-field magnet components to the international ITER project



Fostering Entrepreneurialism

Targeted Industry Sector: *Renewable Energy & the Environment*



- Creating **65 jobs**
- Average Annual Wage **\$42,000**
- Local and state investment
- Designing and manufacturing innovative solar technologies that will advance the effectiveness of solar power generation; special financing techniques using state and federal New Market Tax Credits

Sunnyland Solar Sink Solar Distributors of America



Advancing Local Business Through GrowFL

- Provided second stage companies with the technical assistance often only available only to large corporations who have the budgets to purchase expensive consultants
- EDC has served 22 qualified second stage companies in northwest Florida
- 10 of them from the Tallahassee MSA



GrowFL Participants in the Tallahassee MSA



GrowFL NW Florida Economic Impact

Job Creation:

- Direct Effect: 76
- Indirect Effect: 33
- Induced Effect: 49
- Total Effect: 158
- Percentage of State Impact: 5.6

Other Impacts:

- Averted bad decisions
- Affirmed direction
- Expanded their market
- Increased revenues
- Introduced new products or services



GrowFL Client

Targeted Industry Sector: *Manufacturing*



- Expanded into eight new countries
- 3,300 square-foot facility expansion
- Created **five** new jobs
- Capital Investment **\$335,000**

- Develops, manufactures and exports more than 200 innovative products for diverse industries



Growing Targeted Industry Sectors

TARGETED INDUSTRY SECTORS

Aviation,
Aerospace, Defense
& National Security

Health Sciences &
Human Performance
Enhancement

Transportation
& Logistics

Renewable Energy
& the Environment

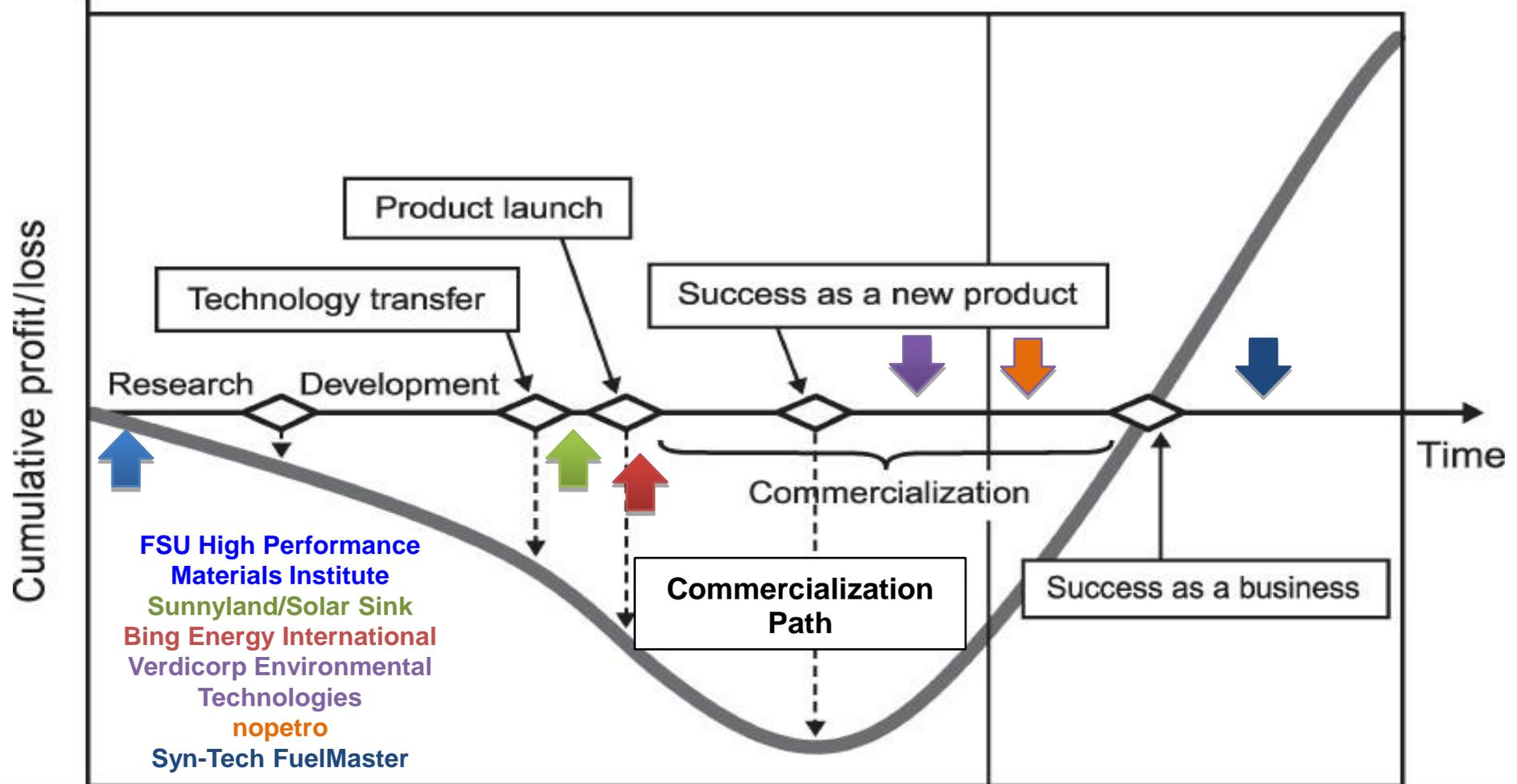
Engineering
& Research

Information Technology



Growing Targeted Industry Sectors

Targeted Industry Sector: *Renewable Energy & The Environment*



Growing Targeted Industry Sectors

Targeted Industry Sector: *Health Sciences & Human Performance Enhancement*



- Created **43 jobs**
- Average Annual Wage **\$42,760**
- Capital Investment **\$9 million**
- Created a multi-specialty ambulatory surgery center with an educational observation room for workforce development



Growing Targeted Industry Sectors

Targeted Industry Sector: *Manufacturing*



- Public/Private Partnership
- Developed \$1.8 million, 24,000 square-foot facility at Tallahassee Community College
- Providing a training resource for regional manufacturing and industrial businesses
- Introduced process development area and incubator space for local entrepreneurial companies



Attracting Innovative Companies

Targeted Industry Sector: *Renewable Energy & The Environment*



- Local and state investment
- Creating at least **244 jobs**
- Average Annual Wage **\$41,655**
- Capital Investment **\$7.7 Million**
- Selected Tallahassee as home to world headquarters to turn revolutionary nanotechnology pioneered at FSU into a better, faster, more economical and commercially viable fuel cell, in collaboration with FSU's Dr. Jim P. Zheng



Attracting Innovative Companies

Targeted Industry Sector: *Information Technology*



A **xerox**  Company

- Local and state investment
- Creating **250 jobs**
- Average Annual Wage **\$52,451**
- Capital Investment **\$2.5 million**
- Transportation Solutions Group technology center relocation focusing on software development for a suite of technical solutions sold to state and local municipalities worldwide
- ACS has also established a Center of Excellence in Tallahassee, creating 136 immediate jobs, and an additional 250 throughout next five years



Attracting Innovative Companies

Targeted Industry Sector: *Information Technology*

EVENT
PHOTOGRAPHY
GROUP

GRAD IMAGES
GRAD TRAK

MARATHON FOTO.COM

- **\$350,000** capital investment
- Added more than **50** new full-time and seasonal jobs
- Average Annual Wage **\$42,676**
- Corporate Headquarters
- North America's Largest Commencement & Endurance Race Photography Company



Attracting Innovative Companies

Targeted Industry Sector: Renewable Energy & The Environment / *Manufacturing*



- Local and state investment
- 65,000 square foot facility plus a planned 7,500 square-foot facility expansion
- Created **150 new jobs**
- Average Annual Wage **\$45,000**
- Manufactures the world's first totally oil-free compressors



Attracting Innovative Companies

Partnership with FSU
Research

Local Supply Chain:
TeligentEMS, Global
CNC Solutions,
Engineered Cooling,
Brooks Air



Spin-off of
Verdicorp, LLC

Jobs & Facility
Expansion



Attracting Innovative Companies

Missed Opportunities

Targeted Industry Sector: *Health Sciences*

Project Lakes



Cardiovascular Systems Inc.
Pearland, TX

- Medical Device Manufacturer
- Job Creation: **250 jobs** across seven occupations
- Average Wage: **\$36,000**
- Capital Investment: **\$20,250,000**

DRIVERS:

- ✓ MSA large enough to attract or provide qualified labor
- ✓ Proximity to hospital or medical center
- ✓ Proximity to research and development
- ✗ 40,000 square-foot manufacturing facility with wet lab space and a 6,000 square foot cleanroom built-to-suit by the local EDC



Sustainable Economic Development

- Can no longer rely on ad valorem revenues for sustained economic investment
- Must balance short and long term economic needs, utilize community assets and partner organizations, appeal to voters for approval and businesses for utilization
- Need to include university partners
- Focused on delivery model (governing structure and decision making framework)
- Final product must address:
 1. Local Business Development, Expansion, & Investment
 2. Small Business Access to Capital
 3. Business Recruitment



Sales Tax Proceeds for Economic Development

- **Subparagraph 212.055(2)(d)(2), F.S. authorizes up to 15% of the proceeds from the infrastructure surtax to be used for:**
 - ***“... economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development.”***



Potential Revenue for Economic Development

- Sales tax generates approx. \$35 million annually
- Game Changing Potential
- City & County Commissions are seeking guidance from Sales Tax Committee
 - County requested a targeted percentage of no less than 10%

Table #1: Estimated Surtax Revenues for Economic Development

<i>% of Surtax for Economic Development</i>	<i>Estimated Annual Revenues (in millions)</i>
5%	\$1.8
7.5%	\$2.6
10%	\$3.5
12.5%	\$4.4
15%	\$5.3



Contracting with the EDC

- Economic development continues to be a top priority of both Commissions
 - Both Commissions contract with the EDC to manage incentive programs, market community assets, and serve as the point of contact for the business community
 - Some variations in contracts but overall goal is the same – a vibrant economic climate
- Contract amounts differ and have fluctuated in recent years due to budget constraints
- One point of contact for the business community but two decision making bodies, processes, and time lines, at the local level
- Continuous need to remain competitive with peer markets

TIME FOR A BETTER WAY...



Strengths of Proposal

- ✓ Speed
 - Variety of shelf-ready incentives
 - Streamlined decision making
 - Dedicated revenue source
- ✓ Flexibility
 - Every project has different needs
- ✓ Community Coordination and Participation
 - 2011 survey stressed importance of improving coordination between the County, City, & EDC and utilizing the universities
 - Proposed governing structure encompasses this sentiment



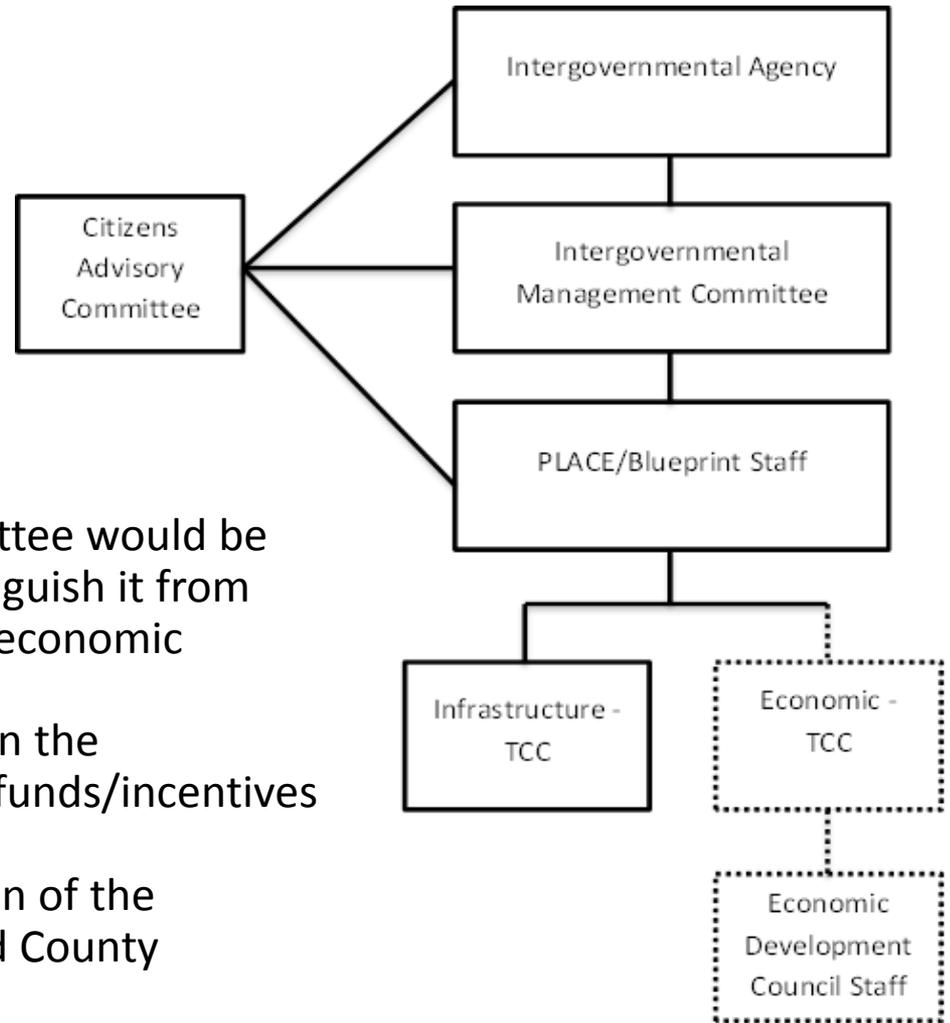
Unifying the EDC Contract Under the IA

- A governing body consisting of all 12 elected officials is already in place to manage the funds (the Intergovernmental Agency a.k.a. Blueprint 2000)
- Provides opportunity for both the County and City Commissions, under the IA, to jointly evaluate, plan, and approve the community-wide economic goals as one body
- Sales tax offers a dedicated revenue source for contractual needs, programs, and incentives
- Opportunity to enhance services through the EDC including the management of the new programs implemented with sales tax funds
 - Additional staffing will be needed. This can be realized through the EDC instead of the County, City, or BP 2000
- Offers a more efficient customer service model for businesses



Proposed Governing Structure

- Selected structure to mirror the success of Blueprint 2000
- Reporting relationships would remain the same
- No need for a separate CAC but the membership should be modified to reflect the expanded role and responsibilities associated with the sales tax extension
- The current Technical Coordinating Committee would be renamed to the *Infrastructure TCC* to distinguish it from the creation of a separate TCC to evaluate economic development proposals and incentives
- Discretion should be given to the IMC, upon the recommendation of the E-TCC, to allocate funds/incentives based on certain dollar thresholds
- These changes would require a modification of the Interlocal Agreement between the City and County



ECONOMIC DEVELOPMENT COUNCIL
OF TALLAHASSEE/LEON COUNTY, INC.

Membership of the E-TCC

- The *Economic TCC* would serve as the IA's expertise on economic development matters and take on the role of evaluating proposals before they are considered by the IA or IMC. The membership of the new E-TCC may consist of the following people:

County Economic Development Director

City Economic Development Director

FSU VP of Research

FAMU VP of Research

TCC VP of Economic & Workforce Development

Executive Director of the EDC

Executive Director of Innovation Park

CEO of *WORKFORCE plus*

President of the Greater Tallahassee/ Leon
County Chamber of Commerce

President of the Capital City Chamber of
Commerce

- Chair of the E-TCC would rotate biennially between the County and City
- To mitigate additional staffing needs, the EDC would be charged with preparing the materials that go before the E-TCC
 - This ensures a seamless point-of-contact for the business, startup, researcher, site consultant, etc. seeking to expand or establish their footprint in Leon County

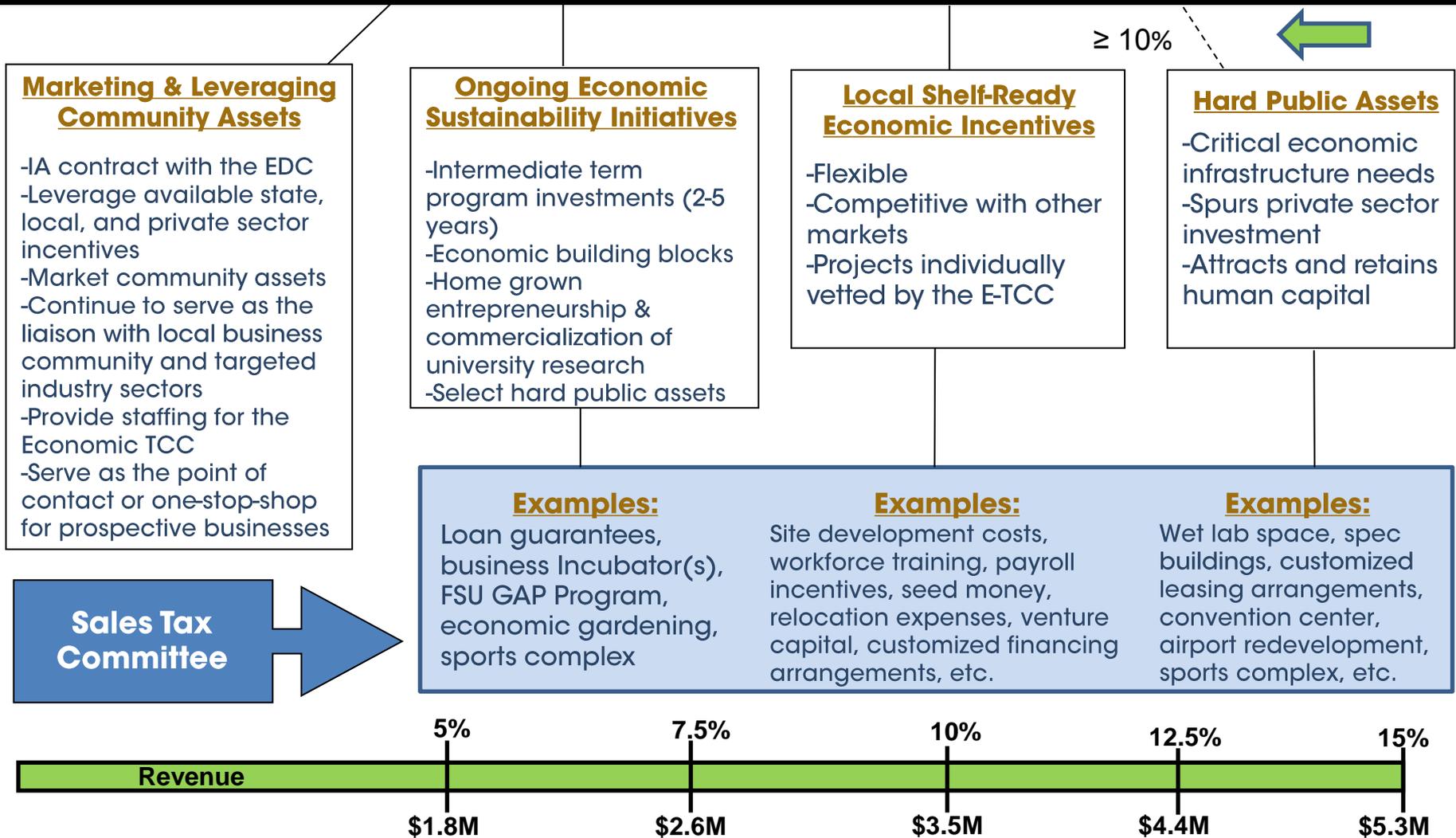


E-TCC Responsibilities

- Evaluate, benchmark, and score proposals for economic incentives
 - Targeted Industry
 - Anticipated Job Creation & Wage Levels
 - Leveraging Private Sector or State Support
 - Capital Investment
 - Risk Level
 - Local Business Promotion
- Make recommendations to the IA or IMC
- Monitor the utilization and effectiveness of shelf-ready incentives so that we remain competitive with other markets



Framework for Sustainable Economic Development



Next Steps: Deliberation by the Sales Tax Committee

- Sky is the limit (up to 15%) for the Committee's deliberations on the economic development portion of the surtax
- Basic parameters have been offered to illustrate a balanced strategy, or Framework for Sustainable Economic Development
- Opportunity to identify targeted investments along with needed shelf-ready incentives and programs to help foster a vibrant economy



Committee Discussion

