Sales Tax Committee Agenda

August 23, 2012

4:00 p.m.

Leon County LeRoy Collins Main Library

First Floor Program Room

200 West Park Avenue

Item #	Agenda Topic
1.	Citizens to be Heard
2.	Approval of Summary Minutes for the May 24, 2012 Meeting of the Leon County Sales Tax Committee and Open House
3.	*Requested Information from the Committee:* Consideration of the Amended Bylaws and the Revised Committee Meeting Location and Times
4.	Additional Project Identification by Committee Members
5.	Preliminary Discussion Regarding the Decision Making Process for Project Evaluation
6.	Consideration of the City, County, Economic Development Council, and Community Partners Proposal for Economic Development Portion of the Local Government Infrastructure Surtax

Next Meeting Dates:

When: *Thursday, September 27, 2012*

Where: First Floor Program Room, Leon County LeRoy Collins Main Library

Time: 4:00 p.m.

Leon County
Sales Tax Committee

Cover Sheet for Agenda #2

August 23, 2012

To: Members of the Leon County Sales Tax Committee

From: Alan Rosenzweig, Deputy County Administrator
Jay Townsend, Assistant City Manager
Wayne Tedder, Director, Department of P.L.A.C.E.
Cristina Paredes, Intergovernmental Affairs and Special Projects Coordinator

Title: Approval of Summary Minutes for the May 24, 2012 Meeting of the Leon County Sales Tax Committee

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Executive Summary:
This agenda item approves the summary minutes for the May 24, 2012 meeting of the Leon County Sales Tax Committee (Attachment #1).

Analysis:
Attachment #1 is the summary minutes for the Leon County Sales Tax Committee meeting held on May 24, 2012, 4:00 p.m. - 6:00 p.m. in the 2nd Floor Community Room of the Renaissance Center.

The Leon County Clerk of Courts Office maintains a voice recording of all meeting. A transcription of the meeting minutes will be provided by the Clerk's office upon request.

Options:
1. Approve the summary minutes for the May 24, 2012 meeting of the Leon County Sales Tax Committee.
2. Do not approve the summary minutes for the May 24, 2012 meeting of the Leon County Sales Tax Committee.
3. Committee Direction.

Recommendation:
Option #1

Attachment:
1. May 24, 2012 Summary Minutes

Sales Tax Committee Meeting
Summary Minutes
May 24, 2012

Meeting began at 4:07 pm

Absent members: Mr. Terrance Hinson, Mr. Will Messer, and Mr. William Tucker. Ms. Christic Henry arrived after the start of the meeting.

Agenda Item #1: Citizens to be Heard

Dr. J.R. Harding addressed the Committee regarding Florida's population of people with disabilities. Dr. Harding suggested the Sales Tax Committee keep in mind that the projects considered by the Committee appeal to the population with disabilities by adhering to ADA standards.

Ms. Pam Hall addressed the Committee regarding waste water management in the unincorporated areas of Leon County. Additionally, Ms. Hall suggested that the Sales Tax Committee discuss building a good decent transit system that will provide services to residents in the unincorporated areas.

Agenda Item #2: Approval of Summary Minutes for the April 26, 2012 Meeting of the Sales Tax Committee and Open House

Kim Williams made a motion to approve the summary minutes for the April 26, 2012 meeting of the Sales Tax Committee. The motion was seconded by R.B. Holmes. The motion passed unanimously.

Agenda Item #3: *Requested Information from the Committee:* Acceptance of the Report on Blueprint 2000 Minority and Disadvantage Business Enterprise Participation

Wayne Tedder, P.L.A.C.E Director, discussed the Report on Blueprint 2000 Minority and Disadvantage Business Enterprise Participation. Mr. Tedder stated this report is all inclusive. He also stated, General Engineering Consultant (G.E.C.) is fully participating to meet and adhere to all MBE/WBE guidelines, and all construction processes done through consultation is an opportunity for MBE/WBE participation.

Mr. Tedder noted a correction to be made to the report to reflect the County has an adjusted 28% requirement of MBE which is higher than what Blueprint 2000 requires.

Curtis Richardson made a motion to approve the report on Blueprint 2000 minority and disadvantage business enterprise participation. The motion was seconded by Bill Peebles. The motion passed unanimously.

Agenda Item #4: Acceptance of the Report on the Legislative Changes to Florida Statutes 212.055(2)

Cristina Paredes, Leon County Intergovernmental Affairs and Special Projects Coordinator, confirmed that local governments can now use fund programs similar to the Property Assessed Clean Energy (PACE) projects. Mrs. Paredes stated that funding from the surtax can be used for commercial or residential energy improvements.

Alan Rosenzwieg, Deputy County Administrator, explained that the County currently has commercial and residential PACE programs and that County staff is currently exploring funding options for these programs.

Ed Murray made a motion to approve the report on the legislative changes to Florida Statutes 212.055(2). The motion was seconded by Bill Peebles. The motion passed unanimously.

Agenda Item #5: *Continuation from the March 29, 2012 Meeting:*
Staff Report on the Community's Profile and Comprehensive Plan for Leon County and the City of Tallahassee

Brian Wiebler, Senior Planner with the Planning Department gave a presentation on the following subjects:

- Population information
- Comprehensive plan
- Regional mobility plan

Cherie Bryant, Comprehensive Planning Manager with the Planning Department, gave a presentation on the following subjects:

- Urban Design Studio and place making
- Mobility
- Wastewater

Agenda Item #6: Approval of the Revised Committee Calendar and Request to Extend the Committee's Completion Date until June 2013 Pursuant to the Enabling Resolution

Chairman Evans reviewed the revised committee calendar and the request to extend the committee's completion date until June 2013.

Ed Murray made a motion to approve the revised committee calendar and request to extend the Committee's completion date until June 2013 pursuant to the enabling resolution. The motion was seconded by Mark Tarmey. The motion passed unanimously.

Other Committee Business:

- The Economic Development Council (EDC) will be holding a workshop on June 18.

- Kim Rivers suggested that the Sales Tax Committee develop a subcommittee to discuss economic development and recommend an approach to the Sales Tax Committee. Mr. Rosenzweig suggested waiting until all the data is presented and taken to the Board before considering subcommittees and referred to the revised calendar that was previously approved by the Committee which indicted that the Committee will be discussing economic development in August.

  Ms. Rivers expressed her concern in the economic development portion of the sales tax proceeds as well as in the decision making process of the approved Sales Tax Projects.

  Mr. Rosenzweig stated, Leon County Office of Economic Development and Business Partnerships, City of Tallahassee Office of Community and Economic Development, and Tallahassee/Leon County Economic Development Council are working together to provide the committee with a recommended the framework for economic development. Mr. Rosenzweig noted that the County and City have upcoming workshops on this subject and that local universities/colleges have been contacted and are working with the County, City, and EDC. Jay Townsend, Assistant City Manager, added City and County staff are currently only outlining the framework and the Committee will be responsible for recommending a percentage and the final framework for the Commissions to consider.

  Mr. Rosenzweig and Mr. Townsend expressed the importance finishing the information gathering process prior to the start of project deliberation. Mr. Rosenzweig stated that staff has two components remaining (economic development and recommended County/City capital projects) to present prior to the Committee's project development and evaluation process.

  Several other Committee members expressed their opposition in creating subcommittees. Instead, the Committee agreed to consider changes to their bylaws regarding meeting times and lengths during the next meeting on Thursday, August 23, 2012.

Meeting adjourned at 6:16 pm

Leon County
Sales Tax Committee

Cover Sheet for Agenda #3

August 23, 2012

To:	The Chairman and Members of the Leon County Sales Tax Committee
From:	Alan Rosenzweig, Deputy County Administrator Jay Townsend, Assistant City Manager Wayne Tedder, Director, Department of P.L.A.C.E. Cristina Paredes, Intergovernmental Affairs and Special Projects Coordinator
Title:	Consideration of the Amended Bylaws and Revised Committee Meeting Location and Times (Attachment #1)

Executive Summary:

On May 24, 2012, the Committee approved the revised calendar and requested the County Commission to extend the Committee's completion date until June 2013 pursuant to the enabling resolution (attachment #2). Also, the Committee agreed to consider changes to the bylaws regarding meeting times and lengths during the August 23, 2012 meeting.

Staff is recommending that the Committee continue to begin their meeting at 4:00 p.m. and amend the bylaws to allow the Committee to extend the duration of the meetings to four hours. This amendment to the bylaws will allow the Committee ample time to thoroughly discuss agenda items and other issues that come before the Committee for consideration. Staff is recommending that the Committee change the location of the meetings to the First Floor Program Room of the Leon County LeRoy Collins Main Library. According to the bylaws, any amendments to the bylaws require a supermajority vote of the Committee members present.

Staff Recommendation:

Option #1: Approve the amended bylaws and revised Committee meeting location and times.

Report and Discussion

Background:

On May 24, 2012, the Committee approved the revised calendar and requested the County Commission to extend the Committee's completion date until June 2013 pursuant to the enabling resolution (attachment #1). Also, the Committee agreed to consider changes to the bylaws regarding meeting times and lengths during the August 23, 2012 meeting.

During the June 26, 2012, County Commission's Workshop to consider capital projects to present to the Committee, the Commission approved the Committee's request to extend its completion date until June 2013.

Analysis:

During the May 24, 2012 meeting, the Committee agreed to consider changes to the bylaws regarding meeting times and lengths. Staff is recommending that the Committee continue to begin their meeting at 4:00 p.m. and amend the bylaws to allow the Committee to extend the duration of the meetings to four hours. This amendment to the bylaws will allow the Committee ample time to thoroughly discuss agenda items and other issues that come before the Committee for consideration. This change will allow the Committee to convene the meetings earlier or extend the meeting, if necessary, by a majority vote.

Staff is recommending that the Committee change the location of the meetings to the First Floor Program Room of the Leon County LeRoy Collins Main Library. This program room can accommodate over 100 people. It is anticipated that the public attendance will increase as the Committee moves into the decision making process.

According to the bylaws, any amendments to the bylaws require a supermajority vote of the Committee members present.

Options:

1. Approve the amended bylaws and revised Committee meeting location and times.
2. Do not approve the amended bylaws and revised Committee meeting location and times.
3. Committee Direction.

Recommendation:

Option #1

Attachments:

1. Amended Bylaws of the Sales Tax Committee
2. Sales Tax Committee Resolution

AMENDED BYLAWS OF THE
Leon County Sales Tax Committee

In order to govern its function and operation in a manner consistent with the Enabling Resolution No. 11-58 adopted by the Leon County Board of County Commissioners (hereinafter the "BCC") on 13th day of September 2011, the Leon County Sales Tax Committee (hereinafter the "Committee") hereby adopts as its Bylaws the following:

ARTICLE I.
APPLICABLE FLORIDA LAWS AND BCC POLICIES

Section 1.1 **Public Records Law and E-Mails:** Each member of the Committee shall comply with the Florida's Public Records Law, Chapter 119, Florida Statutes, and BCC Policy 96-4, "Policy on Public Records Law and E-Mail", as may be amended from time to time, and each member of the Committee shall be provided a copy of BCC Policy 96-4.

Section 1.2 **Government In the Sunshine Law:** Each member of the Committee shall comply with the Florida Government in the Sunshine Law, Chapter 286, Florida Statutes, as may be amended from time to time.

Section 1.3 **Code of Ethics:** The Committee shall comply with the following state laws and BCC Policies with regard to the Florida Code of Ethics for Public Officers and Employees:

Clause 1.3.1 Each member of the Committee shall comply with Section 112.3143, Florida Statutes, "Voting Conflicts", as may be amended from time to time, and shall be provided a copy of Section 112.3143.

Clause 1.3.2 Each member of the Committee shall abide by the Standards of Conduct set forth in Section 112.313, Florida Statutes, as may be amended from time to time, and shall be provided a copy of Section 112.313, Florida Statutes.

ARTICLE II.
OFFICERS AND DUTIES

Section 2.1 Immediately upon adoption of these Bylaws, the Committee shall elect from among its members a Chairperson and a Vice-Chairperson, each of whom shall serve until the dissolution of the Committee.

Section 2.2 The Chairperson shall preside at all meetings. In the event of the Chairperson's absence, or at the direction of the Chairperson, the Vice-Chairperson shall assume the powers and duties of the Chairperson.

Section 2.3 In the event that either the Chairperson or the Vice-Chairperson is unable to complete their terms, the Committee shall, as soon as reasonably possible, elect a replacement from among its members.

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ARTICLE III.
TERM OF MEMBERS

Section 3.1 Each member shall serve on the Committee until the dissolution of the Committee.

ARTICLE IV.
MEETINGS

Section 4.1 **Regular Meetings:** The Committee shall hold regular meetings at a place and time agreeable to the members. Such regular meetings shall begin at 4:00 p.m. on the fourth Thursday of each month and be held at ~~the Renaissance Center Second Floor Conference Room~~ **First Floor Program Room at the Leon County LeRoy Collins Main Library** unless an alternate time and location is selected by the Committee. The duration of meetings shall not exceed ~~two~~ **four** hours unless extended by a majority vote of the Committee. In order to expedite meetings, the Chairperson may place time limits on discussion of agenda items.

Section 4.2 **Special Meetings:** The Chairperson may call a special meeting of the Committee to discuss any issue properly before the Committee. Such special meeting may be convened only after notification is given to each member of the Committee and after public notice is given no later than forty-eight (48) hours before the special meeting is scheduled to begin.

Section 4.3 **Public Participation:** Although all meetings of the Committee will be open to the public, the Committee is not obligated to honor requests from the public to participate in the meetings. The Committee may, by majority vote, allow limited participation by the public if it deems it appropriate.

Section 4.4 **Meeting Agendas:** The County Staff Support Person shall assist the Chairperson of the Committee in developing an agenda for each meeting of the Committee. Any member of the Committee may request that appropriate items be placed on the agenda.

Section 4.5 **Official Acts and Quorum:** Any and all official acts by the Committee shall require a majority vote of the members present. However, the Committee shall take no such action unless a quorum is present at the meeting. In order to constitute a quorum, there must be a majority of the Committee's current membership present at the meeting. The minutes of the meeting shall reflect the number of affirmative votes on a motion and shall specify the names of any members voting against the motion.

Section 4.6 **Meeting Minutes:** Minutes shall be taken at all regular and special meetings of the Committee. The County Staff Support Person shall assist the Chairperson in determining the manner in which the minutes of the meeting shall be prepared and filed with the County in accordance with BCC Policy No. 03-15, "Board-Appointed Advisory Committees".

Section 4.7 **Procedure:** Roberts' Rules of Order Revised shall govern the procedure of all meetings.

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ARTICLE V.
AMENDMENTS TO BYLAWS

Section 5.1 **Amendments:** At any regular or special meeting of the Committee, these Bylaws may be amended by an affirmative vote of a supermajority (two-thirds) of the members present at the meeting.

Section 5.2 **Approval:** The Amended Bylaws shall become effective upon the approval of the County Attorney as to the legality of the form and content of such amendment.

ARTICLE VI.
ATTENDANCE AND REPLACEMENT OF MEMBERS

Section 6.1 **Attendance at Meetings:** In the event a member is absent from two of three successive regular meetings of the Committee, the Chairperson shall notify the entity which appointed the member and request that a replacement be made. For the purposes of this Section, a member must be present to be considered 'in attendance' and will be considered absent if he/she is absent from more than half the duration of the meeting. Telephonic participation is not allowed.

Section 6.2 **Replacement of Members:** In the event a vacancy occurs in the membership of the Committee, either through dismissal, voluntary termination, or other means, the entity which appointed the member shall determine whether the vacancy should be filled. If it is determined that the vacancy will be filled, a new member shall be appointed as soon as reasonably possible in accordance with the procedure for appointment of members to advisory committees contained in BCC Policy No. 03-15 "Board-Appointed Advisory Committees".

Approved As To Legality of Form and Content:

County Attorney's Office

BY: _____
Herbert W. A. Thiele
County Attorney

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RESOLUTION NO. 11-58

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LEON COUNTY, FLORIDA, TO ESTABLISH AN ADVISORY COMMITTEE WHICH SHALL BE NAMED THE LEON COUNTY SALES TAX COMMITTEE AND WHICH SHALL OPERATE AND FUNCTION AS A DECISION MAKING COMMITTEE.

WHEREAS, the Board of County Commissioners of Leon County, Florida (the Board) recognizes and acknowledges the importance of public involvement and input in County government; and

WHEREAS, in order for the Board to consider the input of the public in the matter of infrastructure sales tax issues within Leon County, it wishes to establish and appoint an advisory committee to function and operate in accordance with Board Policy No. 03-15, Board-Appointed Advisory Committees.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF LEON COUNTY, that:

1. The Board hereby establishes an advisory committee, to be named the Leon County Sales Tax Committee, for the purpose of for the purpose of collecting public input and making recommendations regarding public policy for infrastructure sales tax issues within Leon County.
2. The Leon County Sales Tax Committee shall function and operate as a Decision Making Committee in accordance with Board Policy No. 03-15, Board-Appointed Advisory Committees.
3. The Leon County Sales Tax Committee shall be comprised as follows:
    a. one (1) member from the existing Blueprint 2000 Citizens Advisory Committee (CAC).
    b. one (1) member from the original Economic and Environmental Citizens Committee (EECC).
    c. one (1) member from the Tallahassee Chamber of Commerce.
    d. one (1) member from the Capital City Chamber of Commerce.
    e. seven (7) members to be appointed by the Board of County Commissioners, with each Commissioner choosing one member.

f. seven (7) members to be appointed by the City of Tallahassee Commission, with each City Commissioner choosing one member, two of whom will be ratified by the Board of County Commissioners.

4. The Leon County Sales Tax Committee shall have as its goal to participate in collecting public input, and making final recommendations regarding infrastructure sales tax issues within Leon County.

5. The Leon County Sales Tax Committee shall understand the statutory framework of the infrastructure sales tax, including how it shall be spent and how the funds shall be allocated and report to the Board with recommendations, as applicable.

6. The Leon County Sales Tax Committee shall be charged with the responsibility of considering and giving input to the Leon County Board of County Commissioners as follows:

a. the current list of projects being considered by the Board of County Commissioners.

b. any projects being considered by the City of Tallahassee.

c. Blueprint 2000 projects not currently funded, including Tier 2 projects.

d. Other projects the Leon County Sales Tax Committee deems appropriate for consideration.

7. The Leon County Sales Tax Committee shall conduct at least one (1) public hearing to allow other community members/partners the opportunity to present potential additional projects to be considered for review by the Committee.

8. The Leon County Sales Tax Committee shall make final recommendations to the Board in the form of a written report, workshop, or other means, that shall include:

a. recommendation as to the timing of an infrastructure sales tax referendum, if any.

b. a review that contains advisory feedback on the projects considered by the Committee.

9. The members of the Leon County Sales Tax Committee shall not be subject to full and public disclosure of financial interests.

10. The Leon County Sales Tax Committee shall be assisted by staff as designated by the County Administrator and City Manager.

11. The Leon County Sales Tax Committee shall be dissolved only as follows: upon completion of its report and its acceptance by the Board, or one (1) year from the date of its establishment by the Board, whichever comes first, unless extended.

12. This Resolution shall become effective immediately upon its adoption.

DONE, ADOPTED, AND PASSED by the Board of County Commissioners of Leon County, Florida, this ~~14th~~ 13th day of September 2011.

LEON COUNTY, FLORIDA

BY: _____
John Dailey, Chairman
Board of County Commissioners

ATTESTED BY:

BY: John Stott, Deputy Clerk
Bob Inzer
Clerk of the Circuit Court

APPROVED AS TO FORM:

Leon County Attorney's Office
Leon County, Florida

BY: _____
Herbert W. A. Thiele
County Attorney

Leon County
Sales Tax Committee

Cover Sheet for Agenda #4

August 23, 2012

To: Members of the Leon County Sales Tax Committee

From: Alan Rosenzweig, Deputy County Administrator
Jay Townsend, Assistant City Manager
Wayne Tedder, Director, Department of P.L.A.C.E.
Cristina Paredes, Intergovernmental Affairs and Special Projects Coordinator

Title: Additional Project Identification by Committee Members

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Executive Summary:
This agenda item provides an opportunity for Committee members to identify additional capital projects for Committee consideration.

Analysis:
Committee members will have an opportunity to identify additional capital projects for Committee consideration. All projects identify by members will be added to the project list and will considered during the decision making process this fall.

Options:
1. Committee Direction.

Recommendation:
Option #1

Leon County
Sales Tax Committee

Cover Sheet for Agenda #5

August 23, 2012

To: Members of the Leon County Sales Tax Committee

From: Alan Rosenzweig, Deputy County Administrator
Jay Townsend, Assistant City Manager
Wayne Tedder, Director, Department of P.L.A.C.E.
Cristina Paredes, Intergovernmental Affairs and Special Projects Coordinator

Title: Preliminary Discussion Regarding the Proposed Decision Making Process for Project Evaluation (attachment #1)

Executive Summary:
This agenda item provides an opportunity for Committee members to discuss the proposed decision making process for project evaluation (attachment #1).

Analysis:
Committee members will have an opportunity to discuss the proposed decision making process for project evaluation. Based on preliminary comments by Committee members, staff is proposing a 10 step process to help guide the Committee through its project deliberations. Each step is discussed in detail in attachment #1.

A final item will be brought to the Committee for approval during the September 27, 2012 meeting based on the direction of the Committee.

Options:
1. Committee Direction.

Recommendation:
Option #1

Sales Tax Committee

Proposed Project Evaluation and Decision Making Process

August Meeting

Staff will present a draft *Project Evaluation and Decision Making Process* at the August meeting to seek the Committee's feedback and direction on the process. Any direction provided by the Committee at the August meeting to modify the decision making process will require a simple majority vote. However, a supermajority vote will be required at the September meeting to formally adopt the decision making process.

September Meeting

Step 1: Approve Project Evaluation and Decision Making Process *(Supermajority vote – 2/3 of the membership)*

The process must be approved by a supermajority vote – similar to votes taken during the Charter Review Committee process.

Step 2: Establish Criteria for 'Blueprint Infrastructure' Project Evaluation *(Supermajority vote)*

Staff recommends that the Committee develop a list of criteria to show how many of the 'Blueprint Infrastructure' projects offer a multi-use purpose in the community. The criteria should include measures that demonstrate how a project preserves and protects the community's quality of life, as well as supports and advances existing initiatives and policies regarding planning, transportation, water quality, environmental, and green space.

An example of the criteria that may be used to evaluate the 'Blueprint Infrastructure' projects is as follows (see Exhibit A for the criteria definitions):

- Complements BP2000 Project(s)
- Comprehensive Plan
- Regional Mobility
- Greenway Master Plan
- Connectivity
- Core Infrastructure
- Water Quality Enhancements and Green Infrastructure
- Stormwater/Sewer Capacity Improvements
- Transportation Capacity Improvements

October Meeting

Step 3: Consideration of Economic Development *(Supermajority vote)*

In order to determine the percentage of the sales tax that will be used for infrastructure projects, the Committee will decide what percentage (if any) of the sales tax extension will be set aside to fund economic development.

Step 3A: Determining the Preliminary Percentage for Economic Development *(Supermajority vote)*

If the Committee supports the use of funds for economic development, a preliminary percentage will need to be established prior to the start of the project evaluation. Additional deliberations would be scheduled for the Committee's February 2013 meeting. The Committee may choose to modify the percentage rate at a later date by supermajority vote.

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Step 4: Establish Preliminary County/City Infrastructure Split *(Supermajority vote)*

In order to determine the percentage of the sales tax that will be used for specific County/City infrastructure projects, the Committee will decide what percentage (if any) of the sales tax extension will be set aside to fund County/City infrastructure projects.

Step 4A: If the Committee supports the use of funds for County/City infrastructure, a preliminary rate should be established prior to the start of the project evaluation. Additional deliberations would be scheduled for the Committee's February 2013 meeting. The Committee may modify the percentage at a later date by supermajority vote.

Step 5: 'Blueprint Infrastructure' Project Refinement *(Individual Prioritization)*

Each individual Committee member will identify a subset of projects from the cumulative project list to move forward to the project evaluation process. Each Committee member will be given a list of the proposed projects and set amount of 'yes' votes, approximately 80% of the total number of projects. For example, if there are 30 projects, each member will receive 24 'yes' votes (Exhibit B is the template). Any projects receiving less than 10 votes (less than a majority of the 18 appointed members) will be eliminated.

The Committee may add or delete projects from the list with a supermajority vote. Staff will evaluate the projects on the list based on the criteria approved by the Committee during the September meeting.

Staff recommends that the Committee consider inviting groups to the Open House to provide additional information on projects that are being considered by the Committee.

November Meeting

Step 6: Open House Night

December Meeting

Step 7: 'Blueprint Infrastructure' Project Ranking *(Individual Prioritization)*

Staff will provide the Committee with project information based on the criteria established at the September meeting. The Committee will have an opportunity to discuss the projects before individually ranking all of the projects in order of preference at the conclusion of the meeting (Exhibit C is the template). The Committee may choose to add, delete, or reorder a project based on a supermajority vote.

Prior to the January meeting, staff will estimate the costs for each project.

January Meeting

Step 8: 'Blueprint Infrastructure' Project Consideration and Ranking *(Supermajority vote)*

Staff will present the projects as ranked by the Committee in two tiers to illustrate the projects that can be funded based on a 15-year sales tax extension and a 20-year sales tax extension (Exhibit D is the template). The Committee may choose to add, delete, or reorder a project based on a supermajority vote.

Step 9: Length of Sales Tax Extension *(Supermajority vote)*

The Committee will also consider the length of the Sales Tax Extension during this meeting to determine the amount of revenue available for the community projects.

February Meeting

Step 10 (if necessary): Additional Deliberations on Economic Development Framework and County/City Infrastructure Split.

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Criteria Definitions for Proposed Projects for the Sales Tax Extension

- Comprehensive Plan: The project supports one or more elements/goals of the Comprehensive Plan, which is the long-range statement of how and where growth and development in the community is to be located in the future. The elements of the plan relate to the social, economic, and physical aspects of future development. Each of the elements includes a number of goals, objectives, and policies that are to be applied to public and private land development. In addition, the Plan identifies mobility projects that will significantly benefit the overall transportation network.

- Regional Mobility: The project supports one or more goals of the Capital Regional Transportation Authority's regional mobility plan, which creates an integrated regional multimodal transportation network that provides the most options for moving people and goods economically, effectively and safely while protecting the environment, promoting economic development and maintaining a high quality of life with sustainable development patterns.

- Greenway Master Plan: The project supports one or more goals of the current master greenway plan, which is a long-term vision for the local greenway system that incorporates a greenway trail network designed to provide increased connectivity between greenways, parks, and other public-access conservation areas.

- Connectivity: The project links current amenities, neighborhoods, and/or multi-modal nodes through sidewalks, multi-use paths, bike lanes, etc.

- Complements BP2000 Project(s): The project enhances and/or connects to a Blueprint 2000 project.

- Water Quality Enhancements and Green Infrastructure: The project acquires/enhances land for water quality, public recreation, conservation, or protection of natural resources that emphasizes integration of different functions on the same piece of land to support long-term sustainability.

- Stormwater/Sewer Capacity Improvements: The project increases the current level of service for stormwater runoff and sewer.

- Transportation Capacity Improvements: The project increases the current level of services of transportation (i.e. additional lanes, intersection improvements, etc). The level of service of a roadway indicates the capacity per unit of demand for the roadway. Below are the rankings used to indicate the degree of service:
  - **A** - Represents free flow. Individual users are virtually unaffected by the presence of others in the traffic stream.
  - **B** - Is in the range of stable flow, but the presence of other users in the traffic stream begins to be noticeable.
  - **C** - Is in the range of stable flow, but marks the beginning of the range of flow in which the operation of individual users becomes significantly affected by interactions with others in the traffic stream.
  - **D** - Represents high density, but stable flow. Speed and freedom to maneuver are severely restricted.
  - **E** - Represents operating conditions at or near the capacity level. All speeds are reduced. Freedom to maneuver within the traffic stream is extremely difficult.

- Core Infrastructure: The project is any fixed capital asset associated with the construction, reconstruction, or improved public facility with a life expectancy of five years or more as well any related land acquisition, land improvement, design, and engineering costs (such as sidewalks, road improvements, stormwater/sewer improvements, public facilities, recreational areas, etc). In addition, core infrastructure includes construction, lease, or maintenance of, or provision of utilities or security for, facilities, of court-related functions pursuant to Florida Statutes 29.008.

Exhibit A

Sales Tax Infrastructure Projects
Step 5: Refinement Process

Directions: Below is a list of 30 projects for your consideration. Only 24 projects may be selected. Six projects will be left blank. Place a "X" next to the 24 projects you would like to consider for evaluation.

	Committee Member: David Smith
Project 1	
Project 2	
Project 3	
Project 4	
Project 5	
Project 6	
Project 7	
Project 8	
Project 9	
Project 10	
Project 11	
Project 12	
Project 13	
Project 14	
Project 15	
Project 16	
Project 17	
Project 18	
Project 19	
Project 20	
Project 21	
Project 22	
Project 23	
Project 24	
Project 25	
Project 26	
Project 27	
Project 28	
Project 29	
Project 30	

Exhibit B

Sales Tax Infrastructure Projects
Step 5: Refinement Process Results

Directions: Below is a list of 30 projects for your consideration. Only 24 projects may be selected. Six projects will be left blank. Place a "X" next to the 24 projects you would like to consider for evaluation.

	Committee Member AA	Committee Member BB	Committee Member CC	Committee Member DD	Committee Member EE	Committee Member FF	Committee Member GG	Committee Member HH	Committee Member II	Committee Member JJ	Committee Member KK	Committee Member LL	Committee Member MM	Committee Member NN	Committee Member OO	Committee Member PP	Committee Member QQ	Committee Member RR	Number of Votes	Percentage of Votes
Project 11	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18	100.0%
Project 13	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18	100.0%
Project 16	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18	100.0%
Project 25	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18	100.0%
Project 27	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18	100.0%
Project 1	1	1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 8		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 12	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 19	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 23	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 6	1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 26	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	17	94.4%
Project 5	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	88.9%
Project 9	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	88.9%
Project 22	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	88.9%
Project 28		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	88.9%
Project 30	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	16	88.9%
Project 3	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	83.3%
Project 4	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	83.3%
Project 17	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	83.3%
Project 24	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	83.3%
Project 2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	83.3%
Project 15	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	77.8%
Project 18	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	14	77.8%
Project 20	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	13	72.2%
Project 7	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	11	61.1%
Project 14	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	10	55.6%
Project 10	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9	50.0%
Project 21	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	44.4%
Project 29	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	6	33.3%

Exhibit B

Sales Tax Infrastructure Projects
Step 7: Project Ranking

Directions: Below is a list of 27 projects for your consideration. Three projects were eliminated during the Project Refinement Process. Rank the projects in order of preference with "1" being the project you prefer the most and "27" being the project you prefer the least.

	Committee Member: David Smith
Project 1	
Project 2	
Project 3	
Project 4	
Project 5	
Project 6	
Project 7	
Project 8	
Project 9	
Project 11	
Project 12	
Project 13	
Project 14	
Project 15	
Project 16	
Project 17	
Project 18	
Project 19	
Project 20	
Project 22	
Project 23	
Project 24	
Project 25	
Project 26	
Project 27	
Project 28	
Project 30	

Note: These three projects were eliminate during Step 5.

Project 10
Project 21
Project 29

Exhibit C

Sales Tax Infrastructure Projects
Step 7: Project Ranking Results

Directions: Below is the cumulative ranking of the 27 projects. Three projects were eliminated during the Project Refinement Process.

	Committee Member AA	Committee Member BB	Committee Member CC	Committee Member DD	Committee Member EE	Committee Member FF	Committee Member GG	Committee Member HH	Committee Member II	Committee Member JJ	Committee Member KK	Committee Member LL	Committee Member MM	Committee Member NN	Committee Member OO	Committee Member PP	Committee Member QQ	Committee Member RR	Cumulative Score	Avg. Ranking
Project 11	1	1	1	2	1	1	2	1	3	1	1	2	1	1	1	1	1	1	23	1
Project 13	2	2	2	4	3	2	3	2	2	2	3	4	3	2	2	2	2	2	44	2
Project 16	3	3	3	6	5	4	1	3	1	3	2	6	5	4	3	3	3	3	61	3
Project 25	4	4	4	8	4	3	4	4	4	5	5	8	4	3	4	[illegible]	4	4	[illegible]	4
Project 27	5	5	5	10	2	6	5	6	5	4	4	10	2	6	5	5	[illegible]	[illegible]	[illegible]	5
Project 1	6	6	6	1	6	5	6	5	6	7	7	1	6	5	6	6	6	5	96	5
Project 8	10	10	7	3	7	7	7	8	8	6	[illegible]	3	[illegible]	7	10	10	7	8	133	7
Project 12	11	11	8	5	9	9	8	7	7	9	6	[illegible]	9	[illegible]	11	11	8	7	150	8
Project 19	12	12	9	7	8	8	9	9	12	8	9	7	[illegible]	8	12	12	9	9	168	9
Project 5	7	7	11	12	10	10	11	10	[illegible]	11	12	[illegible]	10	[illegible]	7	7	11	10	179	10
Project 6	8	8	12	14	13	12	12	11	[illegible]	[illegible]	10	14	13	12	8	8	12	11	200	11
Project 23	13	13	10	9	11	11	10	12	11	1[illegible]	11	9	11	11	13	13	10	12	201	11
Project 9	9	9	13	16	12	14	13	15	[illegible]	10	[illegible]	16	12	14	9	9	13	15	232	13
Project 22	14	14	14	18	[illegible]	13	[illegible]	[illegible]	14	[illegible]	13	18	15	13	14	14	14	14	259	14
Project 28	15	15	15	13	14	[illegible]	15	13	[illegible]	16	15	13	14	15	15	15	15	13	259	14
Project 30	16	16	16	15	1[illegible]	16	[illegible]	16	18	15	16	15	16	16	16	16	16	16	287	16
Project 4	18	18	18	11	1[illegible]	18	18	[illegible]	20	18	20	11	17	18	18	18	18	17	310	17
Project 3	17	[illegible]	17	[illegible]	[illegible]	[illegible]	17	18	23	17	17	17	18	17	17	17	17	18	316	18
Project 17	[illegible]	19	19	19	21	20	27	19	21	19	19	19	21	20	19	19	19	19	358	20
Project 24	2[illegible]	[illegible]	[illegible]	21	20	[illegible]	20	21	15	24	18	21	20	19	20	20	20	21	359	20
Project 26	21	2[illegible]	[illegible]	22	[illegible]	22	21	20	24	20	21	22	22	22	21	21	21	20	384	21
Project 2	22	22	[illegible]	[illegible]	23	21	22	23	16	25	23	20	23	21	22	22	22	23	392	22
Project 15	23	23	23	24	19	23	23	22	17	27	22	24	19	23	23	23	23	22	403	22
Project 18	24	24	24	25	24	24	24	24	22	23	25	25	24	24	24	24	24	24	432	24
Project 20	25	25	25	23	26	25	25	26	25	21	24	23	26	25	25	25	25	26	445	25
Project 14	27	27	27	26	25	27	19	27	27	22	27	26	25	27	27	27	27	27	467	26
Project 7	26	26	26	27	27	26	26	25	26	26	26	27	27	26	26	26	26	25	470	26

Exhibit C

Sales Tax Infrastructure Projects
Step 8: Project Consideration & Ranking
and
Step 9: Length of Sales Tax Extension

Directions: Below is the cumulative ranking of the 27 projects, as a result of Step 7, along with their estimated costs. The two bold horizontal lines illustrate the amount of sales tax proceeds over a 15-year and 20-year extension relative to the Committee's project rankings in order to complete these 'Blueprint' projects. The Committee may choose to add, delete, or reorder a project based on a supermajority vote.

	Avg. Ranking	Project Cost (millions)	Cumulative Total	
Project 11	1	$17,300,000.00		
Project 13	2	$23,000,000.00	$40,300,00[illegible]0	
Project 16	3	$55,600,000.00	$95,900,000[illegible]	
Project 25	4	$20,300,000.00	$116,200,000.00	
Project 27	5	$150,070,000.00	$266,270,000.00	
Project 1	5	$3,000,000.00	$[illegible]270,000.00	
Project 8	7	$10,900,000.00	$280,[illegible]000.00	
Project 12	8	$9,000,000.00	[illegible]89,170,[illegible]	
Project 19	9	$13,050,000.00	$[illegible]220,000.00	
Project 5	10	$12,05[illegible]	$314,2[illegible]0,000.00	15 Years
Project 6	11	$[illegible],200,000	[illegible]47,470,000.00	
Project 23	11	$5,0[illegible]00.00	$352,470,000.00	
Project 9	13	$1,100,0[illegible]0	$353,570,000.00	
Project 22	14	$5[illegible],000.0[illegible]	$407,170,000.00	
Project 28	14	$900,[illegible],00	$408,070,000.00	20 Years
Project 30	16	[illegible]3,000,000.00	$471,070,000.00	
Project 4	17	$3[illegible],200,000.00	$501,270,000.00	
Project 3	18	$10,900,000.00	$512,170,000.00	
Project 17	[illegible]	$9,050,000.00	$521,220,000.00	
Project 24	20	$9,000,000.00	$530,220,000.00	
Project 26	[illegible]	$41,700,000.00	$571,920,000.00	
Project 2	22	$13,050,000.00	$584,970,000.00	
Project 15	22	$33,200,000.00	$618,170,000.00	
Project 18	24	$5,000,000.00	$623,170,000.00	
Project 20	25	$10,900,000.00	$634,070,000.00	
Project 14	26	$9,050,000.00	$643,120,000.00	
Project 7	26	$9,000,000.00	$652,120,000.00	
		$652,120,000.00		

Exhibit D

Leon County
Sales Tax Committee

Cover Sheet for Agenda #6

August 23, 2012

To: The Chairman and Members of the Leon County Sales Tax Committee

From: Alan Rosenzweig, Deputy County Administrator
Jay Townsend, Assistant City Manager
Ken Morris, Director of Economic Development and Business Partnerships for the County
Michael Parker, Director of Economic & Community Development for the City
Beth Kirkland, Executive Director of the Tallahassee/Leon County Economic Development Council

Title: Proposed Framework for the Economic Development Portion of the Local Government Infrastructure Sales Surtax (Attachment #1)

Executive Summary:
On July 9, 2012, the City of Tallahassee Commission held a workshop to discuss the proposed framework for the economic development portion of the local government infrastructure sales surtax. The City Commission accepted the framework without any additional modifications.

On July 10, 2012, the Leon County Commission held a workshop to discuss the proposed framework for the economic development portion of the local government infrastructure sales surtax. The County Commission approved the workshop with one modification. The County Commission requested the Sales Tax Committee determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a target percentage amount of no less than 10% (attachment #2).

The Framework was conceived with the assistance of workgroup made up of leaders from economic development organizations throughout the community and our local institutions of higher learning. In terms of specific incentives, staff offered recommendations to improve the evaluation processes and execution of incentives along with a variety of examples of incentive programs for consideration by the Sales Tax Committee. These recommendations are thoroughly discussed in attachment #1 and were approved by both City and County Commissions. These recommendations should be viewed as a starting point in the deliberations of the Sales Tax Committee to use a portion of the sales tax funds for economic development.

Staff Recommendation:
Option #3: Committee Direction.

Report and Discussion

Background:

On July 9, 2012, the City of Tallahassee Commission held a workshop to discuss the proposed framework for the economic development portion of the local government infrastructure sales surtax. The City Commission accepted the framework without any additional modifications.

On July 10, 2012, the Leon County Commission held a workshop to discuss the proposed framework for the economic development portion of the local government infrastructure sales surtax. The County Commission approved the workshop with one modification. The County Commission requested the Sales Tax Committee determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a target percentage amount of no less than 10% (attachment #2).

Analysis:

The recommended governing structure and "Framework for Sustainable Economic Development" helps guide the Sales Tax Committee and enhance sustainable job creation with proceeds from the surtax. This Framework is needed to optimize community resources by providing for a comprehensive approach to economic development that fosters a vibrant and sustainable local economy while recognizing, leveraging, and optimizing the many economic development organizations and initiatives throughout the community.

The Framework was conceived with the assistance of workgroup made up of leaders from economic development organizations throughout the community and our local institutions of higher learning. In terms of specific incentives, staff offered recommendations to improve the evaluation processes and execution of incentives along with a variety of examples of incentive programs for consideration by the Sales Tax Committee. These recommendations are thoroughly discussed in attachment #1 and were approved by both City and County Commissions. These recommendations should be viewed as a starting point in the deliberations of the Sales Tax Committee to use a portion of the sales tax funds for economic development.

Options:

1. Accept the Proposed Framework for the Economic Development Portion of the Local Government Infrastructure Sales Surtax.
2. Do not accept the Proposed Framework for the Economic Development Portion of the Local Government Infrastructure Sales Surtax.
3. Committee Direction.

Recommendation:

Option #3

Attachments:

1. July 10, 2012 Leon County Workshop on the Economic Development Portion of the Local Government Infrastructure Sales Surtax
2. July 10, 2012 Leon County Workshop Ratification Agenda Item

Attachment #1

July 10, 2012

Workshop on the Economic Development Portion of the Local Government Infrastructure Surtax

Board of County Commissioners
Leon County, Florida

WORKSHOP ON THE ECONOMIC DEVELOPMENT PORTION OF THE LOCAL GOVERNMENT INFRASTRUCTURE SALES SURTAX

July 10, 2012

This publication can be viewed online at the Leon County website: www.leoncountyfl.gov

Leon County
Board of County Commissioners

Workshop Cover Sheet

July 10, 2012

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Workshop on the Economic Development Portion of the Local Government Infrastructure Sales Surtax

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County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator
Lead Staff/ Project Team:	Ken Morris, Director of Economic Development and Business Partnerships Cristina L. Paredes, Intergovernmental Affairs and Special Projects Coordinator

Fiscal Impact:
The existing sales tax expires in December 2019. The sales tax currently generates approximately $35 million. This workshop item provides eight recommendations (A – H) for the Board's consideration with regard to the Leon County Sales Tax Committee evaluating the potential of setting aside up 15% of the annual surtax proceeds, or $5.3 million, for economic development.

Staff Recommendation:

Option #1: Accept staff report on the economic development portion of the local government infrastructure sales surtax.

Option #2: Approve staff recommendations A – H as follows:

Recommendation A: *Seek input from the Sales Tax Committee to determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a specified percentage amount.*

Recommendation B: *Unify the two EDC contracts into one contract with the Intergovernmental Agency in an amount to be determined based on the scope of services associated with the economic development portion of the sales tax extension.*

Recommendation C: *Set aside funds for marketing and coordination in the contract with the EDC to serve as the lead community-wide agency on economic development issues.*

Recommendation D: *Support the proposed governing structure and the creation of the Economic Technical Coordinating Committee.*

Recommendation E: *When established, the E-TCC should determine the appropriate thresholds and circumstances for the approval of economic incentives by the IMC, upon the recommendation of the E-TCC, without direction from the IA.*

Recommendation F: *Seek input from the Sales Tax Committee to provide guidance to the Board regarding the need for ongoing economic sustainability initiatives and shelf-ready incentives to shape the Framework for Sustainable Economic Development for a vibrant local economy that recognizes, leverages, and optimizes the many economic development organizations and initiatives throughout the community.*

Recommendation G: *Seek input from the Sales Tax Committee with regard to incentive programs and evaluation criteria.*

Recommendation H: *Seek input from the Sales Tax Committee regarding any additional issues related to the economic development portion of the surtax.*

Report and Discussion

Background:

The imposition and usage of the local government infrastructure surtax is governed by ss. 212.055(2), F.S. (Attachment #1). The sales tax must be approved by referendum by the majority of the residents in the County. The proceeds for the tax may be used to: finance, plan and construct infrastructure; to acquire land for public recreation, conservation, or protection of natural resources, or to finance the closure of solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection.

The existing one-cent infrastructure sales tax is being levied for a period of 15 years, which expires on December 31, 2019, and generates approximately $35 million annually. Pursuant to an existing interlocal agreement, the County and City created the Intergovernmental Agency (IA) which is commonly referred to as Blueprint 2000 (BP 2000) to oversee the utilization of 80% of the proceeds; the balance (20%) is shared equally between the County and the City. On April 12, 2011 the Board conducted a workshop to address the extension of the infrastructure tax beyond December 2019.

On April 26, 2011 the Board ratified the actions taken during the April 12, 2011 workshop to address the extension of the infrastructure tax beyond December 2019. Subsequently, the Board established the Leon County Sales Tax Committee representing a broad cross section of the community (Attachment #2). The Board, along with the City of Tallahassee and community partners, appointed 18 citizens to serve on this committee. The Committee's charge is to collect public input and make recommendations regarding public policy for the infrastructure sales tax issues within Leon County. The Committee held its first meeting in January and has spent the last five months gathering information on the community, past sales tax projects, the statutes governing the local government infrastructure surtax, and hosted its first open house for public input. This fall the Committee will begin its project development and evaluation. Prior to the Committee's deliberation and project development, there are two components which require additional guidance for Committee consideration: economic development and recommended County/City capital projects. The Board held a workshop on June 26, 2012 and approved the County's recommended capital projects for presentation to the Sales Tax Committee.

1. Northeast Connector Corridor
2. Lake Jackson Preservation and Mobility Enhancements
3. Northwest Connector Corridor
4. Westside Student Corridor Enhancements and Flood Relief
5. Pine Flats Trail – Expansion of Lower Cascades
6. Southside Gateway Enrichments
7. Lake Lafayette and St. Marks Regional Linear Park
8. The Market District Activity Center Connectivity
9. Centerville Trace Water Resources
10. Woodville Water Quality
11. Additional County Sidewalks and Mobility Improvements
12. County Intersection and Safety Improvements
13. County Road Resurfacing
14. County Facilities Infrastructure Improvements
15. Private Dirt Road Paving Program
16. Northeast Park

During the April 12, 2011 workshop, the Board directed staff to prepare a separate workshop item regarding the economic development component of the sales tax extension for Board consideration. Paragraph 212.055(2)(d), F.S. allows for up to 15% of the one-cent infrastructure tax to be deposited into a trust fund for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. A maximum of 15% equates to approximately $5.3 million annually. Based on the Board's direction, staff has worked with the City and the Economic Development Council (EDC) to prepare this workshop item and seek further Board direction on the economic development portion of the sales tax extension for presentation to the Sales Tax Committee.

Analysis:

Leon County Sales Tax Committee Process

On September 13, 2011, the Board adopted the enacting resolution to establish the Leon County Sales Tax Committee. On January 26, 2012, the Sales Tax Committee convened its first meeting. The Committee's objective is to collect public input and make recommendations regarding public policy for the infrastructure sales tax issues within Leon County. The Committee shall make final recommendations to the Board of County Commissioners and the City Commission in the form of a written report, workshop, or other means that shall include: (1) recommendations as to the timing of the infrastructure sales tax referendum, if any; and (2) a review that contains advisory feedback on the projects considered by the committee. Since its first meeting, the Committee has spent the last five months on the following:

- Reviewing the enabling resolution, sunshine laws, and statutory framework on the sales tax
- Reviewing Blueprint 2000 background and organization structure
- Comparing implementation of the local government infrastructure sales tax in other counties
- Reviewing Blueprint 2000, County, and City projects funded with sales tax dollars
- Reviewing the ability to use sales tax dollars for operating impacts of parks
- Reviewing changes to the statutes that govern the local infrastructure sales tax
- Reviewing the Comprehensive Plan and Community Profile

In addition, the Sales Tax Committee hosted its first open house on April 26, 2012 to give the public the opportunity to provide their input and recommendations on the future projects for Committee consideration. Citizens may also voice their comments, recommendations, or preferred projects for consideration at the beginning of each meeting. The Committee is beginning to prepare for its next step: project evaluation. As part of this process, the Committee will be considering the percentages to levy for projects and economic development.

At the June 26, 2012 workshop on the County's recommended capital projects, the Board also extended the term of the Sales Tax Committee from December 2012 to June 30, 2013 to provide additional time for project evaluation and to submit a final report. Looking ahead, the Sales Tax Committee will take up the proposed economic development plan at its next meeting on August 23, 2012 and the proposed capital projects on September 27, 2012.

Economic Development Portion of the Sales Tax

An argument could certainly be made that all of the revenues collected and dedicated through this local option sales tax provide an economic value through the improvement of infrastructure. However, as previously stated, the infrastructure surtax does specifically authorize an allocation of up to 15% of the surtax proceeds for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. This broad definition offers wide latitude and opportunity to enhance local economic development efforts beyond traditional means that pits limited ad valorem revenues for economic development against core County services. To date, no Florida counties utilize the infrastructure sales tax for economic development but Pasco County plans on asking its voters on the November 2012 ballot to approve setting aside 9% of its surtax proceeds.

To identify potential opportunities for this portion of the sales tax extension, the County Administrator and the City Manager directed their respective economic development staff to coordinate with the Economic Development Council of Tallahassee/Leon County (EDC) and other community partners in preparation of this workshop item. This workgroup was later expanded to include other economic development partner organizations detailed later in this item. The initial members as directed by the County Administrator and City Manager are as follows:

- Ken Morris, Director of Economic Development & Business Partnerships for the County
- Michael Parker, Director of Economic & Community Development for the City
- Beth Kirkland, Executive Director of the EDC

The workgroup for this project quickly gathered to assess the current economic incentives available to the market and potential opportunities for enhancement. Very recently, the County conducted a similar exercise of surveying local business leaders to determine the value of incentives currently offered which led to the September 13, 2011 Workshop on Economic Development and the Board's 2012 Job Creation Action Plan (Attachment #3). The input received through that survey process is a key part of the design framework formulated by the workgroup. The workgroup recognized that in order to have a comprehensive economic development toolkit which also requires voter approval by referendum, the incentive package administered with the surtax funds must include the following three components:

1. Local Business Development, Expansion, & Investment
2. Small Business Access to Capital
3. Business Recruitment

Another early finding of the County, City, and EDC workgroup was the need for our university partners (including TCC) to directly participate in this process. From an economic development perspective, the capital region has the unique advantage of serving as the home for two major universities and a community college with strong track record in workforce training. Their participation is critical to capitalize on growing small businesses, encouraging entrepreneurial endeavors, and enhancing Town and Gown relations. Fortunately, each of these partners readily began working with staff and became part of the expanded workgroup that has crafted these workshop materials.

The Board has the ultimate discretion on whether or not to utilize any or all of the allowable 15% for economic development purposes; however, staff is recommending the Board seek guidance from the Sales Tax Committee as they also evaluate the County and City capital projects. Knowing that the existing one-cent infrastructure sales tax generates approximately $35 million annually, Table #1 was prepared to illustrate the estimated surtax revenues based on the percentage dedicated for economic development. While the infusion of $1.8 million annually for economic development would offer significant opportunity for our community, an additional $5.3 million annually would signal a monumental shift in the availability of resources to foster job creation. For the purposes of this item and furthering the conversation on economic development, staff has provided a recommended governing structure and "Framework for Sustainable Economic Development" to help guide the Sales Tax Committee in its consideration of opportunities that will be coming forward to enhance sustainable job creation with proceeds from the surtax. This Framework is needed to optimize community resources by providing for a comprehensive approach to economic development that fosters a vibrant and sustainable local economy while recognizing, leveraging, and optimizing the many economic development organizations and initiatives throughout the community. This is needed in our community, now more than ever, to proactively drive and shape the diversification and vitality of the local economy as the capital region continues to be disproportionately affected by reductions in the state workforce.

Table #1: Estimated Surtax Revenues for Economic Development

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

In terms of specific incentives, staff offers recommendations to improve the evaluation processes and execution of incentives along with a variety of examples of incentive programs for consideration by the Sales Tax Committee and the Board. Staff anticipates charging the Sales Tax Committee, with support from the EDC, in offering, reviewing, and crafting incentive opportunities to enhance job creation. By no means are the examples provided herein by staff an exhaustive list. Instead, they should be viewed as a starting point in the deliberations of the Sales Tax Committee should this process move forward to use a portion of the sales tax funds for economic development.

The goal is to provide future businesses, economic development professionals, site consultants, and local government leaders an *à la carte* selection of tools that will enhance economic development. This method was chosen given the limited direction on the targeted dollar amount (or percentage) desired to be set aside for economic development and to illustrate the range of possibilities available with this funding source. Utilization of the programs outlined in this analysis would be dependent on the estimated revenue derived from the sales tax as determined by the Sales Tax Committee and the Board.

> **Recommendation A:** *Seek input from the Sales Tax Committee to determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a specified percentage amount.*

Some of the incentive options offered herein may only fall under one category (Local Business Development, Expansion, & Investment; Small Business Access to Capital; Business Recruitment) while others can be applied universally for job creation. Before reviewing the incentives in more detail, it is important to understand the role of the EDC on behalf of the County and City, the current governing structure of the sales tax proceeds, and the proposed governing structure with the added role of economic development to get a better understanding for some of the recommendations presented in this item. Two recommendations are offered below with regard to the EDC to build a posture toward the overall recommended governing structure and the Framework for Sustainable Economic Development.

Economic Development Council of Tallahassee/Leon County

The EDC serves as the business community's initial point-of-contact for the joint County and City economic incentive programs, and administers the day-to-day activities relating to the Qualified Targeted Industry, Enterprise Zone, and Targeted Business Programs. The EDC has also been a central source for local economic development information and normally engages in outreach, promotion, and marketing to local, regional and national economic development organizations and businesses.

The EDC receives approximately 38% ($324,500 / $852,500) of its total operating funds through public partnerships with Leon County and the City of Tallahassee. The remaining 62% of funding is derived from investments from local businesses, organizations, and grants/sponsorships (FY11 – approximately $528,000). The County and City separately contract with the EDC on an annual basis despite seeking similar services. The EDC contracts call for establishing an economic environment for job creation and capital investment through a comprehensive program of work supporting business development, recruitment, and expansion efforts through product marketing, research, technical and business assistance. They also provide an emphasis on connecting the private sector, education, and government to foster entrepreneurialism, enhance local business, grow targeted industry sectors, and attract innovative companies to the region.

Table #2: Breakdown of the County & City Contracts with the EDC

Organization	*Base Contract Amount*	*QTI Incentives*	*GrowFL*	***Total***
County	$174,500	$25,000	$0	$199,500
City	$115,000	$0	$35,000	$150,000
Total	$289,500	$25,000	$35,000	**$349,500**

The County contracts with the EDC in the amount of $199,500, which includes $25,000 in incentives for the Qualified Targeted Industry (QTI) program. The County's $25,000 for QTI is managed by the EDC and is entirely for incentives. The City also participates in the QTI program but does not include funds as part of its contract with the EDC. The City's base contract with the EDC is in the amount of $115,000, which has been reduced from $150,000 (base contract) since FY 07. This emphasizes the growing challenge to fund priority programs as ad valorem revenues have declined over the past several years. More recently, the City entered into an agreement with the EDC in March 2012 to offer the GrowFL economic gardening program to provide customized business assistance to help expand second stage companies.

A description of the joint County/City incentive programs and other services provided by the EDC are as follows:

Qualified Target Industry

The QTI program is a tax refund incentive and partnership program between the state and local governments offering refunds on corporate income, sales, ad valorem and certain other taxes for pre-approved applicants who create high-wage jobs in targeted high value-added industries. Applications for this program are processed by the Florida Department of Economic Opportunity for approval, but a match of 20% is required from the local community where the job creation is occurring. It should be noted that this formula was modified for the capital region during the 2011 legislative session affecting the QTI program. In response to the anticipated state layoffs following the 2011 legislative session, the County was successful in changing the local funding formula for the QTI program for local governments in the capital region to better utilize economic development funds through 2014.

In Leon County, the QTI local match is typically split evenly between the County and the City of Tallahassee, since most applicants locate within the City limits. In order to be approved as a qualified applicant for the QTI program, the County and City Commissions must adopt a Resolution affirming its commitment to fund the required local match for a specific applicant. QTI refunds range from $3,000 to $8,000 per net new job created. Companies can increase their QTI "per job" refund by establishing their businesses within an Enterprise Zone and/or offering wages that are increasingly above average annual salaries. The QTI assistance is provided on a reimbursement basis and is only released once the required jobs have been created. Should a company fail to create the number of specified new jobs after its third year, and according to the program requirements and time frames established in the application, the annual tax refund payments to the company would be adjusted downward, accordingly, based on performance.

The QTI program has served the County as an effective economic development tool to create high-wage jobs in targeted sectors of the economy by leveraging local and state funds. Unlike many other economic development incentive programs, the QTI program is an extremely low-risk program because funding is provided on a reimbursement basis upon verification that a company has met all of its performance goals.

Enterprise Zone

The Leon County-Tallahassee Enterprise Zone (EZ) is a 20-square-mile area across Leon County that is targeted for economic revitalization. First advocated for by the County and approved by the Legislature in 2002, this program offers significant tax incentives to property and business owners within the EZ boundaries who locate, renovate or expand their businesses. Some of the key incentives of the EZ include:

- Jobs Credits: Refund of state sales or corporate income taxes based on the new jobs created. Provides a credit of 20% of wages paid to new eligible employees who are residents of a Florida Enterprise Zone; if more than 20% of the employees are residents of a Florida Enterprise Zone, the credit is 30%.
- Building Materials Refund: Refund of state sales taxes paid on building materials for renovations of buildings in the EZ.
- Property Tax Credit: Refund a portion of corporate income taxes for companies that build, rebuild, or expand their business within the boundaries of the EZ.

The EZ program has become popular statewide as it offers various state-funded tax rebates for programs structured to improve largely "local" economic redevelopment. The Enterprise Zone Development Agency, a governing body that is approved by the Board of County Commissioners, provides further management oversight to the EZ, including an annual report on EZ activities.

Targeted Business Program

The Targeted Business Program (TBP) is a local incentive-based program administered by the EDC to induce business growth that is beneficial to Leon County and the City of Tallahassee. The program is designed to help implement the County and City's long-term vision for economically viable and environmentally sustainable growth. The targeted industries include aerospace and defense, alternative energy, information technology, health sciences, research and engineering, and transportation and logistics. The TBP offers incentives to new and existing businesses that create value-added jobs that will diversify the economy suited to the County and City's business mix and will generate revenue growth from the sales of goods and services outside the local economy. The program also seeks to reward businesses that locate in designated target areas for economic growth and development, build environmentally sensitive projects, do business with other local businesses, and that practice good corporate citizenship. Funds awarded under this program are used to reimburse up to 100% of the associated development fees and a portion of the ad valorem taxes paid for the business' capital investment/improvement. The amount of funding is based on a scoring system evaluated by a review committee with final approval and award granted by the County and City Commissions.

As a screening mechanism prior to being admitted into the scoring phase of the evaluation process, businesses must provide with their application audited financial statements for the previous two years to prove that they are a strong, growing company in which the County and City should invest. A business profile score for the application is determined on a rating system that gives points to the following categories (100 points maximum with total points determining percentage and length of inducement):

1. Number of employees - 25 Points
2. Salary levels - 25 Points
3. Amount of capital investment - 15 Points
4. Location in designated target areas- 10 Points
5. Environmental sensitivity of project design/redevelopment achievements - 10 Points
6. Local business promotion - 10 Points
7. Corporate citizenship - 5 Points

Additionally, the EDC prepares an economic impact analysis to determine whether the project shows a return on investment to the community. A committee made up of representatives from County staff, City staff, and the EDC score the applications and forward the recommendation to the County and City Commissions. The County and City Commissions, respectively, make a final determination on the award of inducements under this program.

First Focus Partnership

On March 28, 2006, the Board contributed $100,000 to the First Focus Partnership Program (First Focus) to partner with the EDC, Tallahassee Community College (TCC), and other local organizations in an effort to leverage County funding towards workforce training for local businesses. During its formative stage, the County's funding was used to assist businesses in the form of workforce training, grant writing, business plan consulting and strategic job assessment. Since inception, the available resources for small businesses have grown exponentially through state, regional, and local partnerships. The EDC received a $450,000 grant from the U.S. Small Business Administration to develop an Entrepreneurial Excellence Program to support business incubation in the area based on the curriculum developed by the University of Central Florida Incubation Program. The course covers such basics as visioning, marketing, customer service and training, finance, entrepreneurship skills and development.

In its role as the primary point-of-contact for economic development opportunities, the EDC markets local community assets to attract new businesses, leverages state and private sector resources for small business expansion, hosts training opportunities for new entrepreneurs, evaluates project leads, and manages the local business incentives on behalf of the County and City. One of the most compelling and persistent findings of the County's surveying of local business leaders last year was the overwhelming support of the efforts by the EDC. However, many participants were unaware of the County's specific programs, partnerships, and recent endeavors to enhance job creation and felt there was a need to better educate local residents and

business owners of the local economic development programs to encourage greater utilization. Further, several participants were unaware of the EDC's role as a contractor of the County and City to provide economic development services. This indicated a clear need for a coordinated marketing effort to promote the County's successes, incentives, and efforts in economic development.

Survey participants expressed the need for better coordination of efforts and promotion of programs offered by various organizations in the community. While the County is more than capable to develop a vast marketing initiative given the appropriate resources, the message should extend beyond the scope of the County organization. The EDC has a very limited budget to market the incentives available through the County and City Commissions and no umbrella organization or marketing plan exists to incorporate all of the services available to aspiring startup companies or entrepreneurs. For example, several organizations provide some form of matchmaker or mentorship services for small and startup businesses including the FAMU Small Business Center, EDC, Jim Moran Institute, and both Chambers of Commerce, but no clearinghouse exists to offer a holistic landscape of the community assets. Instead, customers are often left to navigate these waters on their own to understand the fine differences in available programs and services.

Like the County, the EDC has limited resources available for marketing purposes. The EDC shares a professional communications position with the Greater Tallahassee/Leon County Chamber of Commerce and does not contract with a marketing firm for services. Instead, the EDC often relies on its volunteer membership for in-kind services in addition to maintaining its website and producing occasional brochures highlighting programs and incentives. The EDC often utilizes the *Tallahassee Democrat* for advertorials, regional publications for ad placements, and recently launched an annual *Business Outlook* magazine.

Coordination issues persist as new endeavors are created, supported, and embraced into the community as separate organizations with singular purposes. For example, the County and City have each supported new efforts over the past three years that utilize a significant portion of publically allocated funds for administrative and marketing activities. Table #3 illustrates examples of new organizations and efforts supported by the County and City since FY 09. At a minimum, there should be some strategic coordination and organizational accountability with the ongoing efforts of the economic development community. The EDC, as the lead marketing arm and point-of-contact on behalf of local government, coordinates with these entities to a degree but they remain independent organizations with their own marketing strategies.

Table #3: County/City Marketing-Related Funding for New Organizations Since FY 09

Program	*Leon County Funding*	*City of Tallahassee Funding*	*Total County/City Funding*
Big Bend Works	$10,000	$10,000	$20,000
Town and Gown	$25,000	$25,000	$50,000
Choose Tallahassee	$20,000	$20,000	$40,000
Total	**$55,000**	**$55,000**	**$110,000**

The desire for job creation is so great, yet many endeavors may not be viable for public financing for a variety of reasons. There remains a void in the local economic development community for an organization to serve as the recognized lead entity similar to the role of the United Way relative to the Community Human Services Partnership. While organizations would continue to enjoy their independence and may continue to seek funding from various sources (private sector, universities, etc.), funding from local governments should be vetted through the EDC similar to the United Way's Community Human Services Partnership. Another example currently practiced is the County's efforts to seek input from the Tourist Development Council on matters relating to tourism. Routing these funding decisions and recommendations through the EDC would provide greater coordination and accountability to the designated economic development arm of the County and City.

A comprehensive marketing strategy is also needed to encompass all of the efforts and programs available in the community along with individually defined marketing strategies to promote the various community products and assets (workforce talent, incentives, building sites, quality of life) under one master plan. This economic marketing plan, under the direction of the IA and the EDC Board of Directors, would serve as the marketing umbrella and central figure for all that is offered in the community. This comprehensive approach would enhance the long-term sustainability of value-added programs to leverage the community's collective strengths with limited financial resources.

Staff recommends unifying the two separate EDC contracts into one contract with the IA in an amount to be determined based on the scope of services associated with the economic development portion of the sales tax extension. Staff also recommends setting aside additional funds for marketing and coordination in the contract with the EDC to serve as the lead community-wide agency on economic development issues.

> **Recommendation B:** *Unify the two EDC contracts into one contract with the Intergovernmental Agency in an amount to be determined based on the scope of services associated with the economic development portion of the sales tax extension.*
>
> **Recommendation C:** *Set aside funds for marketing and coordination in the contract with the EDC to serve as the lead community-wide agency on economic development issues.*

This will streamline the contractual oversight process, unify the vision and direction from both Commissions, and draw an increased level of funding from a single dedicated revenue source. One of the concerns identified during the County's survey of local business leaders last year was the need for prospective businesses to privately and publicly engage both Commissions, on separate occasions, to garner support for economic development projects. Several respondents found this process to be burdensome and/or inefficient.

This basic structural change to the oversight of the EDC is the first critical step to building a sustainable economic development framework, or governing structure, as described later in the item. It imposes a collective forum whereby the public and private sectors will view local economic development and incentives as a community endeavor rather than County incentives versus City incentives. In this scenario, the IA would be the formal governing body to consider granting many of the incentives for potential job creation opportunities. The IA Bylaws already take into consideration the different makeup of the two Commissions and provide guidance to equalize the voting power on the 12-member governing body.

Another benefit of the EDC directly contracting with the IA is the reduction of a triplicate reporting requirement imposed by the 2010 Florida Legislature. Economic development organizations that contract with counties and cities, such as the EDC, are required to submit a report to the respective local governments detailing how the public funds were spent on economic incentives and the results of the organization's efforts on behalf of the local government. In turn, local governments must file a comprehensive report detailing their economic development efforts to assist the state's efforts in compiling statewide data on the level of public and private investment at the local level. Under the proposed structure, the EDC would serve as the one-stop-shop for community data which would be reported annually to the IA before submission to the state.

Under the economic development portion of the sales tax extension, the costs associated with Recommendations B and C would be recurring expenses at a level to ultimately be determined by the IA. In summary, the Board's adoption of Recommendations B and C would expand the role of the EDC as the lead economic development agency in the community by:

- Unifying its duplicative contracts with the County and City under the IA.
- Increasing the contract amount to support additional staffing needs.
- Enhancing the marketing capabilities of the EDC to serve as the lead community-wide agency on economic development to promote the availability of incentives offered under the IA and by community partners.

As part of its contract with the IA, the EDC would be charged with presenting a biennial work plan to the IA highlighting its proposed goals and efforts over a two-year period. This would provide the unique opportunity for both the County and City Commissions, under the IA, to jointly evaluate, plan, and approve the community-wide economic goals. This has often been a challenge in recent years as the County and City tend to independently develop strategic initiatives relating to economic development. This proposal provides the IA with a great deal of discretion and opportunity to shape future economic development programs and projects.

Governance

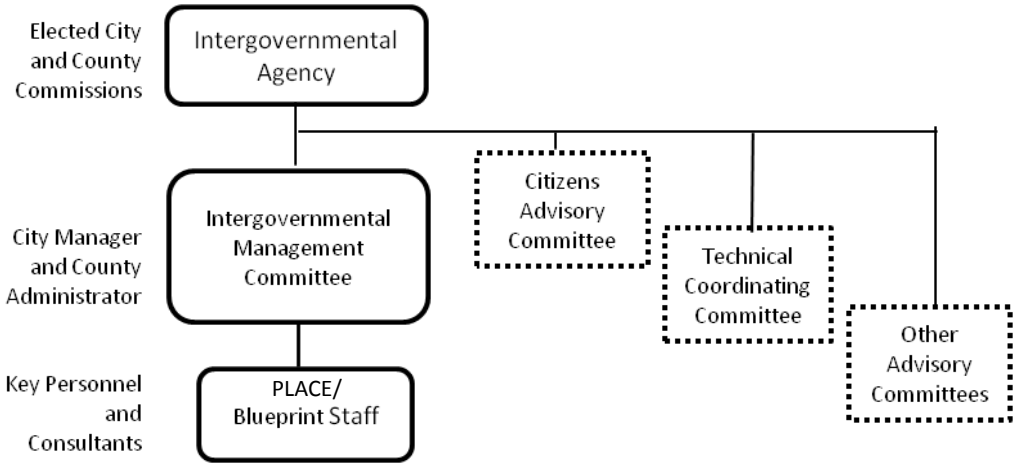
Much of the success of the current sales tax funds can be attributed to the structure of BP 2000 which provides for intergovernmental coordination and cooperation, citizen involvement in important decision making, and integration of project planning and project implementation. An identical process is anticipated for the extension of the sales tax with regard to needed infrastructure projects but consideration is needed to determine the best process to utilize the potential economic development funds. Unlike priority infrastructure projects, the community may be unaware of the next great economic development opportunity. This puts a great emphasis on the integrity and analysis needed to evaluate future projects in a timely manner. Given the success of the current BP 2000 governing structure, staff has attempted to mirror these efforts under the IA for the economic development funds. As a refresher, a quick review of the current BP 2000 governing structure precedes the proposed governing structure.

Current Blueprint 2000 Governing Structure

Figure #1 depicts the current governing structure of BP 2000 under the IA. As stated in the Interlocal Agreement, BP 2000 is governed by the IA and its daily operations are overseen by the Intergovernmental Management Committee (IMC) and the Department of PLACE (Planning, Land Management and Community Enhancement). There are two official advisory committees: Citizens Advisory Committee and the Technical Coordinating Committee. BP 2000 also utilizes other advisory committees on a case-by-case basis based on the specific project needs. The functions of the official committees are described below.

BP 2000 is governed by the IA which is comprised of both the Leon County Board of County Commissioners and the Tallahassee City Commission. This governing body has ultimate oversight and responsibility for BP 2000 and typically convenes on a bimonthly schedule. The structure of this body splits oversight equally between the County and City: each of the five Tallahassee City Commissioners receives a weighted vote of seven points and each of the seven Leon County Commissioners receives a weighted vote of five points each. Given the infrequency of the IA meetings, many of the managerial responsibilities are delegated to the IMC.

Figure #1: Current Governing Structure of Blueprint 2000



The IMC is comprised of the Leon County Administrator and the Tallahassee City Manager. The IMC is charged with monitoring the daily operations of BP 2000 through the Department of PLACE, implementing financial and performance audits of BP 2000, reviewing and recommending for approval BP 2000 operating budgets, work plans, request for proposals, as well as approving purchasing, contracts, and change orders in accordance with procurement policies. This delegation of authority to the IMC is needed to effectuate the decision making process for critical infrastructure projects in a timely manner.

The Department PLACE is responsible for the oversight of the Planning Department, BP 2000, and the Capital Regional Transportation Planning Agency (CRTPA). Planning provides expertise and recommendations in the areas of land use and environmental and transportation planning. The CRTPA provides recommendations relating to transportation issues for Leon County, the City of Tallahassee, and surrounding areas.

The Citizens Advisory Committee (CAC) is comprised of twelve members recommended by the IMC and approved by the IA. The purpose of the CAC is to review work plans, financial and performance audits, and to make recommendations to BP 2000. According to the CAC by-laws, CAC members are appointed for three-year terms and have a two-term limit; a member's position will become vacant if they do not attend 2/3 of regularly scheduled meetings; members who have a conflict of interest shall declare the conflict before discussion and shall be excused from voting on the issue. The CAC is required to maintain membership with specific expertise such as science and biology, finance and bonding, and to provide input from citizens groups such as the civil rights community, the elderly community and the disabled community.

The role of the Technical Coordinating Committee is to ensure coordination and cooperation between County and City government projects and BP 2000 projects. The Technical Coordinating Committee was initially established to assist the BP 2000 Agency with technical reviews, provide recommendations, identify problems and request studies, review data and any other functions assigned by the IA, IMC, or the BP 2000 Director. Today, the Technical Coordinating Committee serves in an advisory role and its membership consists of the following representatives:

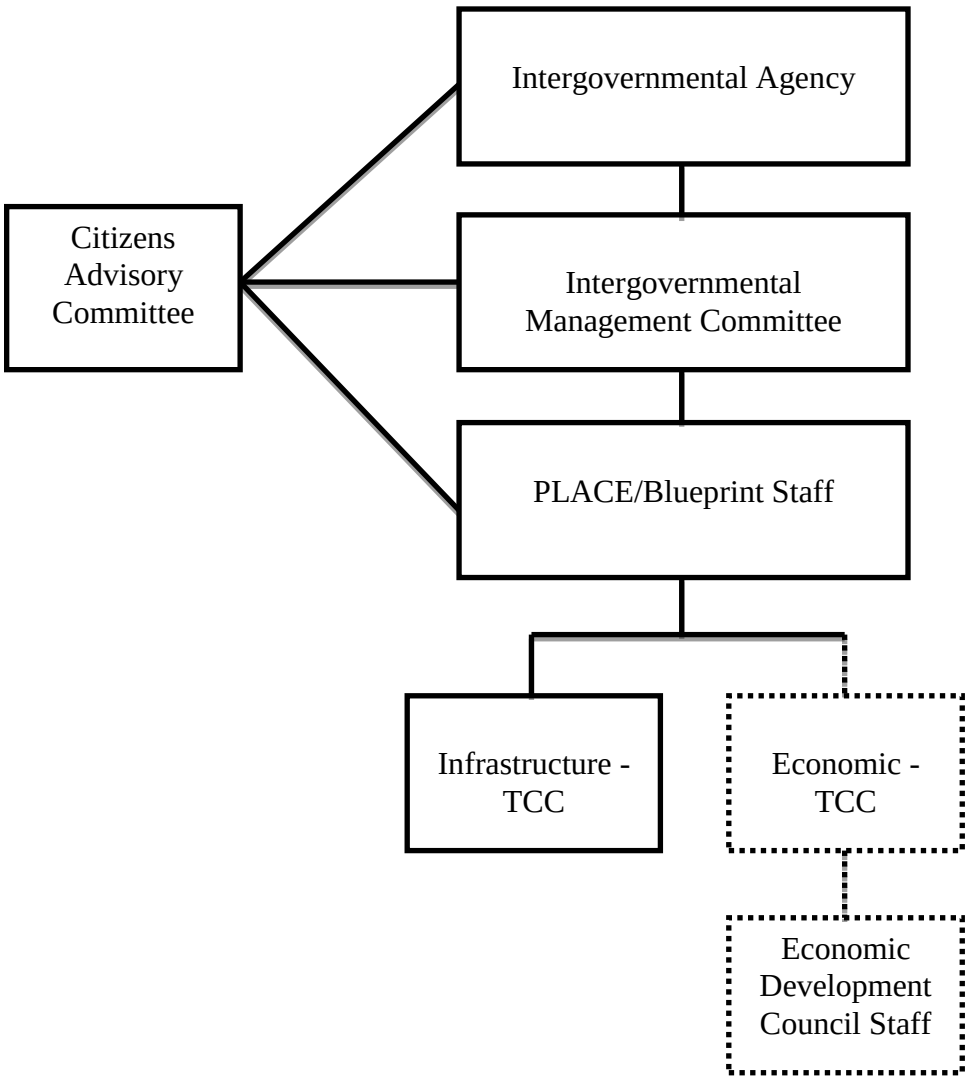
- An Assistant City Manager
- Deputy County Administrator
- Planning Director
- City Public Works Director
- County Transportation Engineering Director
- City Stormwater Manager
- County Chief of Stormwater Engineering
- City Growth Management Biologist
- County Director of Environmental Compliance
- BP 2000 Staff Director
- Other staff needed on a project basis

Proposed Governing Structure

Under the proposed governing structure illustrated in Figure #2, the reporting relationships between the IA, IMC, the Department of PLACE, BP 2000, and the advisory committees would remain the same. The current TCC would be renamed to the *Infrastructure TCC* (I-TCC) to distinguish it from the creation of a separate Technical Coordinating Committee to evaluate economic development proposals and incentives identical to the process today. The *Economic TCC* (E-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. The Chairmanship would rotate biennially between the County and City Economic Development Directors. The membership of the new E-TCC would 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
- President of the Greater Tallahassee/ Leon County Chamber of Commerce
- President of the Capital City Chamber
- CEO of WORKFORCE *plus*

Figure #2: Proposed Governing Structure



As previously mentioned, the university community positions the capital region in a competitive advantage over other markets due to its pipeline of human capital, intellectual talent, and culture of creativity. FSU, FAMU, and TCC foster the lifeblood of job creation and economic sustainability through their entrepreneurship programs, research endeavors, patent offices, and workforce training programs. Their participation is critical to capitalize on growing small businesses, encouraging entrepreneurial endeavors, and enhancing Town and Gown relations. Innovation Park is an extension of the university community, with a particular emphasis on science and research, which has a portfolio of available space and property for cluster opportunities. The Greater Tallahassee/Leon County Chamber of Commerce, the Capital City Chamber of Commerce, and WORKFORCE *plus* balance out the E-TCC with expertise in the private sector's workforce trends and needs along with accessibility to leverage additional capital. These partner organizations have been working with staff in preparation of this item and have expressed their support for the proposed governing structure. Depending on the given economic development opportunity or project being vetted by the E-TCC, these partner organizations can offer the full gamut of community expertise to evaluate and score applications for economic incentives.

Again, Figure #2 mirrors the BP 2000 in place today by maintaining the current reporting relationships for infrastructure projects. The E-TCC and the staff support provided by the EDC as delineated by the dotted lines are the only new features. This maintains a fluid process from the initial contact with the EDC to the preparation of application materials for the E-TCC's evaluation and scoring process. Suggested methods for the E-TCC to evaluate and score applications for economic incentives are provided in the Local Shelf-Ready Economic Incentives Toolkit section of this item. This structure was selected to mirror the success of BP 2000 through the utilization of citizen input, technical assistance from staff, and approval by the joint County and City Commissions in its role as the IA.

To mitigate additional staffing needs for BP 2000 or the respective local governments, 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. As the lead marketing entity, point-of-contact, and liaison to the public and private sectors, the EDC would educate the prospective applicant on the available incentives and guide the applicant through the application and vetting process.

Under this proposed structure, there would not be a need for a separate CAC but the membership of the CAC should be modified to reflect the expanded role and responsibilities associated with the sales tax extension. In turn, the CAC would continue to be utilized to monitor projects, gauge performance, provide feedback and commentary, and offer another layer of accountability for the use of these funds. Evaluating economic development proposals as they evolve may require more frequent meetings of advisory committees with less advance notice than current practice. For some economic development projects, time constraints may require the fast-tracking of proposals without prior input from the CAC.

The combination of this proposed governing structure and the availability of a dedicated revenue source for economic development offer a unique opportunity to address "how we do things" by infusing greater speed, efficiency, and flexibility in the decision-making process to award economic incentives. The technical expertise assembled on the E-TCC, along with the predetermination of available funds for incentives presents an opportunity to authorize the IMC to approve economic incentives upon the recommendation of the E-TCC and without direction from the IA. Again, these funds would be annually budgeted and approved by the IA for the specific purpose of awarding economic incentives.

This would address some of the concerns identified by previous applicants and through last year's survey process about the lag time between the scoring of an application and the approval by the County and City Commissions. Both Commissions' agenda processes require at least a two-week lead time to prepare and publish the agenda items approximately one week before their respective public meetings. The more complicated the proposal, the more lead time that is generally needed for staff to review the legal, financial, and policy implications of a project. Staff recommends when established the E-TCC should determine the appropriate thresholds and circumstances for the approval of economic incentives without direct input from the IA. Again, the recommended expedited process would be for the E-TCC to evaluate and score the incentive application with the IMC executing the agreement. This correlates with the responsibilities and duties currently granted to the IMC for infrastructure projects.

Staff does not recommend empowering the E-TCC with this decision-making authority because it would also impose numerous requirements under Florida's Government in the Sunshine laws. Of particular concern would be the prohibition of the members of the E-TCC to discuss projects in the pipeline. More specifically, the EDC would have to prepare the application materials in a vacuum and would be prohibited from seeking input or guidance from the County and City Economic Development Directors. This would be counterproductive to the efforts of this body. It should also be noted that utilizing the E-TCC in an advisory role would not prevent its meetings from being open to the public.

> **Recommendation D:** *Support the proposed governing structure and the creation of the Economic Technical Coordinating Committee.*
>
> **Recommendation E:** *When established, the E-TCC should determine the appropriate thresholds and circumstances for the approval of economic incentives by the IMC, upon the recommendation of the E-TCC, without direction from the IA.*

Should the County and City Commissions approve the proposed governing structure with the addition of the E-TCC, the IA Interlocal Agreement would need to be modified to reflect the final structure, power, and authority for all participants.

Framework for Sustainable Economic Development

Should the Sales Tax Committee determine the need to set aside a portion of the sales tax revenue for economic development (Recommendation A), a process or framework would be needed to begin identifying the most beneficial uses of those funds. Staff has developed a recommended Framework for Sustainable Economic Development as shown on page 20 to help guide the Sales Tax Committee in its consideration of opportunities that will be coming forward to enhance sustainable job creation with proceeds from the surtax. This Framework is needed to optimize community resources by providing for a comprehensive approach to economic development that fosters a vibrant and sustainable local economy while recognizing, leveraging, and optimizing the many economic development organizations and initiatives throughout the community. This is needed in our community, now more than ever, to proactively drive and shape the diversification and vitality of the local economy as the capital region continues to be disproportionately affected by reductions in the state workforce. The proposed Framework for Sustainable Economic Development lays out the foundation for sustainable economic growth and development through three pillars of economic investment:

1. *Ongoing Sustainability Initiatives*: These are the main economic building blocks for home grown entrepreneurship programs and the commercialization of university research that are deemed so critical to the success of the community that they warrant funding on a recurring basis.
2. *Local Shelf-Ready Economic Incentives*: These programs are in addition to state incentives and will provide our community a competitive advantage to recruit businesses both in-state and out of state. These programs also equip the toolkit to address future project needs. These apply to local business expansion and attracting new businesses. An emphasis must be placed on the flexibility of these funds.
3. *Hard Public Assets*: These are the critical economic infrastructure needs that spur additional private sector investment and help attract and/or retain human capital.

These three pillars are outlined in the illustration on page 20 as columns from left to right following the Marketing & Leveraging Community Assets Column which represents the services to be carried out by the EDC in this proposal. There is a strategic reasoning to the order in which these columns were placed from left to right. From a financial planning perspective, the Sales Tax Committee may want to identify the fixed costs first, if any, before determining the amount of funds set aside for incentives. Under the proposed Framework for Sustainable Economic Development, the Marketing & Leveraging Community Assets function to be carried out by contract through the EDC will be a fixed cost in an amount to be determined by the IA. Therefore, the Sales Tax Committee may want to determine whether there are any Ongoing Economic Sustainability Initiatives that should be funded on an annual basis before determining the amount of funds available for various incentive programs that require a reactive posture. Ongoing Economic Sustainability Initiatives may include key economic programs or the debt service on a select hard public asset. The Committee may also want to evaluate the potential benefits of hard public assets that would boost economic activity and commerce.

Framework for Sustainable Economic Development

Marketing & Leveraging Community Assets

-IA contract with the EDC
-Leverage available state, local, and private sector incentives
-Market community assets
-Continue to serve as the liaison with local business community and targeted industry sectors
-Provide staffing for the Economic TCC
-Serve as the point of contact or one-stop-shop for prospective businesses

Ongoing Economic Sustainability Initiatives

-Intermediate term program investments (2-5 years)
-Economic building blocks
-Home grown entrepreneurship & commercialization of university research
-Select hard public assets

Local Shelf-Ready Economic Incentives

-Flexible
-Competitive with other markets
-Projects individually vetted by the E-TCC

Hard Public Assets

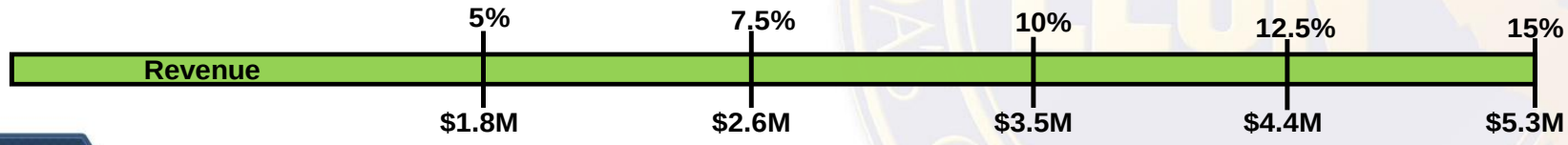
-Critical economic infrastructure needs
-Spurs private sector investment
-Attracts and retains human capital

Examples:
Loan guarantees, business Incubator(s), FSU GAP Program, economic gardening, sports complex

Examples:
Site development costs, workforce training, payroll incentives, seed money, relocation expenses, venture capital, customized financing arrangements, etc.

Examples:
Wet lab space, spec buildings, customized leasing arrangements, convention center, airport redevelopment, sports complex, etc.

Sales Tax Committee



Again, the order of these economic pillars from left to right does not diminish the importance for a balanced approach. Instead, the order offers guidance to determine the fixed costs prior to the amount of funds available for incentives which are awarded as needed. All of the economic development partner organizations that staff has met with have continued to emphasize the importance of flexible Shelf-Ready Economic Incentives to meet the needs of unanticipated opportunities as they arise in the future. Staff would also caution the Board and the Sales Tax Committee about the number of hard public assets funded through this limited portion of the surtax. While there is an opportunity to fund select hard public assets through the Ongoing Sustainability Initiatives due to their relatively low cost, the expense for most of these types of assets could significantly limit the investment in shelf-ready incentives. The Framework will be explained in greater detail at the Board's workshop.

> **Recommendation F:** *Seek input from the Sales Tax Committee to provide guidance to the Board regarding the need for ongoing economic sustainability initiatives and shelf-ready incentives to shape the Framework for Sustainable Economic Development for a vibrant local economy that recognizes, leverages, and optimizes the many economic development organizations and initiatives throughout the community.*

Sample Economic Incentives

The final segment of this workshop item outlines potential incentives to equip the toolkit and offers suggested criteria to evaluate economic development projects through the proposed governing structure. There are a countless supply of incentives to be conjured but the volume and types of economic tools available in the toolkit will be limited based on the availability of funds. While there may be a desire to dedicate a large portion of the economic development funds to specific programs, our experience as a community indicates the need to retain funding flexibility for unexpected opportunities that arise to avoid financing these types of projects with reserve funds. Much of the funding will need to be set aside for future endeavors unknown at this time.

For the purpose of deliberation, staff has offered several different examples of incentives designed to appeal to a variety of industries and sectors. By no means do the examples provided herein represent the full scope of financial incentives in the marketplace. The available incentives may be rigid and narrowly defined, capped based on an assigned budget, or they could offer as much flexibility as needed to adjust over time.

Tax Rebates

The QTI program has been a very successful economic incentive tool in recent years. It is an extremely low-risk program in that funds are only disbursed after a company has met certain job creation targets and generated a tax liability. In addition, the joint County and City program leverages 80% of the funds for incentives from the state. The County annually budgets $25,000 for the QTI program through its contract with the EDC while the City contemplates funding on a case-by-case basis.

Since October 2010, the Board has adopted resolutions committing QTI incentives for five companies in Leon County (Bing Energy, Event Photography, ACS Solutions, SunnyLand, and SolarSink). In total, these five companies anticipate creating over 550 jobs by 2015. Based on the projected job creation figures and the County's continued annual investment of $25,000, staff projects a $17,198 shortfall by FY 2014 in the QTI program.

The economic development portion of the infrastructure sales tax could be used fund the QTI incentives for both the County and City, to be managed by the EDC, at an increased annual funding level to maintain the viability of this program. Given the investment security of the QTI program in that it provides tax rebates after job creation goals are met, this may be an ideal program for the to authorize the IMC to approve QTI applications under the proposed governing structure. The IA could be copied on the correspondence to the state and the information could be placed under the 'Correspondence to Note' section of their agenda packet.

Business Incubation

An ongoing effort approved by the Board as part of the 2012 Job Creation Action Plan (Recommendation #33 and LEADs EC2) includes conducting a stakeholder forum in October 2012 to exchange ideas on how to improve and promote commercialization and technology transfer opportunities. Preliminary research on local incubators and tech transfer opportunities show a lack of full-time, or dedicated, management of startup companies to closely guide them through the commercialization process. There are also many different management models to consider including the focus or specialization of an incubator, the anticipated 'graduation' time frame, and whether to require a financial return on investment for successful incubator residents. The stakeholder forum will help identify the gaps in local services, the priority needs of businesses, and the need for specific types of incubator space and programs.

As reported by the County Administrator at the May 22, 2012 budget workshop, staff is reviewing opportunities to convert existing County space to house an urban business incubator at the old elections warehouse on Railroad Avenue long before the extension of the sales tax would take place. The October stakeholder forum will serve as a springboard to transform the warehouse into an urban incubator to encourage entrepreneurship, retain intellectual talent, and provide the mentorship to guide the transfer of technology and commercialization process. This would require redesigning the warehouse to offer modern office amenities, furnishings, electrical wiring, and shared community spaces such as conference room(s) and a kitchen. Once the renovations are completed, staff anticipates a capacity to house several small startup ventures alongside office space for university faculty and/or private sector mentors. This 7,500 square foot facility is in the heart of the Gaines St. revitalization efforts and could be utilized to compliment the development strategy, sense of place, and live/work/play atmosphere flourishing among the creative class in that area.

The Sales Tax Committee may also want to take advantage of the stakeholder forum to help determine the need for business incubation and the types of services sought in the community. There are numerous opportunities and models to be considered for future incubators associated with sales tax proceeds. Universities are severely limited in their ability to physically house startup companies or businesses in state buildings which is why organizations such as the LCRDA at Innovation Park and the FSU Research Foundation play a vital role in the commercialization process. Successful business incubators require more than just space to commercial a product or idea. These programs require a dedicated revenue stream and hands-on professional expertise to guide the commercialization process.

In workgroup meetings with university partners and economic development officials, several concepts have come forward that merit consideration as future incubators funded by the sales tax. First, FSU and Innovation Park have built a strong foundation and track record in the clean

energy and technology fields given the presence of the National High Magnetic Field Lab, the Center for Advanced Power Systems, the Florida Center for Advanced Aero-Propulsion, the Florida Climate Institute, the Future Fuel Institute, and the Institute for Energy Systems, Economics and Sustainability. A dedicated incubator for energy and clean technology, in partnership with the universities, could utilize the strengths of the existing research assets while enhancing the community's entrepreneurial climate.

FSU anticipates the need for up to 5,000 square feet of wet lab space in the near future with a growing demand in the science and research fields. While Innovation Park is an ideal location to cluster efforts in the science and technology fields, a facility at Innovation Park would require significant capital investment for major building improvements or the construction of a new standalone building. A low cost alternative for incubator space, regardless of the type of incubator, would be to partner with the Community Redevelopment Agency to enter into a long-term lease agreement to house incubator(s) along the ground level of future mixed-use developments on Gaines Street. This would enhance the diversity and functionality of the commercial space on Gaines Street, offer university students and faculty close proximity to the incubator, and incentivize additional development along the corridor by leasing the available commercial space.

A secondary incubator concept to come out of the discussions with the university community relates to the presence and growth of the local health care industry. A health-driven incubator could foster the ongoing medical research, workforce training, and commercialization of technology taking place through FSU's College of Medicine, TCC's School of Nursing, FAMU's College of Pharmacy, and many of their supportive departments. This combination of human assets could include expertise in the fields of chemistry, biology, pharmaceuticals, counter-aging, sports rehabilitation, etc.

Site Development Incentives & Hard Public Assets

An area identified for ongoing improvement by the workgroup is the preparation and readiness of development sites for business expansion. Much like importance of shelf-ready incentives, a critical factor in the expansion or relocation of a business is the availability of development-ready sites. The amount of time and investment required for a new facility is a key decision point for entrepreneurs, lenders, and investors. Excessive waiting periods for permitting and construction or the costs to improve a parcel with certain utility needs will encourage businesses to look elsewhere. The County has begun approaching this challenge on both fronts.

First, the Board improved the County's land development review and approval process to implement the two-track process. One of the two-track processes is the Concept Plan Approval (CPA) process, which was adopted specifically for site development and speculative projects. The CPA process has abbreviated submittal requirements while providing the applicant certain development approval assurances required to market the project and/or to secure the necessary financing. It is expected to reduce the time and upfront cost for new projects in Leon County thereby enhancing the applicant's ability to secure development financing. The CPA process offers a solution to the common calls to "streamline permitting" but there remain opportunities for continuous improvements and feedback from the development industry. This new process has yet to leave an impression on the local development community due to the slow market but staff is working with the EDC to begin proactively seeking applicants for the CPA process in geographic areas targeted for economic growth.

Second, the County and City have completed the construction of a design/visioning studio under the Department of PLACE and are finalizing plans for the grand opening. The design studio will assist individual property owners, developers, and design professionals in creating site development plans that compliment and blend with the local design standards. This is a tremendous resource that, when combined with the CPA permitting process, will assist commercial property owners and developers with site development opportunities. For the grand opening of the design studio, staff plans to seek Board approval to initiate a contest whereby the owner of a large commercial property will go through the design studio process and receive a variety of incentives to begin the CPA permitting process for the chosen site. These incentives may include a partial reduction of concurrency mitigation fees and an extension of the approval on the site plan.

This will give the property owner a 'pre-permitted' site for potential business expansion or relocation opportunities. Upon the issuance of the conceptual plan permit, the County would have highlighted the capabilities of the new PLACE Design Studio, the CPA process, and transitioned a large unused parcel into a construction-ready economic asset. The overall goal is to promote both services and encourage commercial property owners to be proactive by obtaining a CPA permit to ready their property for commercial development.

As for potential incentives with the extension of the sales tax, there are some many options to consider enhancing site development including general infrastructure improvements, reductions in concurrency mitigation fees, and the construction of Hard Public Assets. There are publicly owned parcels throughout the community that could be targeted for site development including 1,200 acres at the Tallahassee Regional Airport, 500 acres at Welaunee, and 200 acres at Innovation Park. Each of these public lands offers different opportunities for the local community. The development of the acreage surrounding the airport is anticipated to lessen the reliance on revenues derived from airlines. In turn, lower travel costs improve the economic competitiveness of the region and enhance the visitor market. The development of Welaunee will transform the residential and commercial identity of the Northeast side of the City with desired access to I-10. The value of the undeveloped assets under the control of the Leon County Research and Development Authority (LCRDA) at Innovation Park are undeniable given the proximity to the universities and the cluster of technology based endeavors. However, Innovation Park is currently in a transition period with the recent resignation of its Executive Director and the appointment of outside volunteers to assist the Strategic Planning and Operations Committee with taking a comprehensive review of the structure, powers, and limitations of the LCRDA.

The Committee may want to consider setting aside funds for Hard Public Assets that have a direct nexus to economic development but may not typically be considered as part of the broader infrastructure needs of the community. This includes the construction of rail spurs for the shipment of goods, the development of a convention center or sports complex to attract visitors, construction of wet lab space to serve as a shell building for technology transfer and commercialization opportunities, and partnership opportunities with the local institutions of higher learning given the reduction in state Public Education Capital Outlay (PECO) construction funds.

To take on many of these projects would cost a significant amount of money relative to the anticipated revenues from the economic development portion of the sales tax. The construction of Hard Public Assets may not be feasible unless the Sales Tax Committee recommends setting aside 10% - 15% of the surtax or engages in revolving low-interest loans whereby the initial capital can be reinvested into future projects. An alternative would be to limit the utilization of the economic development portion of sales tax revenues for minor site development expenses or soft costs. There may also be opportunities to craft incentives for the reuse of vacant properties within the urban core.

Lending & Guarantees

The lack of access to capital for small businesses was a problem repeatedly identified during the County's surveying of local business owners and leaders last year. A proposal was brought forward to the County and City staff that offered to enhance the availability of capital for local businesses by leveraging the investment of economic development funds within Leon County. On February 28, 2012, the Board conducted a workshop to consider participating in the small business lending guarantee program to provide an economic development tool that gives local lenders an incentive to leverage federal and state programs to enhance small business development (Attachment #4). The goal of the proposed guarantee program was to promote owner-occupied small business development through the Small Business Administration's 504 lending program. The maximum loan amount would be approximately $5 million dollars with a maximum guarantee of 5% by the County and 5% by the City.

There are inherit risks in guaranteeing local business loans; however, the mechanics of state and federal programs combined with the County's position in the loan and the additional recommendations offered by staff were designed to mitigate those risks as much as possible. No funds would be disbursed unless there is a loan default whereby a borrower's fixed assets could not cover at least 50% of the debt remaining on the loan as prescribed in the workshop item and presentation. Therefore, the program essentially allows the County to leverage funds in the Board's contingency reserve and remain under the auspices of the County while helping small business. Based on the Board's direction at the February 28th workshop, staff is waiting for direction from the City Commission to determine their level of support for this joint program.

City staff and the FAMU Small Business Development Center have also expressed the need for a much smaller loan program than what would be offered through the proposed SBA Loan Guarantee Program. City staff is developing a concept that would partner local banks through a lending consortium to pool capital for certain types of small business loans to be partially guaranteed by the City. The decision to make the loan would be determined by the consortium. These small loans would be riskier investments than the SBA Loan Guarantees Program in that they would not be tied to the construction of large capital assets and would likely require a higher guarantee rate (percentage not dollars). As a potential incentive for the surtax, these small loans could be an ideal program to leverage sales tax funds with the private sector to steer reinvestment capital into local businesses throughout the community or in preferred locations such as downtown, Gaines Street, or as part of the Sense of Place initiative.

Property Assessed Clean Energy (PACE) Programs

During the 2012 legislative session, the Legislature approved a renewable energy bill (HB 7117) that expanded the usage of the local government infrastructure surtax to include the ability to provide loans, grants, or rebates to residential and commercial property owners who make energy efficiency improvements to their property through PACE-like programs. Energy efficiency improvements include, but are not limited to, installation of insulation; installation of energy-efficient heating, cooling, or ventilation systems; installation of solar panels; building modifications to increase the use of daylight or shade; replacement of windows; installation of energy controls or energy recovery systems; installation of electric vehicle charging equipment; and installation of efficient lighting equipment.

This new law also expands the definition of local government within the PACE-type provisions to include a separate legal entity created pursuant to ss. 163.01(7), F.S. which addresses interlocal cooperation. The intent of this provision is to clarify that a partnership of local governments may enter into a financing agreement and that the separate legal entity may impose the voluntary special assessments. It is also important to note that funding a PACE program with surtax revenues would not be restricted to the economic development portion of the sales tax.

Leon County was the first local government in Florida to enact a residential PACE program entitled, Leon County Energy Assistance Program (LEAP). Actions taken by the Federal Housing Finance Agency (FHFA) in the summer of 2010 effectively halted the ability for local governments to implement residential PACE programs over concerns that property assessments used to finance the voluntary program would supersede the mortgage debt owed to FHFA in the event of a loan default. As a result, Leon County initiated a lawsuit against the FHFA, Fannie Mae and Freddie Mac and is pursuing favorable federal legislation.

By creating the PACE program, the County sought to provide a voluntary financing mechanism for homeowners to make energy improvements to their homes while stimulating the local construction services market. The City operates an energy improvement program with a variety of services through its Utilities Department which avoids the conflict with FHFA. Services include free energy audits, PACE loans, and needs-based rebates on the purchase and installation of energy efficiency equipment. Should the Committee wish to establish a uniform County-wide energy efficiency program with sales tax revenues, funding can be allocated from any portion of the local options surtax.

Seed Funding

There are a variety of programs throughout the community that offer different opportunities for writing business plans, securing capital, getting a patent, identifying potential mentors to guide a company through these processes. One such program that has experienced success with limited administrative costs is the FSU Research Foundation's Growth Acceleration Program (GAP) grant program designed to support enhancements of inventions or other original works that have been generated at FSU. It funds projects that FSU researchers and other interested parties agree will quickly improve current research results will and lead to public availability of a new product or service. The FSU Research Foundation has committed to allocate up to $250,000 per year for at least four years to provide grants through the GAP Program. Strong preference is given to projects with external participation and funding requirements below $50,000. Funded tasks are performed under the supervision of the proposing faculty member; but may include third party efforts within or outside the University. Grant funds may be used to pay students or post-doctoral fellows, or to obtain materials, services and assistance outside the university. Overhead charges are not allowed in project grant requests.

The grant requests are reviewed by the FSU GAP Board, a group of local business executives with expertise in the area of business development, to evaluate the perceived chance to develop a commercially viable product based on the research. Once the GAP competition is completed, each GAP winner is assigned a team of local business leaders who act as mentors. This group meets quarterly to provide insight and assistance to the GAP winners in the area of product development.

Another opportunity to harness and commercialize ongoing university research is through the Florida Institute for the Commercialization of Public Research's (Institute) Seed Capital Accelerator Program (SCAP). SCAP is a statewide program designed to stimulate growth of science and technology-based companies in industries that are driving the global economy by developing the technology and ideas born out of the state universities. The Institute's mission is the commercialization of new discoveries generated from publicly funded research. Success is measured by the number of companies and jobs that are created, and the amount of capital invested into new ventures.

SCAP provides funding in the form of repayable loans ranging from $50,000 - $300,000 to qualified companies. In order to qualify for consideration for this program, companies must meet the following criteria:

- The technology was developed at a university, college, research institution or other publicly supported research organization in the State of Florida.
- The company is recommended by the technology transfer office of the host institution.
- The company is located in Florida with a majority of the current and future employees based in Florida.
- The company has secured a 1:1 match against the loan by attracting private sector third party investors who will provide qualified equity financing (funds secured 120 days prior to the application date will be considered for the match).

There are a variety of methods to enhance and leverage incentives offered by the state. Using the Florida Institute for the Commercialization of Public Research's Seed Capital Accelerator Program as an example, sales tax funds could be used to help increase funding for a university-related project for scalable production needs or to cater incentives to encourage the relocation of companies away from their host universities.

Both the FSU GAP Program and the state SCAP Program are seed programs designed to capture the creativity of university research in their embryonic state and bring them to the marketplace. The GAP program is operated through the College of Business on an ongoing basis specifically for FSU students while the SCAP Program is a statewide competition for limited funds. Both have very strong track records but the SCAP Program offers the potential to secure investment in university endeavors that otherwise would not be committed locally. The Sales Tax Committee may want to consider strategies to leverage additional SCAP investment into the local community.

Grants

Cash incentives or grants are a preferred incentive for many large businesses seeking to relocate as companies try to leverage potential suitors to drive the best bargain. These cash grants are typically for high-skill/high-wage jobs, including corporate headquarters, which pose a significant economic impact to a community. While there are often very detailed contractual requirements and clawback provisions, the significant upfront cash investment is a very risky investment unless the company can offer collateral as part of the structured financing.

Given the opportunity to 'think big' in putting together an incentive toolkit, it can be easy to forget about the hundreds of grant programs throughout the state that seek to make small cosmetic improvements to local businesses or target a select industry that are not often associated with high wages. For example, Lake County offers an Artist Relocation Program which encourages arts and culture in downtown districts. The program provides matching funds to new or relocating art businesses to offset building improvement costs and awards to the first five qualified applicants per year. The applicant must share 50% of the costs, with the maximum grant amount limited to $2,500. The business must be located within a designated community redevelopment area and in order to qualify, the artist must be the owner or occupant of a live/work structure and must manufacture and sell art from that location.

Evaluation Criteria

Once the Sales Tax Committee equips the toolkit with enticing shelf-ready incentives, evaluation criteria and matrixes will be needed to guide the E-TCC in their deliberations on project applications and to determine the appropriate award values of sought-after incentives. Clearly defined and measurable criteria will help a business identify the most attractive incentive(s) available and begin the application process with the assistance of the EDC. From there, the E-TCC would be responsible for assigning numeric values to grade each economic development proposal to identify the appropriate level of financial support.

Staff has provided suggested criteria to evaluate economic development projects through the proposed governing structure. By no means is this an exhaustive list. The following examples are provided as various methods to quantitatively and qualitatively compare and contrast different proposals:

- *Targeted Industry:* Consideration for being one of the six identified targeted industry sectors that match the region's strengths, goals and assets, as well as provide for a diversified and sustainable regional economy. These targeted sectors were chosen based upon the opportunity for growth, creation of quality jobs above the average wage, role in regional development and their connections to other industries. They include:
    - Renewable Energy & Environment (Clean Tech)
    - Aviation, Aerospace, Defense, & National Security
    - Health Sciences & Human Performance Enhancement
    - Information Technology
    - Research & Engineering
    - Transportation & Logistics
- *Anticipated Job Creation & Wage Levels:* Consideration for the number of jobs being created and the wage levels relative to the area median income.
- *Leveraging Private Sector Support:* Consideration of private sector support, particularly for startups and university-related commercialization, is critical to gauge the commercial viability of a product or idea.
- *Leveraging Other Public Resources*: Consideration of leveraging sales tax funds to draw down state resources for local investment or combining sales tax funds with CRA funds for local projects.
- *Capital Investment & Environmental Sensitivity:* Consideration for the amount of capital being invested by a private entity and willingness to blend with the local design standards (tree perseveration, connectivity, etc.)
- *Risk Level:* Consideration for the ability to mitigate the risk for the return on investment of public funds. There are many features that could be considered and applied to mitigate risk depending on the type of incentive. For loans and loan guarantees, risk can be assessed through credit worthiness, leveraged capital assets, and commercial viability. For incentives that offer advance payments or grants without a payback expectation, clawback provisions can be put in place for companies that relocate within a certain time period or sell their technology to be developed outside of Leon County.
- *Local Business Promotion:* Consideration for whether the applicant will utilize local vendors, suppliers, or goods and services to continue reinvesting in the local economy.

Recommendation G: *Seek input from the Sales Tax Committee with regard to incentive programs and evaluation criteria.*

Summary

This item provides eight recommendations (A – H) for the Board's consideration with regard to the Leon County Sales Tax Committee evaluating the potential of setting aside up 15% of the surtax proceeds for economic development. For the purposes of this item and furthering the conversation on economic development, staff has provided a recommended governing structure and "Framework for Sustainable Economic Development" to help guide the Sales Tax Committee in its consideration of opportunities that will be coming forward to enhance sustainable job creation with proceeds from the surtax. This Framework is needed to optimize community resources by providing for a comprehensive approach to economic development that fosters a vibrant and sustainable local economy while recognizing, leveraging, and optimizing the many economic development organizations and initiatives throughout the community.

The Framework was conceived with the assistance of workgroup made up of leaders from economic development organizations throughout the community and our local institutions of higher learning. In terms of specific incentives, staff offers recommendations to improve the evaluation processes and execution of incentives along with a variety of examples of incentive programs for consideration by the Sales Tax Committee and the Board. The staff recommendations should be viewed as a starting point in the deliberations of the Sales Tax Committee should this process move forward to use a portion of the sales tax funds for economic development:

Recommendation A: *Seek input from the Sales Tax Committee to determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a specified percentage amount.*

Recommendation B: *Unify the two EDC contracts into one contract with the Intergovernmental Agency in an amount to be determined based on the scope of services associated with the economic development portion of the sales tax extension.*

Recommendation C: *Set aside funds for marketing and coordination in the contract with the EDC to serve as the lead community-wide agency on economic development issues.*

Recommendation D: *Support the proposed governing structure and the creation of the Economic Technical Coordinating Committee.*

Recommendation E: *When established, the E-TCC should determine the appropriate thresholds and circumstances for the approval of economic incentives by the IMC, upon the recommendation of the E-TCC, without direction from the IA.*

Recommendation F: *Seek input from the Sales Tax Committee to provide guidance to the Board regarding the need for ongoing economic sustainability initiatives and shelf-ready incentives to shape the Framework for Sustainable Economic Development for a vibrant local economy that recognizes, leverages, and optimizes the many economic development organizations and initiatives throughout the community.*

Recommendation G: *Seek input from the Sales Tax Committee with regard to incentive programs and evaluation criteria.*

Recommendation H: *Seek input from the Sales Tax Committee regarding any additional issues related to the economic development portion of the surtax*

Options:

1. Accept staff report on the economic development portion of the local government infrastructure sales surtax.
2. Approve staff recommendations A – H as follows:

   Recommendation A: *Seek input from the Sales Tax Committee to determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a specified percentage amount.*

   Recommendation B: *Unify the two EDC contracts into one contract with the Intergovernmental Agency in an amount to be determined based on the scope of services associated with the economic development portion of the sales tax extension.*

   Recommendation C: *Set aside funds for marketing and coordination in the contract with the EDC to serve as the lead community-wide agency on economic development issues.*

   Recommendation D: *Support the proposed governing structure and the creation of the Economic Technical Coordinating Committee.*

   Recommendation E: *When established, the E-TCC should determine the appropriate thresholds and circumstances for the approval of economic incentives by the IMC, upon the recommendation of the E-TCC, without direction from the IA.*

   Recommendation F: *Seek input from the Sales Tax Committee to provide guidance to the Board regarding the need for ongoing economic sustainability initiatives and shelf-ready incentives to shape the Framework for Sustainable Economic Development for a vibrant local economy that recognizes, leverages, and optimizes the many economic development organizations and initiatives throughout the community.*

   Recommendation G: *Seek input from the Sales Tax Committee with regard to incentive programs and evaluation criteria.*

   Recommendation H: *Seek input from the Sales Tax Committee regarding any additional issues related to the economic development portion of the surtax*

3. Approve staff recommendations as modified by the Board
4. Board direction.

Recommendation:

Options 1 & 2

Attachments:

1. Subsection 212.055(2), Florida Statutes
2. Leon County Sales Tax Committee
3. September 13, 2011 Workshop on Economic Development and the Board's 2012 Job Creation Action Plan
4. February 28, 2012 Workshop on the Proposed SBA Loan Guarantee Program

Sales Tax Committee
Local Government Infrastructure Surtax

Florida Statutes
Title 14 Ch. 212 Sec. 212.055(2)

(2) LOCAL GOVERNMENT INFRASTRUCTURE SURTAX.—

(a) 1. The governing authority in each county may levy a discretionary sales surtax of 0.5 percent or 1 percent. The levy of the surtax shall be pursuant to ordinance enacted by a majority of the members of the county governing authority and approved by a majority of the electors of the county voting in a referendum on the surtax. If the governing bodies of the municipalities representing a majority of the county's population adopt uniform resolutions establishing the rate of the surtax and calling for a referendum on the surtax, the levy of the surtax shall be placed on the ballot and shall take effect if approved by a majority of the electors of the county voting in the referendum on the surtax.

2. If the surtax was levied pursuant to a referendum held before July 1, 1993, the surtax may not be levied beyond the time established in the ordinance, or, if the ordinance did not limit the period of the levy, the surtax may not be levied for more than 15 years. The levy of such surtax may be extended only by approval of a majority of the electors of the county voting in a referendum on the surtax.

(b) A statement which includes a brief general description of the projects to be funded by the surtax and which conforms to the requirements of s. 101.161 shall be placed on the ballot by the governing authority of any county which enacts an ordinance calling for a referendum on the levy of the surtax or in which the governing bodies of the municipalities representing a majority of the county's population adopt uniform resolutions calling for a referendum on the surtax. The following question shall be placed on the ballot:

FOR the	-cent sales tax
AGAINST the	-cent sales tax

(c) Pursuant to s. 212.054(4), the proceeds of the surtax levied under this subsection shall be distributed to the county and the municipalities within such county in which the surtax was collected, according to:

1. An interlocal agreement between the county governing authority and the governing bodies of the municipalities representing a majority of the county's municipal population, which agreement may include a school district with the consent of the county governing authority and the governing bodies of the municipalities representing a majority of the county's municipal population; or

2. If there is no interlocal agreement, according to the formula provided in s. 218.62.

Any change in the distribution formula must take effect on the first day of any month that begins at least 60 days after written notification of that change has been made to the department.

[1](d) The proceeds of the surtax authorized by this subsection and any accrued interest shall be expended by the school district, within the county and municipalities within the county, or, in the case of a negotiated joint county agreement, within another county, to finance, plan, and construct infrastructure; to acquire land for public recreation, conservation, or protection of natural resources; or to finance the closure of county-owned or municipally owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection. Any use of the proceeds or interest for purposes of landfill closure before July 1, 1993, is ratified. The proceeds and any interest may not be used for the operational expenses of infrastructure, except that a county that has a population of fewer than 75,000 and that is required to close a landfill may use the proceeds or interest for long-term maintenance costs associated with landfill closure. Counties, as defined in s. 125.011, and charter counties may, in addition, use the proceeds or interest to retire or service indebtedness incurred for bonds issued before July 1, 1987, for infrastructure purposes, and for bonds subsequently issued to refund such bonds. Any use of the proceeds or interest for purposes of retiring or servicing indebtedness incurred for refunding bonds before July 1, 1999, is ratified.

1. For the purposes of this paragraph, the term "infrastructure" means:

   a. Any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction, or improvement of public facilities that have a life expectancy of 5 or more years and any related land acquisition, land improvement, design, and engineering costs.

   b. A fire department vehicle, an emergency medical service vehicle, a sheriff's office vehicle, a police department vehicle, or any other vehicle, and the equipment necessary to outfit the vehicle for its official use or equipment that has a life expectancy of at least 5 years.

   c. Any expenditure for the construction, lease, or maintenance of, or provision of utilities or security for, facilities, as defined in s. 29.008.

   d. Any fixed capital expenditure or fixed capital outlay associated with the improvement of private facilities that have a life expectancy of 5 or more years and that the owner agrees to make available for use on a temporary basis as needed by a local government as a public emergency shelter or a staging area for emergency response equipment during an emergency officially declared by the state or by the local government under s. 252.38. Such improvements are limited to those necessary to comply with current standards for public emergency evacuation shelters. The owner must enter into a written contract with the local government providing the improvement funding to make the private facility available to the public for purposes of emergency shelter at no cost to the local government for a minimum of 10 years after completion of the improvement, with the provision that the obligation will transfer to any subsequent owner until the end of the minimum period.

   e. Any land acquisition expenditure for a residential housing project in which at least 30 percent of the units are affordable to individuals or families whose total annual household income does not exceed 120

percent of the area median income adjusted for household size, if the land is owned by a local government or by a special district that enters into a written agreement with the local government to provide such housing. The local government or special district may enter into a ground lease with a public or private person or entity for nominal or other consideration for the construction of the residential housing project on land acquired pursuant to this sub-subparagraph.

2. Notwithstanding any other provision of this subsection, a local government infrastructure surtax imposed or extended after July 1, 1998, may allocate up to 15 percent of the surtax proceeds for deposit in a trust fund within the county's accounts created for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. The ballot statement must indicate the intention to make an allocation under the authority of this subparagraph.

(e) School districts, counties, and municipalities receiving proceeds under the provisions of this subsection may pledge such proceeds for the purpose of servicing new bond indebtedness incurred pursuant to law. Local governments may use the services of the Division of Bond Finance of the State Board of Administration pursuant to the State Bond Act to issue any bonds through the provisions of this subsection. Counties and municipalities may join together for the issuance of bonds authorized by this subsection.

(f) 1. Notwithstanding paragraph (d), a county that has a population of 50,000 or less on April 1, 1992, or any county designated as an area of critical state concern on the effective date of this act, and that imposed the surtax before July 1, 1992, may use the proceeds and interest of the surtax for any public purpose if:

a. The debt service obligations for any year are met;

b. The county's comprehensive plan has been determined to be in compliance with part II of chapter 163; and

c. The county has adopted an amendment to the surtax ordinance pursuant to the procedure provided in s. 125.66 authorizing additional uses of the surtax proceeds and interest.

2. A municipality located within a county that has a population of 50,000 or less on April 1, 1992, or within a county designated as an area of critical state concern on the effective date of this act, and that imposed the surtax before July 1, 1992, may not use the proceeds and interest of the surtax for any purpose other than an infrastructure purpose authorized in paragraph (d) unless the municipality's comprehensive plan has been determined to be in compliance with part II of chapter 163 and the municipality has adopted an amendment to its surtax ordinance or resolution pursuant to the procedure provided in s. 166.041 authorizing additional uses of the surtax proceeds and interest. Such municipality may expend the surtax proceeds and interest for any public purpose authorized in the amendment.

3. Those counties designated as an area of critical state concern which qualify to use the surtax for any public purpose may use only up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure purposes authorized

by this section. A county that was designated as an area of critical state concern for at least 20 consecutive years prior to removal of the designation, and that qualified to use the surtax for any public purpose at the time of the removal of the designation, may continue to use up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure purposes for 20 years following removal of the designation, notwithstanding subparagraph (a)2. After expiration of the 20-year period, a county may continue to use up to 10 percent of the surtax proceeds for any public purpose other than for infrastructure if the county adopts an ordinance providing for such continued use of the surtax proceeds.

(g) Notwithstanding paragraph (d), a county having a population greater than 75,000 in which the taxable value of real property is less than 60 percent of the just value of real property for ad valorem tax purposes for the tax year in which an infrastructure surtax referendum is placed before the voters, and the municipalities within such a county, may use the proceeds and interest of the surtax for operation and maintenance of parks and recreation programs and facilities established with the proceeds of the surtax throughout the duration of the surtax levy or while interest earnings accruing from the proceeds of the surtax are available for such use, whichever period is longer.

(h) Notwithstanding any other provision of this section, a county shall not levy local option sales surtaxes authorized in this subsection and subsections (3), (4), and (5) in excess of a combined rate of 1 percent.

[1]Note.—Section 20, ch. 2011-15, provides that "[t]his act shall take effect upon becoming a law, and those portions of this act which were amended, created, or repealed by chapter 2009-96, Laws of Florida, shall operate retroactively to June 1, 2009. If such retroactive application is held by a court of last resort to be unconstitutional, this act shall apply prospectively from the date that this act becomes a law."

Source: http://www.leg.state.fl.us/STATUTES/index.cfm?App_mode=Display_Statute&Search_String=&URL=0200-0299/0212/Sections/0212.055.html

Sales Tax Committee Appointees

First Name	Last Name	Appointed by
Mark	Tarmey	County Commission
William	Peebles	County Commission
Steven	Evans	County Commission
Dan	Newman	County Commission
Kim	Williams	County Commission
William	Tucker	County Commission
Todd	Sperry	County Commission
R.B.	Holmes	City Commission
Will	Messer	City Commission
Curtis	Richardson	City Commission
Lamar	Taylor	City Commission
Laurie	Hartsfield	City Commission
Ed	Murray, Jr.	City Commission
Kim	Rivers	City Commission
Henree	Martin	Greater Tallahassee Chamber of Commerce
Terence	Hinson	Capital City Chamber of Commerce
Christic	Henry	Blueprint Citizens Advisory Committee
Tom	Osteen	Economic and Environmental Consensus Committee

Board of County Commissioners
Leon County, Florida

Workshop on the County's Economic Development Activities and Survey of Local Business Leaders on Job Creation

September 13, 2011
12 p.m. - 3 p.m.

Leon County Board of County Commissioners
Leon County Courthouse, 5th Floor

Board of County Commissioners
Workshop Item

Date of Meeting:	September 13, 2011
Date Submitted:	September 6, 2011
To:	Honorable Chairman and Members of the Board
From:	Vincent S. Long, County Administrator Alan Rosenzweig, Deputy County Administrator Ken Morris, Director of Legislative Affairs and Economic Development
Subject:	Workshop on the County's Economic Development Activities and Survey of Local Business Leaders on Job Creation

Issue Briefing:
Global economic calamities have marked the last three years highlighted by the first worldwide contraction in gross domestic product (GDP) since the Great Depression. There have been numerous attempts by the all levels of government to stem the economic downturn that was spurred by the collapse of the real estate and financial markets. This workshop item examines the County's programs, initiatives, and collaboration with its economic development partners in an effort to continually build upon the strength of the community and enhance the County's ability to stimulate long-term, sustainable economic growth.

This item also provides the results of a survey of local business owners, led by Commissioner Akinyemi, to identify ways to stimulate job creation and improve the local economy. Based on this comprehensive review of the County's economic development activities and the survey results, 30 recommendations are offered for the Board's consideration to develop an action plan moving forward.

Given the importance of economic development issues, this workshop has been scheduled for a full three hours to give the Board enough time to digest this information, discuss and evaluate the staff recommendations, and provide further guidance to County staff. Upon the Board's direction, staff will develop an action plan for the Board's consideration as part of the ratification of this workshop.

Fiscal Impact:
This item does not have a fiscal impact. However, some of the recommendations proposed in this workshop do have a fiscal impact but would need to be approved by the Board at a later date.

Staff Recommendation:
Option #1: Approve all of the recommendations for continued improvement associated with the County's economic development activities.

Background:

Global economic calamities have marked the last three years highlighted by the first worldwide contraction in gross domestic product (GDP) since the Great Depression. There have been numerous attempts by the all levels of government to stem the economic downturn that was spurred by the collapse of the real estate and financial markets. In February 2008, President George W. Bush signed a $170 billion economic stimulus package which included a $500 tax rebate checks per household in order to prevent a recession. Later that year, the $700 billion Troubled Asset Relief Program (TARP) was created to avert a total collapse of the U.S. banking system. On February 17, 2009, President Obama signed the *American Recovery and Reinvestment Act of 2009*, a $787 billion stimulus package designed to create three million jobs nationwide through infrastructure improvements and tax incentives. Despite these efforts, the national unemployment rate has remained above 8% since February 2009 and is currently 9.3%.

The State of Florida has been significantly impacted by the collapse of the real estate market due to overdependence on the construction industry. In response, the Florida Legislature has introduced various pieces of economic development legislation to spur job creation; however, the Florida unemployment rate has remained above 10% since May 2009. The July 2011 unemployment rate is 11% statewide and 8.9% in Leon County. Since the beginning of the national recession, state economists have pointed out that Florida suffers a double-sided time lag of at least six months when compared to the rest of the nation. For example, Florida's recession started before the nation as a whole and "ended" six month after the start of the national recovery in June 2009. While this is not comforting news to business owners, policy makers, and job seekers throughout the state, Florida' economic is expected to slowly accelerate in 2012 followed by increases in job growth in 2013.

This workshop item was prepared in response to a number of concerns expressed by the Board and their strong commitment to aid local businesses. The Leon County Board of County Commissioners has long maintained a strong focus on expanding economic development and job growth in Leon County. Economic development has consistently been identified as a priority of Leon County for over a decade. The Board's continuous focus on economic development and emphasis on partnering with public and private sector organizations to leverage local assets have resulted in significant programs and initiatives that serve as powerful economic development tools for this community. Following last year's retreat, the Board directed staff to develop a survey of local business owners and leaders to determine how the County could stimulate job creation. Under Commissioner Akinyemi's guidance, staff conducted the surveys from March through April 2011 and scheduled this workshop with the Board to provide a comprehensive review of the County's economic development efforts and to review the survey feedback.

Analysis:

This workshop item examines the County's programs, initiatives, and collaboration with its economic development partners in an effort to continually build upon the strength of the community and enhance the County's ability to stimulate long-term, sustainable economic growth. This workshop item also includes the results of a job creation survey of local business leaders which provided invaluable suggestions, comments, and insight for the Board's consideration. From the time it takes to get a permit to the types of incentives offered for business expansion and relocation, the survey provided the County an opportunity to directly engage the users, beneficiaries, and clients to determine the customer satisfaction levels for Leon County programs and services. These responses offer an opportunity to examine current County practices, past policy decisions, as well as opportunities to most effectively focus our efforts and engage in partnerships to foster local job growth.

Prior to examining the survey results, it is important to review the County's ongoing role, along with its partners, in local job creation efforts. The remainder of the Analysis is divided into the following six sections:

1. *Community Investment and Infrastructure*: This section highlights the Board's investment in community infrastructure projects to support economic growth.

2. *Economic Development Programs, Incentives, and Partnerships*: This section highlights the various incentives, policies, programs, and joint ventures available for business expansion and relocation.

3. *Growth & Environmental Management*: This section highlights many of the recent changes in the Growth and Environmental Management Department over the past several years in response to feedback from the development community.

4. *State Government*: This section covers the role of state government in the local economy, recent policy decisions of the Florida Legislature, and efforts to influence and respond to those decisions.

5. *Job Creation & General Survey Feedback*: This section provides the participant feedback from the survey in two parts;
    - *a.* Responses that offer specific information about organizations' most recent decisions to create or eliminate positions.
    - *b.* Broad perspectives and perceptions about Leon County government, the local economy, and general areas of concern relating to economic development.

6. *Findings, Recommendations & Action Plan*: This section offers 30 recommendations for the Board's consideration and steps to develop an action plan as part of this comprehensive review of economic development activities and the job creation survey.

Section #1: Community Investment and Infrastructure

Job creation and economic development have long been a top priority but the County has dramatically accelerated its efforts over the past three years in light of the local and national economy. The Leon County Board of County Commissioners has utilized long and short term efforts to promote and sustain employment opportunities in the County. As the regional hub for business, government, and education, the County has aggressively invested in infrastructure improvements and modified existing growth, environmental, economic, and purchasing practices to enhance economic opportunities and promote job creation. In addition, the Board repealed the County's local business tax on September 8, 2009 passing $500,000 of annual tax savings on to business owners.

Leon County government, when fully staffed, including the Constitutional Officers, employs approximately 1,800 employees and has an on-going capital improvement program in excess of $40 million. In addition, the County contracts for numerous goods and services that utilize local vendors. The Board has taken several strategic steps in recent years to focus its limited resources on maintaining jobs, investing in the community, and fast tracking local infrastructure improvements.

Capital Improvements

Understanding the state of the local economy, particularly the local construction industry, the Board accelerated the construction schedule for many projects without raising the millage rate by utilizing existing cash reserves. These capital projects included the renovation of the Traffic Court, the construction and renovation of three branch libraries, construction of a community center, enhancements to Buck Lake and Bannerman Roads, numerous stormwater improvements, purchased the Huntington Oaks shopping center for redevelopment, and the advanced funding of the Joint Public Safety Complex. The Board committed $23.2 million to the Joint Public Safety Complex that will house joint dispatch, the County's Emergency Operations Center, the State's Regional Traffic Management Center, and the headquarters for the functionally consolidated Fire/EMS Department. All together, the Joint Public Safety Complex will be a $45 million project with funds from the City and the State and is expected to begin construction is the winter of 2011. The Eastside library will open this fall and the Lake Jackson Library is scheduled to open in the late summer of 2012.

The County's tentative FY 12 budget includes over $22.6 million in capital improvement projects (Attachment #1). Based on prior direction from the Board, staff is expediting many of the maintenance needs in the capital improvement program such as resurfacing projects and the Courthouse repairs valued at over $1 million. As previously noted the Board advanced funded the Joint Public Safety Complex and has provided funding for the Gaines Street Corridor project which is explained in further detail later in this section.

Table #1: Tent. FY 12 CIPs by Project Service Area

Project Service Areas	*FY 2012 Budget*
Culture and Recreation	2,272,500
General Government	4,301,425
Health and Safety	717,500
Physical Environment	5,742,400
Transportation	9,593,054
Total	**$22,626,879**

Stimulus

The passage of the $787 billion *American Recovery and Reinvestment Act of 2009* afforded the County an 18 month window to secure funds for needed infrastructure projects. Given the importance of securing federal stimulus funds, the County Administrator assembled a "Stimulus Quick Response Team" made up of staff from various departments to identify County projects that qualify for stimulus funds to assist in the application process. The Stimulus Quick Response Team reviewed approximately 200 funding opportunities to determine the County's eligibility for funds, the funding level, special criteria, and the allocation method to gauge whether the funds would be provided by formula or a competitive grant process. Leon County was ineligible for many of the 200 programs, based on federal criteria, because the funding was dedicated to state or federal governments, non-profits, and educational institutions. Leon County was also excluded from some formula-driven programs based on population designed to provide basic services to rural communities and programs that target larger urban areas.

The County partnered with local governments and non-profits to maximize the availability of stimulus funds for the local community. These partnerships include joint grant applications, the submission of a grant application on behalf of another organization, and information sharing of stimulus programs. In total, the County was able to secure $21.3 million through the stimulus program for projects such as Capital Circle Southeast (Crawfordville to Woodville), the Lake Jackson Ecopassage, numerous sidewalk and intersection improvements, and the Lafayette Street Pedestrian tunnel.

The effect of these capital improvement and stimulus projects have been beneficial to the citizens of Leon County by infusing funds which assisted in providing needed jobs in the community. In addition, due to the slowdown in the construction industry, many of the bids received for capital improvements and stimulus projects were below anticipated costs, which provided the community critical infrastructure at reduced costs.

Community Redevelopment Area

Community Redevelopment Areas (CRAs) are powerful economic development tools which use significant public funding (Tax Increment Financing / TIF) and land development powers to spur private sector reinvestment to targeted areas of the community. The CRA is governed by all five members of the City Commission and four members of the County Commission and encompasses the downtown district, Frenchtown, and the Southside neighborhoods for redevelopment.

On July 13, 2011, the CRA Board approved an investment planning strategy that will shift some of the focus of the CRA to more large scale projects to enhance the return on investment. With the assistance of the Planning Department and its efforts relating to the Sense of Place initiative, the CRA will use a more proactive approach to identify near and long-term projects for the allocation of future resources. This may include efforts to develop a convention center hotel on the 5-acre O'Connell parcel across the street from the Civic Center.

On October 18, 2010, the CRA Board authorized an agreement with HVS Convention, Sports, & Entertainment Facilities Consulting to conduct a market and feasibility analysis for the proposed convention center and to assist in the developer selection process. The project consists of three phases; Market and Feasibility Analysis, Preparation of Proposal Solicitations, and Evaluation of Development Proposals.

The first phase of the project providing a market and feasibility analysis will be presented to the CRA Board at its meeting on September 19, 2011. The analysis will include a detailed site analysis, projections of hotel and convention center usage based on the local market and comparable national markets, recommendations regarding hotel and convention center configuration based on market analysis, estimated economic and fiscal impacts of facilities, and recommendations on ownership and operation options for the proposed hotel and convention center. The development of a hotel and convention center would help enhance downtown infrastructure, the County's tourism efforts, and attract private sector funding and job opportunities to the area.

The proposed hotel and convention center would also compliment the Gaines Street Corridor revitalization project which is designed as an urban destination district for local residents within the CRA. The County is a significant partner in the Gaines Street Corridor project which just marked the completion of the first phase with a community block party on August 26, 2011. To date, the County has contributed $10.7 million to the Gaines Street project which is expected to be completed by mid 2012. Its location between FAMU and FSU provides a strong market for infill student housing and university related uses which is clearly evident from all of the student housing construction currently underway in that area.

A major development proposal along the Gaines Street Corridor is the College Town project at the intersection of Woodward Avenue being developed by the Seminole Boosters. This project will include 44,000 square-feet of mixed-use retail and entertainment with 72 residential units. The CRA is a partner in this project having contributed almost $2.4 million in grant funding to support the project which, once built out, will be valued around $18 million. The groundbreaking for this project is anticipated for late 2011 and construction should be completed within 18 months.

Educational Facilities Authority

There is a significant amount of private sector commercial and residential development, both planned and underway, taking place around Gaines Street and the FSU campus. During a recent presentation to County staff by an out of town developer interested in building a large student housing complex near Gaines Street, the developer shared his financing plans with County staff and noted how tight the margins were for this project. Staff informed the developer of the Leon County Educational Facilities Authority (EFA) and its ability to provide tax exempt financing for student housing projects. This was the first time the developer had heard of the EFA despite having been working with a local consultant and the City's Growth Management Department. It was clear to staff that some area site consultants and City staff may not be familiar with the EFA and the

associated financing benefits. Staff plans to request the EFA to meet with City officials to review planned student housing projects, particularly near the Gaines Street corridor and both university campus, to explore partnership opportunities and assist with the financing of urban infill student housing projects.

Update on Blueprint & Infrastructure Sales Tax

The existing one-cent infrastructure sales tax is being levied for a period of 15 years and expires on December 31, 2019 and generates approximately $35 million annually. Pursuant to an existing interlocal agreement, the County and City created the Intergovernmental Agency commonly referred to as Blueprint 2000 to oversee the utilization of 80% of the proceeds; the balance (20%) is shared equally between the County and the City. On April 12, 2011 the Board conducted a workshop to address the extension of the infrastructure tax beyond December 2019.

At that time the Board approved a list of projects to be included as part of any future discussion related to the infrastructure sales tax extension which included economic development (Attachment #2). Florida Statutes allows for up to 15% of the one-cent infrastructure tax to be deposited into a trust fund for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. A maximum of 15% equates to $5.25 million annually.

The Board directed staff to schedule a future workshop, separate from the September 13th Economic Development Workshop, regarding the economic development component of a sales tax extension. The Board also directed staff to bring back an agenda item at a later date to establish a citizen committee to ensure broad community involvement on the critical infrastructure needs in Leon County. An agenda has been placed on the Board's September 13, 2011 regular meeting for consideration regarding the citizen committee.

Section #2: Economic Development Programs, Incentives, and Partnerships

The County's broad range of economic development activities utilizes various County staff and departments, external organizations, and the Economic Development Council of Tallahassee/Leon County (EDC). Internally, staff with specialized skills in planning, growth management, and finance are often called upon when crafting or evaluating incentive opportunities for job creation. Prior to 2009, economic development issues were assigned to various staff within County Administration and OMB, depending on staff expertise and availability. The County did not have a dedicated department or staff to address the growing economic development needs of the County despite the Board consistently ranking economic development as one of its top priorities each year during the annual retreat process.

Concurrent with the organizational changes at the Tourism Development Department in 2009, the Board reclassified the Intergovernmental Affairs Coordinator position to the Director of Legislative Affairs and Economic Development on July 14, 2009 and transferred the County's economic development responsibilities to a singular County employee. This transfer of responsibilities offered a singular point of contact for most of the County's economic development programs including the County's contract with the EDC. (Note: The only exception was the Tourism Development Department which was assigned to report directly to the Deputy County Administrator at that time and is anticipated to be realigned under the Office of Economic Development and Business Partnerships upon the Board's ratification of the County Administrator's strategic implementation of Leon County Commission's vision, goals, and objectives on September 13, 2011). The Director of Legislative Affairs and Economic Development is located in the County Administration Office, reports to the Deputy County Administrator, and has the flexibility to utilize staff from multiple disciplines and departments as needed for economic development issues. A significant portion of the Director's responsibilities include external interaction and contract management with a number of partner organizations and programs committed to growing the local economy.

Economic Development Council of Tallahassee/Leon County

The EDC serves as the business community's initial point of contact for the joint County and City economic incentive programs, and administers the day-to-day activities relating to the Qualified Targeted Industry, Enterprise Zone, and Targeted Business Programs. The EDC has also been a central source for local economic development information and normally engages in outreach, promotion, and marketing to local, regional and national economic development organizations and businesses. The County contracts annually with the EDC in the amount of $199,500, which includes $25,000 in incentives for the Qualified Targeted Industry program. In turn, the EDC provides the County a mid-year performance report along with its financial audit and a final report which is then submitted to the Board detailing its efforts in business recruitment, retention, and activities (Attachment #3).

The EDC contract calls for establishing an economic environment for job creation and capital investment through a comprehensive program of work supporting business development, recruitment, and expansion efforts through product marketing, research, technical and business assistance (Attachment #4). It also provides an emphasis on connecting the private sector, education, and government to foster entrepreneurialism, enhance local business, grow targeted industry sectors, and attract innovative companies to the region. A description of the joint County/City incentive programs and other services provided by the EDC are as follows:

Qualified Target Industry

The Qualified Target Industry (QTI) is a tax refund incentive and partnership program between the state and local governments offering refunds on corporate income, sales, ad valorem and certain other taxes for pre-approved applicants who create high wage jobs in targeted high value-added industries. Applications for this program are processed by the Florida Office of Tourism, Trade and Economic Development (OTTED) for approval, but a match of 20% is required from the local community where the job creation is occurring. It should be noted that there were several changes adopted during the 2011 legislative session affecting the QTI program. First, the Legislature approved merging OTTED and several other state agencies into the newly formed Florida Department of Economic Opportunity. This new Department, effective October 1, 2011, will oversee the QTI program on behalf of the state. Second, in response to the anticipated state layoffs following the 2011 legislative session, the County was successful in changing the local funding formula for the QTI program for local governments in the capital region to better utilize economic development funds. Additional information on this change to the QTI program can be found in the State Government section of the Analysis.

In Leon County, the 20% QTI local match is typically split evenly between the County and the City of Tallahassee, since most applicants locate within the City limits. In order to be approved as a qualified applicant for the QTI program, the County and City Commissions must adopt a Resolution affirming its commitment to fund the required local match for a specific applicant. QTI refunds range from $3,000 to $8,000 per net new job created. Companies can increase their QTI "per job" refund by establishing its business within an Enterprise Zone and/or offering wages that are increasingly above average annual salaries. The QTI assistance is provided on a reimbursement basis and is only released once the required jobs have been created. Should a company fail to create the number of specified new jobs after its third year, and according to the program requirements and time frames established in the application, the annual tax refund payments to the company would be adjusted downward, accordingly, based on performance.

As part of its contractual agreement with the County, the EDC serves as the administrator of the QTI program. The EDC maintains the County's QTI reserve account, which is allocated

$25,000 each fiscal year, as part of the EDC contract. Since October 2010, the Board has adopted resolutions committing QTI incentives for five companies should they choose to locate or expand their operations in Leon County. Since that time, all five of those companies (Bing Energy, Event Photography, ACS Solutions, SunnyLand, and SolarSink) have done so and will qualify for QTI reimbursements based on the number of jobs created. Combined, these five companies anticipate creating over 550 jobs in the next three to five years.

Based on the recent success and total committed liabilities for the County's QTI escrow account, the Board has committed up to $400,675 in QTI incentives over the next three fiscal years (FY 12 – FY 14). Assuming the Board maintains its funding level at $25,000 and each of the QTI applicants achieve their targeted employment goals, adequate funds would not be available to meet current obligations. Under this conservative assumption, staff projects a $28,977 shortfall by FY 2014 in the QTI program. Assuming all of the County's QTI businesses meet their job creation projections, the County would need an additional $28,977 by FY 2014 to meet its obligations (Attachment #5). Given the recent success of the QTI program, staff is carefully monitoring the QTI account to ensure that the County is compliant with all of its current obligations.

The QTI program has served the County as an effective economic development tool to create high wage jobs in targeted sectors of the economy by leveraging local and state funds. Unlike many other economic development incentive programs, the QTI program is an extremely low risk program because funding is provided on a reimbursement basis upon verification that a company has met all of its performance goals.

Enterprise Zone

The Leon County-Tallahassee Enterprise Zone (EZ) is a 20 square mile area across Leon County that is targeted for economic revitalization. First advocated for by the County and approved by the Legislature and OTTED in 2002, this program offers significant tax incentives to property and business owners within the EZ boundaries who locate, renovate or expand their businesses. Some of the key incentives of the EZ include:

- Jobs Credit: Refund of state sales or corporate income taxes based on the new jobs created. Provides a credit of 20% of wages paid to new eligible employees who are residents of a Florida Enterprise Zone; if more than 20% of the employees are residents of a Florida Enterprise Zone, the credit is 30%.
- Building Materials Refund: Refund of state sales taxes paid on building materials for renovations of buildings in the EZ.
- Property Tax Credit: Refund a portion of corporate income taxes for companies that build, rebuild, or expand their business within the boundaries of the EZ.

The EZ program has become popular statewide as it offers various state-funded tax rebates for programs structured to improve largely "local" economic redevelopment. The Enterprise Zone Development Agency, a governing body that is approved by the Board of County Commissioners, provides further management oversight to the EZ, including an annual report on EZ activities.

Targeted Business Program

The Targeted Business Program (TBP) is a local incentive based program administered by the EDC to induce business growth that is beneficial to Leon County and the City of Tallahassee. The program is designed to help implement the County and City's long-term vision for economically viable and environmentally sustainable growth. The targeted industries include aerospace & defense, alternative energy, information technology, health sciences, research and engineering, and transportation and logistics. The TBP offers incentives to new and existing businesses that create value-added jobs that will diversify the economy suited to the County and City's business mix and will generate revenue growth from the sales of goods and services outside the local economy. The program also seeks to reward businesses that locate in designated target areas for economic growth and development, build environmentally sensitive projects, do business with other local businesses, and that practice good corporate citizenship. Funds awarded under this program are used to reimburse up to 100% of the associated development fees and a portion of the ad valorem taxes paid for the business' capital investment/improvement. The amount of funding is based on a scoring system evaluated by a review committee with final approval and award granted by the County and City Commissions.

As a screening mechanism prior to being admitted into the scoring phase of the evaluation process, businesses must provide with their application audited financial statements for the previous two years to prove that they are a strong, growing company in which the County and City should invest. A business profile score for the application is determined on a rating system that gives points to the following categories (100 points maximum with total points determining percentage and length of inducement):

1. Number of employees - 25 Points
2. Salary levels - 25 Points
3. Amount of capital investment - 15 Points
4. Location in designated target areas- 10 Points
5. Environmental sensitivity of project design/redevelopment achievements - 10 Points
6. Local business promotion - 10 Points
7. Corporate citizenship - 5 Points

Additionally, the EDC prepares an economic impact analysis to determine whether the project shows a return on investment to the community. A committee made up of representatives from County staff, City staff, and the EDC score the applications and forward the recommendation to the County and City Commissions. The County and City Commissions, respectively, make a final determination on the award of inducements under this program.

On April 12, 2011, the Board approved TBP incentives for the Red Hills Surgery Center in partnership with the Tallahassee Memorial Hospital. The Red Hills Surgery Center is expected to create 43 new jobs at an average salary of $42,760 and will make a capital investment of $9,452,890 utilizing local businesses for at least 25% of its supplies. More recently, the Capital Regional Medical Center announced plans to submit a TBP application to add an eighth floor to the hospital and create more than 100 health care jobs by spring 2013. Although there is a demonstrated market for the TBP incentives, staff recently met with the EDC and City of Tallahassee to discuss potential changes to the program that would make it more appealling to small businesses and certain non-profits. Once these changes are flushed out in full detail, staff will bring them to the Board for consideration.

First Focus Partnership

On March 28, 2006, the Board contributed $100,000 to the First Focus Partnership Program (First Focus) to partner with the EDC, Tallahassee Community College (TCC), and other local organizations in an effort to leverage County funding towards workforce training for local businesses. During its formative stage, the County's funding was used to assist businesses in the form of workforce training, grant writing, business plan consulting and strategic job assessment. Since inception, the available resources for small businesses have grown exponentially through state, regional, and local partnerships.

The EDC received a $450,000 grant from the U.S. Small Business Administration to develop an Entrepreneurial Excellence Program to support business incubation in the area based on the curriculum developed by the University of Central Florida Incubation Program. The course covers such basics as visioning, marketing, customer service and training, finance, entrepreneurship skills and development.

Vision 2020

In March 28, 2006, the Board held a workshop on Local Economic Development Issues at which time the Business Accelerator Oversight Committee (Committee) was established to develop a private business accelerator program focused on expanding growth in targeted local businesses. In addition, the Board earmarked $700,000 for potential appropriation to such a business accelerator program and an additional $150,000 for professional services that would assist in the creation of a business accelerator program.

On January 23, 2007, the Board conducted a subsequent workshop in which it approved the final report of the Committee on a proposed Business Accelerator Program and the appropriation of an economic development grant in the amount of $725,000 to Vision 2020, the private venture fund established by the Committee. On February 27, 2007, the Board appropriated the remaining funds that had been earmarked for professional services to Vision 2020 in the amount of $85,704. The additional funds were provided to Vision 2020 for legal services. The Board has appropriated a total of $810,704 to Vision 2020 since its inception.

County funds are to be used only for the operation of Vision 2020 and are prohibited for business investment. Vision 2020 was expected to raise private funds for investment into local start-up and emerging businesses. In July 2009, Vision 2020 reported meeting its fundraising goal of $2 million known as "broke escrow," despite the challenging economic climate. Since that time, the firm has reported raising an additional $408,000. As a result, the funds provided by the County have leveraged over $3 for every $1 dollar provided to Vision 2020.

In accordance with the grant agreement, Vision 2020 is required to submit quarterly reports to the County. The Agreement identifies four specific items that must be provided each quarter:

1. Financial Reports
2. Statement of financial commitments to date
3. Reports on the location of businesses which have been assisted or invested in
4. Reports indicating the amount invested in businesses located in Leon County vs. businesses located elsewhere.

The most recent quarterly report submitted by Vision 2020 provides a brief summary of four investment opportunities: Vision Tech International, Solar Thermal Collector, Verdicorp, Inc. and Florida State University's BuckyPaper (Attachment #6). In addition, the private equity firm's financial statement for the second quarter of 2011 is included as part of its quarterly report. Vision 2020 reports that $42,926.64 remains in the grant funding provided by the County. Per its investment guidelines, Vision 2020 does not contribute more than 10% or $200,000 of its committed capital to an investment. The report does not indicate whether Vision 2020 has provided any financial assistance to the investment opportunities that it has identified. Previous reports by Vision 2020 have consistently lacked information required as part of the grant agreement. Staff intends to aggressively inquire about the venture capital fund to ensure more detailed information of the required reporting items are provided to the County.

Innovation Park

Innovation Park is a university-related research park established by the County in partnership with Florida A&M University and Florida State University and is an important partner of economic growth in Leon County. Innovation Park is located on 208 acres which is home to the National High Magnetic Field Laboratory and several small technological-based businesses. The Park is governed by the Leon County Research and Development Authority (Authority) and is comprised of nine members. The first five members of the LCRDA include the presidents of FAMU, FSU, and TCC, or their respective designees, the Mayor of Tallahassee or his/her designee, and a County Commissioner. The remaining four members are private sector community members appointed by the Board.

In 2010 and 2011, the Authority experienced an unexpected transition period which required the County to take over the day-to-day operations at Innovation Park (Attachment #7). The Board entered into an interlocal agreement with the Authority on June 2, 2010 to provide staffing and assist in the transition to a new Executive Director. During this time period, staff revamped the Innovation Park operations including its legal services, financial practices, property management, organizational policies, and the recruitment of the Executive Director. The Executive Director began her employment on January 3, 2011 and the County fully relinquished its responsibilities back to the Authority and Executive Director on March 31, 2011.

The County's relationship with Innovation Park as economic development partners remains strong, helping attract new businesses to the community such as Bing Energy and SolarSink. In recent news, Danfoss Turbocor Compressors Inc. and Bing Energy are two of the 18 businesses in the state that have both been awarded the 2011 Governor's Business Diversification Award. The Governor's Business Diversification Award recognizes outstanding contributions in improving and diversifying the state's economy in industries identified for economic development and high-wage job growth. Both companies will be recognized and honored at a reception at the Governor's Mansion under the Florida's CleanTech award category on September 14, 2011.

Tourism Development

The Leon County Tourism Department Council (TDC) utilizes its relationships with area hoteliers, businesses, universities, and other attractions to draw visitors and enhance their experience in Tallahassee. Throughout the national recession, the Board has maintained an emphasis on the County's tourism efforts as a mechanism to stimulate the local economy. Leon County levies all five of the Tourist Development Tax (TDT) pennies authorized by law generating $3.2 million annually for the marketing, promotion, and operation of the County's Visit Tallahassee program. The remaining $800,000 is set aside for a potential performing arts center to be located in the downtown area. The Board recently extended its interlocal agreement with the City, CRA, and the Florida Center for Performing Arts and Education (FCPAE) to give FCPAE an additional two years to meet its private fundraising goals in order to secure the set aside TDT funds.

Tourism has a major economic impact in our community attracting nearly 2.3 million visitors in 2010, generating an economic impact of $758 million, and supporting 13,580 jobs. According to a Florida TaxWatch report on the impact to Florida's economy, tourism creates jobs and exports some of the tax burden by "importing" consumer spending. Further, businesses directly related to tourism account for 12% of all non-agricultural jobs in Florida. In part, the Board's commitment to the tourism economy includes maintaining the County's funding of cultural programs such as Keep Tallahassee-Leon County Beautiful, the Tallahassee Trust for Historic Preservation, the Cultural Resources Commission, and the Council on Cultural Arts (COCA). COCA is a non-profit organization that serves as the facilitator, voice, and umbrella agency for the arts and cultural industry working with those who produce, invest in, and consume the arts and culture in Florida's capital area. Among the most urbanized counties in the state, Leon County dedicates a significantly greater portion of its TDT funds than many other urbanized counties to arts and culture. According to COCA, the County and City's investment in to the arts and cultural industry has returned $7 per dollar invested over the past fifteen years. Despite the fiscal challenges of budget constraints in recent years, Leon County has remained committed to creating a quality cultural and recreation environment as a key component to economic development.

Table #2: TDT Funds Dedicated to Cultural Arts

County	Percentage of TDT Dedicated to Cultural Arts
Leon	33%
Alachua	17%
St. Johns	15%
Palm Beach	13%
Sarasota	10%
Brevard	1.5%
Broward	1.5%
Pinellas	1.5%

Through a new visitor marketing campaign unveiled by the TDC in March 2010, the County has been able to increase hotel occupancy rates in the area through creative advertising and public relations. Two ongoing tourism projects being considered by both the County and City include the development of a downtown hotel and convention center, as previously noted in this item, and the construction of a sports complex to serve traveling athletic events. The Request for Qualifications for a firm to assess the economic feasibility of the proposed sports complex generated nine responses from local and national experts. Meanwhile, the results of the market and feasibility assessment of the hotel and convention center will be presented to the CRA Board on September 19, 2011. The County Administrator's plan to realign the Tourism Development Department under the Office of Economic Development and Business Partnerships, as presented to the Board on August 23, 2011, will increase the County's emphasis on tourism development as an economic generating asset in our community.

Purchasing Division

Leon County's Purchasing Division is often on the front lines of the County organization in terms of working with local businesses due to its role in the procurement of supplies, equipment, and services for all departments. Programming efforts at the Division level and policy changes approved by the Board both offer an opportunity to assist local businesses in securing contractual opportunities with the County. For example, the Purchasing Division held a Reverse Trade Show in April 2010 to give vendors an opportunity to show County staff what services and products they offer and for the vendors to learn more about the different County departments and their procurement needs. In December 2009, the Board demonstrated its commitment to local businesses by enhancing the County's Local Preference Policy to provide local businesses (based in Leon, Wakulla, Jefferson, or Gadsden Counties) an opportunity to match the lowest competitive bid for construction projects if the lowest bid is submitted by an out-of-town vendor. Local businesses are now given the opportunity to match the low bid for construction projects in excess of $250,000 as long as its original bid was no more than 110% of the lowest bid.

The County exercised its local preference policy on May 24, 2011 in favor of a local contractor for the construction of the Lake Munson Dam rehabilitation project. The County received five bids for the project including the lowest bid of $970,000 from Lucas Marine Construction LLC based out of Stuart, Florida. The second lowest bid was submitted by a local vendor, Sandco, Inc., for $996,096. The difference between the two bids was $26,096 or approximately 102.7% of the lowest responsive bid price. In accordance with the local preference policy (Policy No. 96-1, Section M) Sandco Inc. was given the opportunity to match the price offered by Lucas Marine and affirmed its interest in writing to the County to complete the project based on the lowest bid.

Minority, Women & Small Business Enterprise

The County's Minority, Women and Small Business Enterprise (MWSBE) programs seek to communicate procurement and contracting opportunities to certified minority, women and small business enterprises. The Small Business Enterprise (SBE) component was added to the County's Minority and Women Business Enterprise (MWBE) program by the Board on June 13, 2006 to serve as a race/gender neutral procurement endeavor exclusive to local small businesses. The SBE program was implemented with the assistance of the FAMU SBDC for the assessment and training of small business owners located within the County to help them gain the necessary experience, knowledge, and training to compete and secure contracts in the bidding process.

The MWSBE programs actively reach out to vendors interested in procurement opportunities with the County. For example, the SBE program hosts a Small Business Financial Workshop for current and prospective business owners which are designed to provide useful information and practical tools for success. Through the SBE program, the County recently partnered with the Florida Office of Small Business Advocate for a regional forum to review the state regulatory framework in an effort to improve the environment for business expansion.

Given the operational role of the MWSBE within the County organization and the ongoing efforts to expose minority, women & small businesses to various procurement, training, and expansion opportunities, the County Administrator has sought to realign the MWSBE program under the County's economic development umbrella. Should the Board ratify the County Administrator's Strategic Plan on September 13, 2011, the MWSBE program will shift in the organization under the Office of Economic Development and Business Partnerships but will continue to help foster the participation of these local businesses. In addition, the MWSBE programs will also continue to utilize a citizen advisory committee to review current programs and policies, and explore enhancement opportunities.

Other Important Community Economic Development Efforts

As the County continues to take the lead in economic growth initiatives, there are numerous other initiatives that are taking place throughout the community. These programs seek to increase the community's economic sustainability by identifying the community assets, expanding and increasing research development capabilities, and improving the quality of life in Leon County.

Workforce Plus

Workforce Plus is a non-profit organization committed to matching job seekers with prospective employers seeking their particular skills and training. Workforce Plus is one of 24 regional boards functioning under the structure of Workforce Florida, Inc. The Board makes eight appointments (35-member Board) to the Workforce Plus Board with the recommendation of the Greater Tallahassee Chamber of Commerce and Economic Development Council. The Board will have the opportunity to renew its interlocal agreement and service plan with Workforce Plus for comprehensive workforce and job placement services at its September 20th meeting.

The County and Workforce Plus have worked on numerous initiatives to create jobs and enhance the workforce in the community. In 2008, the County partnered with Workforce Plus to participate in the National Emergency Grant Temporary Jobs Program. This established temporary jobs with the County to assist in the clean-up, restoration and humanitarian efforts following Tropical Storm Fay. In 2009, a County representative served on the Workforce Plus ReInvest Local Advisory Council following its receipt of approximately $2.2 million in ARRA funds. The Council advised WORKFORCE *plus* staff on job training programs needed in the area and help the agency promote opportunities among job seekers. Recently, the County, Workforce Plus, and other area partners launched BigBendWorks.com a one-stop re-employment resource for state employees who work or live in an eight-county region.

TCC's Advanced Manufacturing Technology Training Center

Tallahassee Community College (TCC) is home to a multi-million dollar Advanced Manufacturing Technology Training Center (AMTC) offering a 16,000 square foot on-campus facility geared toward high tech and precision manufacturing training for the region's existing and future employees using state-of-the art equipment. The Center includes three biotech training labs, incubator space for rapid response to expanding production needs of area employers, and classroom space to conduct customized training programs. The goal of the AMTC is be the center hub for all employee training, assessment, and workforce development activities to assist in attracting new manufacturing businesses to Leon, Gadsden and Wakulla Counties.

Knight Creative Communities Initiative

In 2007, Tallahassee was selected as one of three pilot communities, nationwide, to work with the Knight Creative Communities Initiative (KCCI) to establish a community-wide program to build authentic sustainable prosperity in the community. KCCI is a program funded by the John S. and James L. Knight Foundation that promotes a new approach to economic development. The Knight Initiative contends that the key to economic growth lies with the "creative class." The creative class is a class of workers that are the driving force behind community prosperity and a high quality of life.

Each year, KCCI selects 30 Leon County residents as community catalysts to develop and implement a series of plans and initiatives that build a more authentic, sustainable and prosperous community. For the past few years, KCCI has developed or assist in the development of projects to diversify Leon County's economy beyond government and education. These projects have included:

- *The Tallahassee Film Festival* – a three-day event that showcases regional and national talent in the film industry by harnessing the creativity of university students and others that excel in production, cinematography, acting, directing and everything in between.
- *Tallahassee Business Resources* – an informational website developed as a clearinghouse for business services to startup and established companies in the greater Big Bend area.
- *Town and Gown Relations Project* – an initiative to enhance and strengthen the relationship of the Leon County community with its institutions of higher education.
- *Get Gaines Going* – an initiative established to accelerate the ongoing efforts to revitalize and develop Gaines Street as an arts and entertainment district.
- *Sustainable Tallahassee* – grew out of KCCI's Greenovation initiative to establish Tallahassee as the world leader in existing and emerging "green" technologies that benefit the environment and spur economic development.

The County is currently working KCCI's *Capital Sports Initiative* to select a consultant to perform an economic feasibility analysis of a competitive sports complex. The economic feasibility analysis will evaluate the sport venues most needed in the geographical market, the facilities that offer the greatest return on investment, an evaluation of the most suitable location(s) for said facilities, and a review of public/private operating and financing opportunities. The intent is that once developed, these facilities will become broad economic resources and amenities for the community.

Town and Gown

The Town and Gown (TAG) Relations Project is an initiative spearheaded by Mike Pate to enhance and strengthen the relationship of the Leon County community with its institutions of higher education. The purpose of the project is to develop a long-range community plan that will retain college graduates and young professionals in Leon County. On June 22, 2010 the Board approved funding in the amount of $25,000 for the TAG partnership with other vested organizations in the community including Florida State University, Florida A&M University, Tallahassee Community College, the City of Tallahassee, the Archibald Foundation, the Knight Foundation, and a number of private sector organizations.

Managed by the Tallahassee Community College Foundation, the TAG project consists of three phases:

1. Survey a broad segment of the community on the perceptions of the relationship of the community with the college population in Tallahassee.
2. Hold town hall forums to discuss the results of the survey and provide best practices that have been implemented in communities similar to Leon County.
3. Evaluate the data from the surveys, the input from the best practices forums, and the feedback from the community to develop a process that will enhance town and gown relations.
4. Collaborate with key stakeholders to develop specific projects based on what has been learned.

The second phase highlighting best practices across the country through guest speakers attending local forums began this summer with a presentation at the Annual Chamber Community Conference. A representative from the City of Boulder, CO shared the successful environmental partnerships between the City of Boulder and the University of Colorado. The remaining TAG relationships to be highlighted are as follows:

1. The University of Oregon and the City of Eugene: Communications opportunities (October 20, 2011).
2. Virginia Tech and the Town of Blacksburg: Public safety partnerships (November 10, 2011).
3. San Jose State University and the City of San Jose: Economic development partnerships (TBA).

The Chairman, Mayor, and each of the university Presidents utilize their TAG partnership to converse on the plans, efforts, and achievements of their individual organizations and how they improve the relationships and interactions with the university communities. The TAG research and evaluation is expected to be completed within 24-30 months of the initial start date at which time Mr. Pate will reengage the Board and other community stakeholders to identify future projects to foster a TAG community.

Silicon Tally

Silicon Tally is a local technology incubator focused on creating innovative business opportunities through networking and resource building. Silicon Tally seeks to create a technology hub in the Railroad Square area by offering project management expertise, software engineering and programming services, and business development for innovate business ventures. Its signature event is Startup Weekend, a 54-hour event where entrepreneurs, developers, designers, marketers, product managers and startup enthusiasts can share ideas, form teams, build startups and launch products, which will be held on FSU's campus starting on September 30, 2011.

FSU GAP Program

The FSU Research Foundation's Growth Acceleration Program (GAP) is a grant program designed to support enhancements of inventions or other original works that have been generated at FSU. It funds projects that FSU researchers and other interested parties agree will quickly improve current research results will and lead to public availability of a new product or service. The FSU Research Foundation has committed to allocate up to $250,000 per year for at least four years to provide grants through the GAP Program.

The 2011 FSU Sneak Peek, an event to showcase business opportunities arising from FSU research, will be held on September 29, 2011 at FSU's High Performance Materials Institute at Innovation Park.

FAMU Small Business Development Center

The FAMU Small Business Development Center is the host institution for the Small Business Development Center in northwest Florida serving eight counties from Leon to Madison from the Tallahassee office. Professional expertise is available to small business owners and entrepreneurs to help them succeed in both the domestic and international marketplace. SBDCs represent the largest service delivery network of the U.S. Small Business Administration (SBA) and offer one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. Each center develops services in cooperation with local SBA district offices to ensure statewide coordination with other available resources. The FAMU SBDC is one of ten in the state and assisted the County with implementing its own Small Business Enterprise program in 2006.

FAMU also has a GAP program that was recently created with the passage of the Small Business Jobs Act of 2010, providing $2.6 million in grants to Florida's SBDC Network. Unlike its counterpart at FSU focused on research, the FAMU GAP program is designed to provide professional consulting services to small and medium-sized enterprises with the goal of achieving economic and job growth.

Jim Moran Institute

The mission of The Jim Moran Institute (JMI) for Global Entrepreneurship in the College of Business at Florida State University is to nurture the growth and development of entrepreneurship in the global marketplace through practical assistance, applied education, and public recognition. JMI, led by Dr. Jerry Osteryoung, provides consulting services to small and growing businesses, hosts entrepreneurial roundtables, and sponsors a youth initiative called Junior Achievement which introduces high school students to entrepreneurial and business concepts. Since its inception, JMI has directly assisted over 3,000 businesses throughout the State of Florida.

By no means is this an exhaustive list of community efforts or assets but rather a framework of the variety programs and services offered that coincide with the County's ongoing economic development interests. The County's support of, and partnerships with, many of these other organizations highlights a community effort to foster a cooperative and positive approach to addressing local business development issues in Leon County.

Section #3: Growth & Environmental Management

Perhaps no County department or program has a more frequent and tangible impact on the growth of the community than the County's Growth and Environmental Management (GEM) Department. The GEM Department, soon to be the Department of Development Support and Environmental Management, consists of environmental services, development services, building inspection, and code compliance offices to provide one-stop permitting and processing services related to development activities. For years the County Commission has recognized the link between economic growth and the health of development in the community by working with community partners to adopt growth management-related initiatives that address economic development and enhance customer service. Even dating back to 1999, the County and City Commissions amended the Tallahassee-Leon County Comprehensive Plan to include an Economic Development Element outlining the goals, objectives, and policies of the County and City to spur economic growth in partnership with community leaders.

As the economy began to decline and the construction industry came to a halt in 2008, the Board reduced the staffing levels at GEM to reflect demand and enacted several policy changes to entice development and foster projects that were ready to commence. Across the nation, the construction industry continued to suffer from the impact of the housing bubble, high unemployment, and a loss in consumer confidence. In 2010, the Board took the opportunity to assess the County's development process and approved several more changes designed to streamline the permitting process in preparation for the resurrection of the construction industry.

This section highlights many of the recent changes in the GEM Department over several years based on the Board's guidance, staff observations, and in response to feedback from the development community. Prospective features and services are addressed and recommended in the Job Creation Survey Feedback and Recommendations sections of this item.

Fast Tracking Public Projects

In February 2009, the Board approved a "fast track" development review and permitting process for public sector (County, City, School Board, BluePrint 2000, State and Federal) projects in an effort to improve the County's position with regard to receiving and utilizing federal stimulus funds. The primary difference in the fast track approach from the typical review and permitting process is the very early participation of staff from the review agencies in the project.

To make the fast track process successful, an emphasis was placed on the review staff to participate in the preliminary design phase of proposed public projects. The goal of fast tracking public projects was to help secure federal ARRA stimulus funds to improve infrastructure and solicit bids for those improvements from the private sector in a timely fashion to keep the construction industry at work. Although this process was very limited in scope, it was successful in securing ARRA funds and securing contractors at very competitive prices.

Gum Road Target Area

Subsequent to the siting of the County's Solid Waste Transfer Facility on Gum Road, the Board appointed a seven member citizens committee, the Target Area Planning Committee (TAPC), to review the Target Area and provide recommendations to the Board to address the anticipated impact of the Transfer Facility on the Target Area. The Gum Road Target Area is surrounded by US Highway 90 to the north, Capital Circle Southwest to the east, the railroad right-of-way to the south, and Aenon Church Road to the west.

The recommendations of the Gum Road TAPC to the Board included necessary capital investments for water, sewer, transportation, and stormwater along with changes in land use, zoning, and concurrency standards. On June 28, 2011, staff provided the Board a status report on the implementation of those recommendations which include more than $86.5 million in associated infrastructure projects that have been completed or are currently underway (Attachment #8).

Environmental Management Permits

As the construction demand and credit dried up over the course of 2008 and 2009, the Board chose to waive the permit fees for the extension of environmental management permits. This action allowed "shovel ready" development projects to remain valid (site and development plan approvals and concurrency capacity reservations would not expire) until the economic downturn runs its course. It allowed property owners to maintain their approved project's transportation concurrency capacity reservation based on the conditions and the mitigation approved at the time of the initial development approval.

The Board's action provided the developer of an approved project the ability to maintain an exempt/vested status from compliance with the state-mandated concurrency requirements and the anticipated mitigation costs. This "bridge" allowed approved, but not yet built, development projects to remain valid until the local/national economic situation improved. Had the environmental permits been allowed to expire, the project's underlying subdivision and/or site and development plan approval and concurrency determinations would also have expired. Reactivation of these projects would have required payment of all related fees and mitigation costs (PUV, land use approval, environmental permitting, and concurrency review/ determination), a certain roadblock in the current economy.

GEM continues to notify property owners and developers with permits set to expire of the opportunity to extend their environmental permit without having to incur additional fees. The County's efforts saved developers the money and time associated with the reactivation of expired approvals.

Non-Residential Fee Deferral

Based on the recommendation of EDC staff in 2009, the Board also authorized ten projects to

proceed through the development review and approval process with associated fees deferred until the project's building permit phase. Under this proposal, County staff identified non-residential development sites located inside the Urban Service Area (USA) and outside the City Limits that would be allowed to delay payment of land use, environmental, and concurrency management fees until the building permitting phase of the proposed development project. These development sites were selected in conjunction with the Leon County/City of Tallahassee Economic Development Council's (EDC) marketing efforts by developing an inventory of construction-ready sites in the community. This proposal was designed to reduce the upfront costs of development by delaying the payment of review fees until after the proposal has been approved, thereby assisting with the proposed project's construction financing and/or marketing the site to potential developers.

Implementation of minimal environmental standards

On November 2, 2010, 61.43% of the electorate approved an amendment to the County Charter establishing minimum countywide environmental regulations. At its December 13, 2010 Retreat, the Board adopted a "two-phased" approach to implement the charter amendment. On March 15, 2011, the Board adopted Phase 1 which consisted of the adoption of minimum stormwater management standards that provide for uniform stormwater standards within the City limits.

The implementation of Phase 2 includes a comprehensive review of the remaining environmental regulations and associated development standards apart from the minimum stormwater management standards that are addressed in Phase 1. County and City staff are working with a citizen advisory committee, composed of five Leon County residents familiar with County and City growth management standards, to implement Phase 2.

The implementation methodology for Phase 2 will include designating smaller County/City staff working groups to review, compare, and recommend minimum standards for the various regulatory areas that are outlined in both the County and City environmental regulations. After the County/City staff's working groups have completed this process, the Administrator/Manager-designated staff committee will meet with the citizen advisory committee to review, discuss, and finalize the recommendations to be incorporated into a proposed County-wide minimum environmental regulations ordinance. This collaborative review and recommendation process involving the citizen advisory committee should result in a recommended draft ordinance by the end of 2011.

It is anticipated that the resulting Phase 2 implementation ordinance will present flexibility in those areas of the Leon County community where development and redevelopment is most appropriate, while preserving those areas, environmental features, and natural systems of the County that make our community a unique and desirable place to live and visit.

Dual Track Process

The GEM Department has added several new features over the past year to improve the service delivery to the development community. The dual track approach for permitting and the project

manager concept have yet to leave an impression on the local development community due to the slow market. The two features offer a solution to the common calls to "streamline permitting" but there remain opportunities for continuous improvements and feedback from the development industry.

In October 2010, the County Commission improved Leon County's land development review and approval process to implement an optional two-track process. This action was taken in response to the current economic situation and in partnership with the local development and construction industry. Both tracks are expected to reduce the time and upfront cost for new projects in Leon County thereby enhancing the applicant's ability to secure development financing.

An applicant requesting site plan development approval would be provided the option of selecting one of two abbreviated tracks: the Concept Plan Approval (CPA) track or a Final Design Plan Approval (FDPA) track. The CPA Track is more for speculative projects and includes abbreviated submittal requirements while providing the applicant development approval assurances required to market the project and/or to secure the necessary financing. The FDPA track compresses the overall project review timeframe by allowing the applicant to receive site plan and environmental permit approval concurrently. This track is generally more appropriate for projects that have financing and are less speculative in nature.

Project Manager

The project manager initiative is a customer service feature designed for a staff liaison to ensure that a proposal is compliant with all applicable code requirements and to serve as an advocate for the project should inter-departmental issues arise that could potentially cause delays in the associated development review and approval process. The project manager will contact the applicant (owner and consultant) via telephone and/or email within 48 hours of receipt of the development application and coordinate directly with the applicable GEM division director to assist as needed during the resolution of inter-departmental issues.

Both the dual track process and the project manager initiative are just under one year old and are still in their infancy. They have yet to leave an impression on the local development community due to the slow market but GEM staff continues to educate contractors on the benefits of these recent changes.

Section #4: State Government

This section covers the role of state government in the local economy, recent policy decisions of the Florida Legislature, and efforts to influence and respond to those decisions. State government represents 22.7% of the overall employment in the region, making the budgetary decisions and actions of the Legislature crucial to local economic prosperity. Leon County, which has traditionally enjoyed a relatively low unemployment rate in comparison to the rest of the state due to presence of the state capital, currently has an 8.9% unemployment rate as of July 2011. This reliance on state government illustrates the need to diversify the local economy while continuing to advocate on behalf of the state workforce.

The County, led by Chairman Dailey, hosted a legislative dialogue meeting on March 1, 2011 to discuss shared priorities and concerns in anticipation of the 2011 legislative session. Locally elected officials and community leaders including members of the Leon County Legislative Delegation, constitutional officers, representatives from Florida State University and Florida A&M University, and representatives from the business community discussed their shared priorities and concerns for the 2011 legislative session. There was overwhelming agreement that the proposed state budget cuts, state workforce layoffs, and changes to the Florida Retirement System could severely jeopardize the local economy. Members of the local legislative delegation encouraged the group to continue to contact legislative leaders and committee chairman who guide the policy making process and to share any data they may have on legislative proposals such as FRS reform or cuts to the state workforce as it becomes available.

State Workforce

During the 2011 legislative session, changes to the Florida Retirement System (FRS) were a priority for Governor Scott as well as the Legislature in their attempt to find ways to close the state budget deficit. There were considerable debate in the House and Senate regarding employee contributions into FRS but eventually the Legislature passed a bill that requires a 3% contribution rate from all employees and pushes back the vesting period for the pension plan from six years to eight years. These changes are anticipated to have a significant impact on our region as it reduces the amount of disposable income available to the local economy.

There was also debate by the Legislature regarding state employee health insurance. In the Senate there was a proposal that would have required all state employees to pay the same amount for health coverage, which is a stark difference to the current structure of state employees' health care benefits. As a valued benefit to compensate for less pay, senior management employees currently pay less for health care than career service employees. SB 2102 would have required all employees to pay $600 annually for individual coverage and $2,400 for family coverage should they select the cheapest plan offered by the state. If an employee were to select a more expensive plan, he/she would have been responsible to cover the full cost of the difference from the cheapest plan. The state's 25,000 senior

management employees could have expected a $2,000 a year increase in health insurance premiums had the bill been approved. However, the House was reluctant to make changes to the state employee health insurance in the same session in which FRS changes were made. Although the proposal did not pass, it signaled the Legislature's intention to address potential changes to the state employee health insurance that would increase employee premium costs and/or cut benefits, in the near future. This would further impact the state workforce and local economy.

Response to Layoffs

In response to the anticipated state layoffs and concerns addressed by community leaders during the Chairman's legislative dialogue meeting, the County's legislative team sought opportunities during the legislative session to help mitigate the negative impacts of the state budget. Staff identified an opportunity to better leverage state QTI funds for the local community and quickly engaged our community partners at the EDC, the City of Tallahassee, and the Leon County Legislative Delegation. The result was the Legislature's approval of HB 879 which imposes a temporary change to the QTI local funding formula to provide the local governments in the capital region a greater opportunity to utilize their economic development funds to recruit and expand businesses in their communities.

HB 879 was a broad economic development bill that sought to revise economic incentives under the Office of Tourism, Trade, and Economic Development (OTTED) including the QTI, Energy Economic Zone, and the Enterprise Zone programs. The County's contract lobbying team, in coordination with the EDC and the City of Tallahassee, had sought an economic development bill of this nature to serve as a vehicle to make changes to the QTI program to benefit the region in anticipation of state workforce layoffs following the legislative session.

The state/local QTI incentive program is available for companies that create high wage jobs in targeted high value-added industries. The incentives include refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. The local community where the company locates contributes 20 percent of the total tax refund and the state covers the remaining 80 percent. Leon County and the City of Tallahassee evenly split the 20 percent local contribution for businesses that locate within the City limits.

The proposed language submitted to members of the Legislative Delegation sought to change the local financial contribution for participating local governments in Leon, Jefferson, Wakulla, and Gadsden Counties to a 90/10 split instead of the traditional 80/20 formula until June 30, 2014. Representative Coley and Senator Montford successfully sponsored the amendments to HB 879 in their respective chambers on behalf of the County during the final two weeks of the legislative session before it was finally approved by the Senate of the 58th day of the legislative session.

This temporary change to the QTI local funding formula will provide the local governments in the capital region a greater opportunity to utilize their economic development funds to recruit and expand businesses in their communities. Since October 2010, Leon County has approved resolutions pledging tax rebates to five companies looking to relocate or expand in the Tallahassee area. Had this enhanced formula been in place by October 2010, local taxpayers would have saved over $338,000 to create these jobs. However, this statutory change will not be realized unless the County, City, and the EDC can attract new businesses to the area and encourage the expansion of local businesses. Therefore, it is imperative to take advantage of the enhanced funding formula for the capital region over the next three years.

Also, in the spirit of the Chairman's legislative dialogue meeting, the County partnered with local stakeholders such as Tallahassee Community College, Workforce Plus, EDC, and the City launched BigBendWorks.com following the legislative session in response to the nearly 300 layoffs in our community. The website offers a one-stop re-employment resource for state employees that reside in the Big Bend region and features resources available in the community in the areas of job information, human services, training and re-training, career opportunities, as well as unemployment and financial resources. The County has utilized the website to advertise job opportunities and County human services such as the Foreclosure-Prevention Assistance Program.

Dental School

During the legislative session, the Board approved a resolution lending its support to the establishment of a dental school at FAMU. FAMU President James Ammons is scheduled to make a presentation to the Board at its September 13th regular meeting to outline the University's operating plan and lay out the economic benefits of the program. A recent MGT of America report determined that a FAMU Dental School would generate $868 million in activity and 3,424 jobs throughout Florida, including 3,127 jobs in this region. FAMU is scheduled to go before the Florida Board of Governors on September 14th for preliminary approval to move forward with the establishment of the dental school. Ultimately, FAMU would need the approval of the Governor and Legislature through the state appropriation process. Based on the Board's direction in April, this will be an ongoing legislative priority.

2012 Legislative Session

The Board's workshop on the 2012 legislative session is scheduled for October 11th at 1:30 p.m. At that time the Board will set the state and federal legislative priorities for the 2012 session. It is important to note that the 2012 state legislative session will begin much earlier than usual due to the Legislature's redistricting efforts. The 60-day legislative session will begin on January 10, 2012, and is scheduled to conclude on March 9, 2012. Preliminary forecasts indicate that the state may have a small budget surplus of $300 million for next year which may mitigate additional efforts to reduce the state workforce.

Section #5: Job Creation & General Survey Feedback

The state of the current economy at the global, national, state, and local levels is the constant subject of cable news programs, provides daily headlines in print newspapers, and fills the airwaves of talk radio making it one of the most prevalent and challenging issues in a generation. There are as many people talking about creating jobs as there are suggested methods to go about creating them. This is understandable given the economic strain of the slow recovery from the "great recession" and the associated human toll of continued high unemployment.

The Board has continued to place economic development as the County's top priority through its annual retreat process and designated Commissioner Akinyemi to work with staff over the past several months to facilitate the surveying of local businesses and organizations to identify key factors that have worked to actually create jobs in our community (Attachment #9). Conversely, staff also sought feedback on factors that may have played a part in the elimination of jobs. The second portion of the survey offers broad perspectives and perceptions about Leon County government, the local economy, and general areas of concern relating to economic development.

Job Creation Survey & Observations

Staff requested participants to provide specific information about their organization and their most recent decisions to create or eliminate a position. **The goal was to identify the determining factor for this organizational decision and what role, if any, the County government influenced that decision. Based on the results of the survey, staff analyzed the information to determine if there are factors that can be replicated to create more jobs or conditions that can be changed to make this process easier and avoid additional job loss in our community.** Approximately one quarter of the 31 participants were able to offer recent and specific examples of creating or eliminating jobs. Although the County has a direct positive impact for three of the seven companies that created jobs, most of the factors leading to these decisions were driven by the market:

> *Mark O'Bryant, Tallahassee Memorial Hospital*: TMH has several new programs and projects underway that are growing the organization including the Tallahassee Memorial Cancer Center, the Red Hills Surgery Center (approved for the County/City Targeted Business Program), the Internal Medicine Residency Program, partnering with Capital Health Plan to create a "Transition Center" following indigent emergency care, and partnering with FSU & FAMU to create medical "campus."
>
> *Windell Paige, ESP Media*: ESP Media added a fifth FTE due to a temporary public relations contract with a governmental agency and decided to retain the employee beyond the life of the contract due to good performance. Mr. Paige is anticipating another government contract that could add up to two temporary employees.

Tom Barron, Capital City Bank: Capital City Bank has recently created jobs in their compliance division to address foreclosures. These added jobs do not bring in additional revenue for the bank.

Ben Graybar, Tallahassee State Bank: Since the recession, there have been 500 layoffs throughout the company but none in the Tallahassee office. The bank does own property in the Northeast part of town and had plans to build a new branch but has put those plans on hold at this time.

Dean Minardi, Bing Energy: Bing Energy considered locating to Massachusetts, California, and Illinois but selected Tallahassee because they estimated their business costs to be at least 15% less due to labor, land, worker compensation, and taxes. Bing Energy currently has five employees and expects to have 25 employees by the end of the calendar year.

John Casper, Event Photography: Event Photography chose to expand in Tallahassee because of its educated workforce (particularly in information technology), proximity to FSU and FAMU, considered a good place to raise a family, affordable environment and property, and the ability to be a big fish in a small pond. Event Photography expects to create 35 jobs over the next three years.

Barney Bishop, Associated Industries of Florida: AIF recently added a VP for External Affairs position to assist with new member development because the organization has grown about 25% annually over the past six years.

Randy Hanna, Bryant, Miller, and Olive: The law firm recently named three new partners but all of them are located in the South Florida branches, which is where they have focused their growth due to the increased demand in litigation. In Tallahassee, staff and attorney positions have remained level but a position may soon be added to monitor legislative issues.

Seven of the eight responders in this section reported that their organizations had recently created jobs or anticipate doing so in the near future. The lone responder who did not report any recent or anticipated job creation activity was the Tallahassee State Bank which, fortunately, has not eliminated any positions in their Tallahassee office despite having let go 500 employees throughout the company since the start of the recession. Three of those seven responders that reported positive job creation activity have direct ties to incentives offered by Leon County and the City of Tallahassee (TMH, Bing Energy, and Event Photography).

TMH is the fourth largest local employer in the growing health care sector which is a vital component for the economic viability of a community. It has a number of new projects and initiatives underway including the Red Hills Surgery Center which was approved as a Targeted Business Program by the County and City in April 2011 and is expected to create 43 new jobs. TMH

is also leveraging its partnerships with local universities to develop a residency program and medical campus to grow the local medical community and help retain a skilled workforce.

Bing Energy and Event Photography were approved for the QTI program in late 2010 and early 2011 respectively. Both companies will receive tax reimbursements based on the number of jobs they create above the area median income. Bing Energy expects to employ 25 people by the end of 2011 and Event Photography plans to add 35 positions over the next three years. In choosing to base their business in the Tallahassee area, both companies indicated the importance of certain quality of life indicators in addition to the mathematical calculations. This included the availability of an educated workforce (and the associated labor costs), the proximity to the local universities, a desirable place to raise a family, and the ability to be a big fish in a small pond added value to Event Photography's decision to select Tallahassee for it headquarters.

Three of the eight responding organizations in this section offer a reminder of the role that the state government has on our local economy. The Associated Industries of Florida, a business lobbying and advocacy group, recently created a position in response to its increased membership needs while the Bryant, Miller, and Olive law firm is currently considering adding a position to monitor legislative issues. ESP Media, a small public relations agency, determines its employment payroll based on the amount of contract work it receives which often includes government contracts. The State of Florida not only serves as the largest local employer but also attributes to the numerous private sector employment opportunities in the legal profession, information technology, engineering, lobbying, public relations/marketing, and the construction industry. Among the observations articulated herein, it is clear that the state will continue to have a prevalent role in the local economy despite efforts to diversify the economy.

1. The health care industry plays a significant role in the local economy and will continue to grow as the average population of the country, state, and local community ages.

2. The County's QTI and TBP incentive programs have helped local businesses expand (TMH), attracted a corporate headquarters (Event Photography), and assisted a startup company in the commercialization of research and development conducted at FSU (Bing Energy) <u>all within the past 12 months</u>.

3. The local universities played a part in the business decisions for several of the organizations surveyed (TMH, Bing Energy, and Event Photography) and should be considered a major feature in our economic development toolbox.

4. The substantive and budgetary decisions of the Florida Legislature not only affect the direct employment of state workers but the number of contract and procurement opportunities available to the local private sector.

5. The Legislature also draws professionals from the legal, advocacy, and public relations fields to Tallahassee regardless of the economic climate. There has been steady annual growth in reported lobbying income since 2007, with exception to 2010, and the latest 2011 reports indicate a 3.2% growth over the previous year.

6. Local lending institutions appear to have faired better in Tallahassee than other parts of the state in terms of layoffs. Capital City Bank has added positions in their compliance division to address foreclosures but these positions do not bring in additional revenue for the company. While the addition of these positions does provide employment opportunities, foreclosure compliance is not a desired sector for growth. The federal government and private lending institutions already have mortgage modification and assistance programs in place to mitigate the number of foreclosures.

General Survey & Observations

During the course of the interviews, survey participants were also questioned and encouraged to share their broader perspectives and perceptions about the County government, the local economy, and general areas of concern relating to economic development. This exercise provided a wide spectrum of compliments, complaints, and suggestions for consideration. Some of the feedback applies directly to Leon County while other responses were directed at the Florida Legislature, the City of Tallahassee, lending institutions, area hospitals, and the local universities and community college.

The general comments offered by the survey participants are organized by subject area on the following page for the Board's consideration. Some of the input was generic in nature like the need to "streamline permitting" or "partner with the universities" but there were a handful of new, insightful, and creative ideas that merit further review. An overwhelming theme throughout this survey process was battling the negative perceptions of the County's efforts in economic development initiatives. Further, many of the suggestions and comments indicate an unawareness of the County's current programs, partnerships, and recent endeavors to enhance job creation. A coordinated marketing effort to promote the County's successes, incentives, and efforts in economic development would improve the County's image and better educate local residents and business owners of the local economic development programs to encourage greater utilization.

Business Recruitment & Expansion

Subject Area	General Comments
Business Recruitment & Expansion	A. Mixed feelings on offering upfront cash incentives, constructing speculative buildings, and the adoption of a local preference ordinance due to concerns that local businesses will be at a competitive disadvantage in other markets. B. *Dana Olsen, Ecodev LLC*: Cash incentives are not about the biggest offer. Clients favor the incentives with the most up-front money. C. *Dana Olsen, Ecodev LLC*: There are a lot of communities with empty buildings. Specialized facilities for the type of industry is the key factor. D. Losing manufacturing jobs & industrial opportunities to neighboring communities. E. Need for shelf-ready financial incentives. F. *Kirby Kemper, FSU:* The County must be clear on the types of businesses it wants and what incentives, in advance, it is willing to offer. G. QTI process is too strenuous due to the multiple layers of government and accounting requirements. H. Support for additional property tax exemptions/incentives. Minimum of 5-10 years. I. *Mark O'Bryant, TMH*: The medical professionals recruited by TMH evaluate the community's schools & cultural activity. Reiterated by Kirby Kemper regarding FSU faculty.

Staff Observations:

Although there are mixed feelings on offering upfront cash incentives due to the risks associated with a failed business venture, most participants agree that incentives provide the greatest value during the infancy, expansion, and relocation stages of a business. There are mixed feelings on using public funds to build speculative buildings to attract businesses to the area because they compete with privately owned properties. In addition, large companies often have specific facility needs that would add significant retrofitting costs. The QTI program, by design, operates without risk as a tax reimbursement program, has significant accounting criteria, and requires approval by multiple government agencies.

The Board may want to consider its willingness to offer up front cash incentives for business expansion and relocation efforts. These upfront incentives generally come with greater risk than the current incentives offered by the County since the current tax reimbursements are only paid once the job creation goals have been verified. Should the Board wish to offer upfront incentives, a shelf-ready incentive package could be tailored to streamline the recruitment process and a dedicated revenue source would need to be identified. Several revenue options exist with variable funding levels including a portion of the infrastructure sales tax (up to 15%), a reconstitution of the local business tax, the establishment of an independent or dependent special district for economic development, or the levy of a municipal services taxing unit.

Leon County has recognized the importance of creating a quality cultural and recreation environment as a key component to economic development. In part, the Board's commitment to the tourism economy includes maintaining the County's funding of cultural programs such as Keep Tallahassee-Leon County Beautiful, the Tallahassee Trust for Historic Preservation, the Cultural Resources Commission, and the Council on Cultural Arts (COCA).

Coordination of Efforts & Perceptions

Subject Area	General Comments
Coordination of Efforts & Perceptions	A. Numerous responders encouraged continued regional and local partnerships between the local governments, universities, and the private sector. B. Need to do a better job marketing the local economic incentive programs and community assets. C. County should play matchmaker role for start-up businesses and mentors. D. *Paul Watts, Electronet*: Local governments should provide more outreach to local businesses to make them aware of contract opportunities. E. *Dr. Osteryoung, Jim Moran Institute*: Perception of over regulation and bureaucracy. F. *Dean Minardi, Bing Energy*: The perception of being "open for business" is the greatest challenge for local governments.

Staff Observations:
Several participants acknowledged that the County is on the right track in leveraging partnerships with the local universities and the public and private sectors. As previously noted, the County could do a better job of marketing its incentive programs to local businesses who often are unaware of the County programs and/or do not make the cognitive connection between the EDC and the County and City governments. This includes the need to market the County's MWSBE Division which, upon the Board's ratification of the County Administrator's strategic plan, will focus on economic development to foster greater participation by local small, minority, and women owned businesses.

It is important for the County, and well as the public, to be aware of the different types of programs offered by various organizations in the area so that the County does not recreate the wheel. For example, several organizations provide some form of matchmaker or mentorship service for small and startup businesses including the FAMU Small Business Center, EDC, Jim Moran Institute, and both Chambers of Commerce.

Growth Management & Permitting

Subject Area	General Comments
Growth Management & Permitting	A. Emphasis on streamlining permitting process, consolidation of County/City Growth Management, and providing anticipated permitting timelines for businesses. B. Plan for the redevelopment of the Tallahassee Mall. C. Do an inventory of vacant commercial properties. D. *Ed Murray, TALCOR*: Create an ombudsman office with independent personnel and off site consultation. E. *Tallahassee Land Company*: Allow stormwater tubes on commercial properties as a cost effective alternative to manage stormwater.

Staff Observations:

The Growth and Environmental Management Department has added several new features over the past year to improve the service delivery to the development community. The dual track approach for permitting and the project manager concept have yet to leave an impression on the local development community due to the slow market. These two features offer a solution to the common calls to "streamline permitting" but several suggestions were offered during the survey process that could enhance these initiatives. These suggestions are incorporated in the formal recommendations at the end of this section including the expansion of the project manager concept to include on-site permitting assistance for business expansion, proactively seeking applicants for the Concept Plan Approval Process in geographic areas targeted for economic growth, support for establishing an interdepartmental visioning team and developing a design studio for site development plans, and encouraging the use of stormwater tubes.

Representatives of the Tallahassee Land Company appealed for the usage of stormwater tubes that could be placed under commercial parking lots to manage stormwater instead of building retention ponds on site. Following the survey and conversation with Tallahassee Land Company, staff attended a training session on the growing popularity of these stormwater tubes and learned that they are being considered for the Bannerman Road improvements. Although these tubes offer a low cost alternative to the developer and property owner for stormwater management and allow for better utilization of property by avoiding the need to build retention ponds, they often require more frequent maintenance than a traditional retention pond. There are also some environmental concerns about the depth of the tubes relative to the water table and how the different types of soil could affect the performance of these tubes. That being said, the County's Comprehensive Plan does not prohibit the use of these tubes and the Growth and Environmental Management Department welcomes the opportunity to incorporate these stormwater tubes in future projects.

The EDC offers an online inventory of local commercial space. This is a no cost tool available to anyone with internet access.

Hospitals & Health Care

Subject Area	General Comments
Hospitals & Health Care	A. Need to think regionally about health care. B. Should focus on both the service economy and research development.

Staff Observations:
The health care industry continues to play a significant role in the local economy as both hospitals serve as two of the largest employers in the region. Further focus on health care research, in partnership with the local universities, will enhance the community profile and could provide future commercialization opportunities.

The Red Hills Surgery Center was recently approved for the County's Targeted Business Program and is expected to create 43 new jobs at an average salary of $42,760. This project will require a capital investment of $9,452,890 utilizing local businesses for at least 25% of the supplies. More recently, the Capital Regional Medical Center announced plans to submit a Targeted Business Program application to add an eighth floor to the hospital and create more than 100 health care jobs by spring 2013.

Workforce & Infrastructure

Subject Area	General Comments
Workforce & Infrastructure	A. Mostly complimentary of local workforce and labor costs but one participant noted a lack of private sector experience in the employment pool. B. Concerns over state layoffs & how any future FRS changes may impact local economy. C. Desire to create an economic gardening plan for the capital region to re-employ laid-off state employees. D. Need for better regional transportation to improve access to health care.

Staff Observations:
Leon County is a partner in the BigBendWorks.com initiative to help laid-off state employees in need of financial assistance, counseling, and job opportunities. In addition, County successfully reduced the QTI local financial contribution by half for the local governments in the capital region to better leverage limited economic development funds.

There are several economic gardening programs available for small businesses. The FAMU Small Business Center has been recruiting businesses to take part in the Growth Acceleration Program, funded by a $2.6 million federal grant, for professional consulting services to small and medium sized businesses. The Jim Moran Institute provides similar consulting services and the Grow Florida Economic Gardening Program, which lost its funding in this year's state budget, is seeking funds from local government consortiums in order to continue to assist 2nd stage companies (10-50 employees with revenues between $1-5 million). Several other workforce related programs are highlighted throughout this workshop item including the EDC's First Focus and Entrepreneurial Excellence programs, TCC's Advanced Manufacturing Training Facility, and the Small Business Financial Workshops hosted by the County's MWSBE office.

Airport & Utilities

Subject Area	General Comments
Airport & Utilities	A. Need better and more cost efficient air service. B. Airport is a deterrent in recruiting businesses and professionals. C. Work with the City to develop an attractive "gateway" from the airport. D. Should focus on industrial and manufacturing growth near airport. E. High costs of utilities prevent the recruitment of industries with large computer servers. F. Utility deposits are excessive, hurt startups, and do not consider credit or local track record.

Staff Observations:

The City of Tallahassee recently hired a new Director of Aviation and as part of the City Commission's key "Target Issues" and plans to make significant facility improvements and updates to the Tallahassee Regional Airport. The City has expressed an interest in creating a CRA around the airport property for needed improvements which may include a 'gateway boulevard" to directly connect the Tallahassee Regional Airport with the downtown area. The gateway concept may also be included as a project for the reauthorization of the infrastructure sales tax. In addition, the construction of Capital Circle Southwest (Orange Ave. to U.S. 90) is scheduled to commence in FY 12 providing needed transportation improvements and better access to I-10. This intermodal connection is crucial for successful implementation of the commercial (non-aviation) economic development uses being planned for the airport.

Utility costs have long been a concern of businesses and residents but the survey participants specifically cited their dissatisfaction with the deposit requirements for the City of Tallahassee utilities. Residential utility customers can go online to determine their required deposit based on the services being sought (electric, water, sewer). Businesses must speak to a customer service representative to learn about the pricing of utilities. Business deposits are based on 250% of the average monthly utility rate of the previous occupant. For a new building or facility, a formula is applied based on the type of business and square footage.

Unlike most other industries, it is standard practice for utilities to provide services in advance of payment. Much of the cost of operating an electric utility is variable, which requires the utility to incur substantial costs in anticipation of receiving payment at a later date. In order to manage the risk of bad debt, the City follows industry practices for utility account security deposits. Since usage by commercial customers can vary widely, new customers are required to establish a deposit. Deposits may be in the form of cash, certificates of deposit, letters of credit, or surety bonds. The non-cash alternatives allow customers to take advantage of their good credit history to retain cash for other purposes. Once a customer establishes a good payment history, they are eligible for a reduction in deposit coverage from 250% to 100% of their average monthly bill. This method may also be applied to the establishment of new facilities for the same customer, thus rewarding customers in good standing. According to the City, its deposit policies are consistent with those of all large utilities around the state and do not constitute a disadvantage to local Tallahassee businesses. The City's Financial Viability Target Issue Committee has reviewed these issues and continues to explore ways to promote local economic activity while managing the financial risks that may negatively impact all of the City's customers.

Airport & Utilities (continued)
The City of Tallahassee provides electric service in and around Tallahassee to approximately 113,000 residences and businesses. According to the City Utilities Department, an April 2011 statewide comparison of electric costs shows that the City of Tallahassee's commercial service rates rank the lowest in the Big Bend and among the lowest in the state. Small commercial customers, which are generally comprised of local small businesses, enjoy the second-lowest rates in the state, and far lower rates than many other cities. For example, based on the April 2011 comparison, small businesses in Gainesville paid 34% more for electricity than small businesses in Tallahassee. Electric rates for large institutional and industrial customers also rank among the lowest in the state. Further, the City of Tallahassee is the only utility provider in the state that offers a unique preferred customer discount ranging from 5% to 7%. With this discount, the cost of electric service for the largest businesses is among the bottom five in Florida.

Taxes & Fees

Subject Area	General Comments
Taxes & Fees	A. *Matt Brown, Premier Bank*: Increase or redirect Tourist Development Council (TDC) funding to increase marketing to attract more visitors by targeting alumni and parents of current students. B. *Dean Minardi, Bing Energy*: Not concerned about state or local taxes in Florida given the current tax structure and political climate. C. *Tallahassee Land Company*: The cost of local traffic concurrency exceeds the costs of concurrency plus impact fees in other parts of the state. Representatives with the Tallahassee Land Company noted that we can not build our way out of concurrency problems and should adjust the grading scale to meet more realistic traffic demands.

Staff Observations:
Little input was offered regarding the level of taxation. In fact, Matt Brown suggested increasing or redirecting additional TDC funds for additional marketing and Dean Minardi expressed little concern about the taxes that he, as an individual, and Bing Energy must pay each year. The TDC does coordinate with both universities to maximize the number of out of town visitors and in recent years has partnered with the universities in packaging ticket sales with lodging specials.

The Tallahassee Land Company felt very strongly that the local concurrency fees cost far more locally than other parts of the state putting our community at a competitive disadvantage. They supported a change to the grading scale to meet realistic traffic demands. Recent legislative changes provide local governments with greater flexibility in establishing concurrency measures and costs. The Department of PLACE will bring a series of agenda items to the Board, starting on September 13, 2011, to familiarize the Commission with the 2011 Community Planning Act in advance of changes to the comprehensive plan.

Universities & Innovation Park

Subject Area	General Comments
Universities & Innovation Park	A. Mixed feelings on the governance & restrictions at Innovation Park. Concerns about the size and makeup of the governing board. B. *Tom Barron, Capital City Bank*: Need to remove some of the development restrictions at Innovation Park. C. *Dean Minardi, Bing Energy*: Sunshine laws slow down decision making at Innovation Park. D. Need to enhance partnerships with universities. E. County should play a greater role in the commercialization process of university technology. F. Emphasis on retaining university talent and supporting Town & Gown (TAG) Initiatives.

Staff Observations:

The County's interim role of managing the day to day operating duties at Innovation Park guided the Park in revamping its legal services, financial practices, property management, organizational policies, and the recruitment of the Executive Director. Dr. Catherine Kunst, the new Executive Director of the Park, holds a Ph.D. in Biochemistry and Molecular Biology from Emory University in Atlanta and an MBA from the University of Colorado at Denver. With the turmoil at Innovation Park in the rear view mirror and the Executive Director in place since January 2011, there are several endeavors underway to revitalize the Park including a revision to its PUD.

Innovation Park is the ideal asset in our community to unite home grown research and development activities while also attracting new endeavors to our community. Danfoss Turbocor and the FSU Mag Lab are expanding while Bing Energy and Sunnyland Solar have recently established a presence at Innovation Park. The 2011 FSU Sneak Peek, an event to showcase business opportunities arising from FSU research, will be held on September 29, 2011 at the FSU High Performance Materials Institute at Innovation Park.

Leon County has been a proud partner of the Town and Gown initiative contributing $25,000 in this effort to retain the top talent from the local universities. TAG is holding a serious of town hall meetings in the fall to discuss best practices from other college communities in different partnership areas. At the recent Chamber of Commerce Annual Conference, a forum was held featuring the environmental partnership between the City of Boulder, CO and the University of Colorado.

Access to Capital

Subject Area	General Comments
Access to Capital	A. *Keith Bowers, FAMU Small Business Center*: Lack of access to capital. Banks are not lending and people can no longer take out home equity loans to start or maintain their business. B. *Dr. Jerry Osteryoung, Jim Moran Institute*: Microloans are a good inexpensive tool for local governments to help small businesses because they are not efficient loans for banks. Use caution, trust the free market and be weary of helping failing businesses.

Staff Observations:
Mr. Bowers makes an interesting point about the lack of access to capital and how homeowners can no longer tap the equity in their homes to start a business and secure a line of credit. The lack of access to capital will ensure a slow economic recovery. Microlending was suggested as an option for the County to consider but there is often a legitimate reason as to why a borrower can not access capital from a private bank or the federal Small Business Administration. Further, the relatively small amount of the loans makes them undesirable for private lenders. More recently, the Florida Office of Tourism Trade and Economic Development in partnership with Enterprise Florida received $97.7 million in federal seed money in August 2011 for small-business lending.

Other Issues

Subject Area	General Comments
Other Issues	A. *Sammie Dixon, Prime Meridian Bank*: Develop alternative revenue sources. B. *Sam Rogers, Rogers, Gunter, Vaughn Insurance*: Combine the purchasing powers of the County, City and School Board. C. *Matt Brown, Premier Bank:* Help attract baby boomers to stimulate the housing market. D. *Ken Boutwell, MGT of America, Inc*: Establish Tallahassee as a retirement destination by supporting the Choose Tallahassee Action Council. E. *Randy Hanna, Bryant, Miller, & Olive*: Believes the rest of the state has already seen the worst of the recession but that Tallahassee has yet to bottom out. The next 1-2 years will be the most challenging for our area. F. *Kim Williams, Marpan Recycling*: Use a small portion of CRA funds to put people to work painting houses and doing energy repairs. G. *John Casper, Event Photography*: Meet with local aerospace industry representatives to develop individualized incentives to expand or relocate other divisions to Tallahassee.

Staff Observations:
Staff has prepared numerous agenda items, budget discussion items, and Board Retreat packets detailing the available revenue sources to County governments including the need to become less reliant on ad valorem revenues. These discussion items are often accompanied with potential cost saving measures such as utilizing the bulk purchasing power of area public agencies. The County utilizes state bids on purchasing some goods and services and has looked at combining healthcare plans but the Board declined due to different health plan designs and options.

Choose Tallahassee's interest in attracting affluent retirees to the area is a laudable effort that could be leveraged with the Tourism Department's marketing materials for repackaging. Affluent retirees could assist the local economy by acquiring some of the vacant housing inventory, attending cultural and entertainment activities, and increase the demand for health care professionals. However, this approach is not generally considered a sustainable approach since it is dependant on an influx of new residents which is similar to what occurred during the housing bubble.

The CRA does offer small improvement programs but has plans to shift its focus and resources toward large-scale projects that offer a greater return on investment.

Section #6: Findings, Recommendations & Action Plan

Based on this comprehensive review of the County's economic activities, incentives, programs, partnership, and survey results, staff has developed a series of general findings and recommendations for the Board's consideration. In addition, a follow up meeting was conducted with the survey participants on August 26, 2011 to review the survey results along with some of the potential ideas and remedies identified throughout the course of this effort. Overall, participants agreed that for long term prosperity the County should focus on utilizing the area's well established competitive assets such as its highly educated workforce, engaged high-tech industry, and world class research institutions of higher learning. The findings and recommendations are provided herein and organized by subject area for the Board's consideration during the workshop.

Business Recruitment & Expansion

Findings:

F1. Survey participants had mixed feelings on offering upfront cash incentives.

F2. Incentives provide the greatest value during the infancy, expansion, and relocation stages of a business.

F3. There is often a need for shelf-ready incentives to provide a timely response and framework for interested businesses. A dedicated revenue source may be needed to finance shelf-ready incentives.

F4. The QTI program has been extremely successful over the past year but it offers limited flexibility in incentives.

F5. The Targeted Business Program has had recent success but needs to be modified to appeal to more small businesses and non-profits to capture targeted sectors that may not qualify for QTI.

F6. Tourism has a major economic impact in our community attracting nearly 2.3 million visitors in 2010, generating an economic impact of $758 million, and supporting 13,580 jobs.

Recommendations:

R1. Increase the marketing of the County's economic incentives toward local businesses and notify the community of recent successes (QTI changes, Event Photography, Bing Energy, Red Hills Surgery, etc) to enhance public understanding and encourage local participation.

R2. Determine the Board's interest and threshold, if any, for providing additional upfront incentives such as constructing a speculative building or offering cash incentives to develop a shelf-ready package for prospective businesses.

R3. Continue to proceed with the infrastructure sales tax extension (Blueprint 2000) with an emphasis on community involvement and seek guidance on setting aside up to 15% of the tax revenues for economic development purposes which may include shelf-ready incentives.

R4. Modify the Targeted Business Program to appeal to more small businesses and certain non-profits to capture targeted sectors that may not qualify for QTI.

R5. Renew the County's agreement with the EDC to provide comprehensive economic development and job creation activities.

R6. Consider offering low cost leasing opportunities for certain County owned properties to startup businesses, expanding businesses, and/or businesses relocating to Tallahassee.

R7. Continue to grow the tourism market through aggressive marketing and public relations techniques.

Coordination of Efforts & Perceptions

Findings:

F7. The County and its economic development partners need to do a better job at marketing the local economic incentives programs and community assets (see Recommendation #1).

F8. Local governments must address the perceptions of being "closed for business," bureaucracy, and the source for over regulation.

F9. Survey participants recognized the County's willingness to partner with the universities, the City of Tallahassee, and the private sector for important community initiatives.

F10. There are numerous organizations throughout the community that offer specialized programs for small and medium-sized businesses including training, mentorship opportunities, and business loans.

Recommendations:

R8. Continue to leverage partnerships with the local universities, hospitals, public and private sectors for job creation opportunities through the efforts of the EDC.

R9. Continue to review opportunities to combine purchasing power with the Constitutional Officers, City, School Board, and neighboring counties.

R10. Establish a County LEADS Team to regularly monitor the progress of the recommendations and action plan set forth in this workshop item.

R11. Support efforts to attract affluent retirees to the area by sharing the Tourism Department's marketing materials for repackaging.

Growth Management & Permitting

Findings:

F11. The County recognizes the link between economic growth and the health of development in the community by working with industry leaders to adopt growth management-related initiatives that address economic development and enhance customer service.

F12. The County's Growth Management Department has continually made improvements to the permitting process. Both the dual track process and the project manager initiative are just under one year old and are still in their infancy. They have yet to leave an impression on the local development community due to the slow market.

F13. There is an increasing demand to utilize stormwater tubes on commercial properties, in place of retention ponds, as a cost and land saving measure.

F14. Despite the significant amount of student housing development taking place around Gaines Street and the FSU campus, many developers and site consultants are unaware of the financing opportunities afforded through the Educational Facilities Authority.

Recommendations:

R12. Increase the awareness of the County's Dual Track Permitting Process and Project Manager Concept through industry groups, leaders, and economic development partners.

R13. Expand the Project Manager Concept to include on-site permitting assistance for business expansion and work with partner organizations to identify interested business owners.

R14. Partner with the EDC to proactively seek applicants for the Concept Plan Approval Process (Dual Track) in geographic areas targeted for economic growth (Gum Rd., Tower Rd., etc) and market these areas to site consultants.

R15. Establish an interdepartmental visioning team, led by the Department of PLACE, to identify opportunities to enhance our sense of place. This will also provide a team in place to take on specific projects (Gadsden Street parking lot, Tallahassee Mall, Fairgrounds, etc.).

R16. Develop a design studio within the Department of PLACE to assist individual property owners, developers and design professionals in creating site development plans that compliment and blend with the local design standards.

R17. Partner with the EDC to encourage and market the use of stormwater tubes, where feasible, which are currently authorized in the Comprehensive Plan.

R18. Request the Educational Facilities Authority to meet with City officials to review planned student housing projects, particularly near the Gaines Street Corridor and both university campuses, to explore partnership opportunities to assist with the financing of urban infill student housing projects.

Hospitals & Health Care

Findings:

F15. The health care industry continues to play a significant role in the local economy as both hospitals serve as two of the largest employers in the region.

F16. The health care industry will continue to grow as the average population of the country, state, and local community ages.

Recommendations:

R19. Direct the EDC and County staff to fast track Capital Regional Medical Center's Targeted Business Program application which seeks to add an eighth floor to the hospital and create more than 100 health care jobs by spring 2013.

Workforce & Infrastructure

Findings:

F17. Concerns linger over the economic impact of recent and potential future cuts to state employment and benefits.

F18. Although Leon County benefits from a highly educated workforce, there is a continued need to diversify its economic base so that it is less reliant on state government for employment.

F19. The substantive and budgetary decisions of the Florida Legislature not only affect the direct employment of state workers but the number of contract and procurement opportunities available to the local private sector.

F20. Over the past three budget cycles, the County has expedited its capital improvement program to provide procurement opportunities to local vendors.

F21. The County should continue its outreach to local businesses to make them more aware of procurement and training opportunities.

F22. The effect of the County's capital improvement and stimulus projects have been beneficial to the citizens of Leon County by infusing funds which assisted in providing needed jobs in the community. In addition, due to the slowdown in the construction industry, many of the bids received for capital improvements and stimulus projects were below anticipated costs, which provided the community critical infrastructure at reduced costs.

Recommendations:

R20. Take full advantage of the temporary change to the local financial contribution formula under the QTI program, specific to the capital area local governments, to entice business expansion and relocation in an effort to diversify the local economy.

R21. Review additional procurement, training, and outreach opportunities under the County's MWSBE program.

R22. Continue to advocate on behalf of the state workforce while working to diversify the local economy.

R23. Renew the County's interlocal agreement and Service Plan with Workforce Plus to provide comprehensive workforce and job placement services.

Airport & Utilities

Findings:

F23. Survey participants cited the cost and availability of direct air service to be a deterrent in recruiting businesses and professionals.

F24. The City has plans to make significant facility improvements and updates to the airport to which may broaden its revenue structure and help reduce airfare.

F25. The City is considering the establishment of a CRA at the airport to include industrial and manufacturing opportunities.

F26. Survey participants were in favor of developing an attractive gateway from the airport to downtown.

F27. Many businesses believe that the City utility deposits are excessive and that the City should consider credit ratings to mitigate the cost of the deposit.

F28. According to the City Utilities Department, an April 2011 statewide comparison of electric costs shows that the City of Tallahassee's commercial service rates rank the lowest in the Big Bend and among the lowest in the state. Small commercial customers,

which are generally comprised of local small businesses, enjoy the second-lowest rates in the state, and far lower rates than many other cities.

Recommendations:

R24. Include the development of a Gateway Corridor from the airport to downtown in the reauthorization of the infrastructure sales tax.

R25. Request a joint County/City workshop to address the City's interest in developing a CRA at the airport.

Taxes & Fees

Findings:

F29. Little input was offered regarding the level of taxation.

F30. One survey participant expressed concerns over the cost of local traffic concurrency and suggested adjusting the traffic standards.

Recommendations:

R26. Direct the Department of PLACE to address concurrency issues through its series of agenda items in response to statutory changes in growth management laws adopted during the 2011 legislative session.

Universities & Innovation Park

Findings:

F31. The County played a critical role in its interim management of the day to day operating duties at Innovation Park by revamping its legal services, financial practices, property management, organizational policies, and recruiting the new Executive Director.

F32. Innovation Park is the ideal asset in our community to unite home grown research and development activities while also attracting new endeavors to our community.

F33. Innovation Park is currently updating its PUD to entice more development.

F34. Increased development and exposure of activities at Innovation Park will help support the County's Town and Gown efforts.

F35. Two the recent companies to locate to Innovation Park (Bing Energy and Sunnyland Solar) were awarded QTI incentives through the County and City.

F36. There are numerous organizations throughout the community that play a role in the commercialization process of university technology.

Recommendations:

R27. Participate in the upcoming Town and Gown forums and schedule a presentation/update to the Board.

R28. Request a presentation or workshop on Innovation Park activities at a later date (within the next 12 - 18 months).

Access to Capital

Findings:

F37. Local lending institutions appear to have faired better in Tallahassee than other parts of the state in terms of layoffs.

F38. There is a lack of access to capital for business loans and entrepreneurs can no longer borrow against their home equity.

F39. More detailed reports are needed from Vision 2020 to determine its return on investment.

Recommendations:

R29. Allow the private sector to evaluate the appropriate level of risk associated with business loans to resolve these lending concerns.

R30. Review the progress of Vision 2020 and its investment in local ventures.

Action Plan

Given the importance of economic development issues, this workshop has been scheduled for a full three hours to give the Board enough time to digest this information, discuss and evaluate the staff recommendations, and provide further guidance to County staff. Upon the Board's approval, the County Administrator will formalize an action plan with reasonable timelines and assemble a LEADS Team of interdepartmental personnel to regularly monitor the progress of the recommendations and action plan set forth in this workshop item. The LEADS Team will include the Director of the Office of Economic Development and Business Partnerships along with staff from the Department of PLACE, Department of Development Support and Environmental Management, the MWSBE Division, and the EDC.

Many of the recommendations presented in this workshop item will also require intergovernmental coordination with the City of the Tallahassee and other economic development partners prior to implementation and some of the concepts will require further scrutiny by County staff. These issues will be articulated throughout the action plan and will be brought back to the Board for approval. Should the Board wish to develop shelf-ready incentives with a dedicated revenue source, it would likely require another workshop with the Board to review job creation criteria and financial incentives.

As evidenced in this workshop item, the County's progressive economic development efforts, especially over the past several years, have resulted in significant accomplishments. The programs and initiatives included here serve as important economic development tools for this community. The recommendations for continued improvement found throughout this document are indicative of the long term nature of these initiatives, the continued commitment necessary, and the partnerships required to carry out the Board's top priority. Staff will continue to keep the Board informed on the progress of economic development issues through the EDC's mid year and annual reports, at minimum, and through the Board's agenda process.

Options:

1. Approve all of the recommendations for continued improvement associated with the County's economic development activities.

2. Approve all of the recommendations for continued improvement associated with the County's economic development activities, with exception to the recommendation to create shelf-ready incentive packages.

3. Do not approve the staff recommendations.

4. Board direction.

Recommendation:

Option #1.

Attachments:

1. FY 12 Tentative Capital Improvement Projects.
2. Projects to be considered for the Infrastructure Sales Tax Extension based on the Board's workshop on April 12, 2011.
3. Economic Development Council's Mid Year Report.
4. Agreement between Leon County and the Economic Development Council.
5. March 17, 2011 Budget Discussion Item on the Qualified Targeted Industry.
6. Vision 2020 Quarterly Report
7. March 15, 2011 status report on the County's efforts at Innovation Park.
8. June 28, 2011 Status Report on the Gum Road Target Area.
9. Survey Participant List

List of Projects for Future Discussion Related to Infrastructure Sales Tax Extension

Approved at April 12, 2011 Workshop

a. Sewer projects consistent with the City's Master plan as amended by the Board
b. Private dirt road paving, contingent upon a defined road selection process
c. Bannerman Road widening
d. Tharpe Street widening
e. County facility maintenance
f. County road resurfacing and intersection/safety projects
g. Fairgrounds relocation
h. Economic development
i. On-going maintenance of park projects developed through the sales tax extension
j. Highway 20
k. Springhill Road
l. Tier 2 projects from the original infrastructure sales tax list

Leon County Government
FY 2012/2016 Capital Improvement Program

Capital Projects By Managing Departments

Project	#	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned	FY 2016 Planned	FY12 - FY16 Total
Fleet Management							
EMS Vehicle & Equipment Replacement	026014	-	-	633,798	869,400	790,000	2,293,198
Fleet Management Shop Equipment	026010	46,500	-	50,000	-	50,000	146,500
General Vehicle/Equip Replacement	026003	242,400	605,000	544,500	626,175	450,000	2,468,075
Public Works Vehicle/Equip Replacement	026005	642,500	1,068,039	950,000	1,092,500	970,000	4,723,039
Stormwater Vehicle/Equip Replacement	026004	509,900	1,090,474	980,528	1,127,500	950,000	4,658,402
Fleet Management Subtotal		**1,441,300**	**2,763,513**	**3,158,826**	**3,715,575**	**3,210,000**	**14,289,214**
Public Works - Operations							
Arterial/Collector Roads Pavement Markings	026015	85,200	85,200	85,200	85,200	85,200	426,000
Open Graded Cold Mix Maintenance/Resurfacing	026006	600,000	600,000	600,000	600,000	238,515	2,638,515
Stormwater Maintenance Filter Replacement	066026	120,000	100,000	100,000	100,000	100,000	520,000
Public Works - Operations Subtotal		**805,200**	**785,200**	**785,200**	**785,200**	**423,715**	**3,584,515**
Solid Waste							
Equipment Service Bay	036014	-	-	260,000	-	-	260,000
Landfill Improvements	036002	100,000	100,000	100,000	100,000	100,000	500,000
Rural/Hazardous Waste Vehicle and Equip Replacement	036033	32,500	39,500	91,200	25,000	201,238	389,438
SW Heavy Equip/Vehicle Replacement	036003	780,000	110,000	413,720	975,000	540,000	2,818,720
Transfer Station Heavy Equip Replacement	036010	370,000	451,000	487,500	585,000	661,050	2,554,550
Transfer Station Improvements	036023	100,000	100,000	200,000	120,000	120,000	640,000
Solid Waste Subtotal		**1,382,500**	**800,500**	**1,552,420**	**1,805,000**	**1,622,288**	**7,162,708**
Parks & Recreation							
Apalachee Parkway Regional Park	045001	75,000	300,000	100,000	100,000	100,000	675,000
Athletic Field Lighting	046008	125,000	-	-	-	-	125,000
Fort Braden	042005	-	65,000	-	-	-	65,000
Fred George Park	043007	200,000	-	-	50,000	-	250,000
Greenways Capital Maintenance	046009	125,000	125,000	125,000	125,000	125,000	625,000
J.R. Alford Greenway	045004	-	-	75,000	500,000	-	575,000
Miccosukee Greenway	044003	-	300,000	-	-	-	300,000
Miccosukee Park	044002	589,000	-	-	-	-	589,000
New Vehicles and Equipment	046007	177,000	-	-	-	74,000	251,000
Okeeheepkee Prairie Park	043008	272,500	77,500	500,000	-	-	850,000
Parks Capital Maintenance	046001	300,000	300,000	300,000	300,000	300,000	1,500,000
Playground Equipment Replacement	046006	160,000	163,000	163,000	185,000	185,000	856,000
St. Marks Headwaters Greenway	047001	175,000	100,000	100,000	100,000	100,000	575,000
Woodville Community Park	041002	-	0	50,000	550,000	0	600,000
Parks and Recreation Subtotal		**2,198,500**	**1,430,500**	**1,413,000**	**1,910,000**	**884,000**	**7,836,000**
Engineering Services							
Arterial/Collector Resurfacing	056001	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	16,000,000
CARDS Stormwater Program: Start-Up Costs	066001	50,000	50,000	50,000	50,000	50,000	250,000
CARDS Transportation Program: Start-up Costs	057900	100,000	100,000	100,000	100,000	100,000	500,000
Community Safety & Mobility	056005	500,000	500,000	750,000	750,000	750,000	3,250,000
FDOT Permitting Fees	056007	50,000	50,000	50,000	50,000	50,000	250,000
Gaines Street	051005	1,796,854	-	-	-	-	1,796,854
Gum Road Target Planning Area	062005	1,980,000	3,200,000	-	-	-	5,180,000
Intersection and Safety Improvements	057001	750,000	750,000	750,000	750,000	575,972	3,575,972
Killearn Acres Flood Mitigation	064001	200,000	-	-	-	-	200,000
Killearn Lakes Plantation Stormwater	064006	1,000,000	-	-	-	-	1,000,000
Local Road Resurfacing	057005	850,000	-	850,000	-	-	1,700,000
Public Works Architectural and Engineering	056011	60,000	60,000	60,000	60,000	60,000	300,000
Stormwater Structure Inventory and Mappying	066003	500,000	250,000	250,000	-	-	1,000,000
Transportation and Stormwater Improvements	056010	912,000	-	500,000	500,000	500,000	2,412,000
Engineering Subtotal		**11,948,854**	**8,160,000**	**6,560,000**	**5,460,000**	**5,285,972**	**37,414,826**
Management Information Services							
Courtroom Technology	076023	85,000	100,000	75,000	75,000	50,000	385,000
Data Wiring	076003	25,000	25,000	25,000	25,000	25,000	125,000
Digital Phone System	076004	-	-	-	75,000	75,000	150,000
E-Filing System for Court Documents	076063	50,000	-	-	-	-	50,000
Emergency Medical Services Technology	076058	52,500	52,500	12,500	12,500	12,500	142,500
File Server Maintenance	076008	250,000	250,000	250,000	250,000	250,000	1,250,000
Financial Hardware and Software	076001	45,000	-	-	-	-	45,000
Geographic Information Systems	076009	238,280	238,280	238,280	238,280	238,280	1,191,400
GIS Incremental Basemap Update	076060	298,500	298,500	298,500	298,500	298,500	1,492,500
Library Services Technology	076011	34,000	27,000	-	-	-	61,000
Network Backbone Upgrade	076018	80,000	80,000	80,000	80,000	80,000	400,000
Permit & Enforcement Tracking System	076015	82,220	70,000	70,000	70,000	-	292,220
Public Defender Technology	076051	30,000	30,000	30,000	30,000	30,000	150,000
Records Management	076061	175,000	50,000	50,000	50,000	-	325,000
State Attorney Technology	076047	30,000	30,000	30,000	30,000	30,000	150,000
Supervisor of Elections Technology	076005	25,000	25,000	25,000	25,000	25,000	125,000
User Computer Upgrades	076024	300,000	300,000	300,000	300,000	300,000	1,500,000
Management Information Services Subtotal		**1,800,500**	**1,576,280**	**1,484,280**	**1,559,280**	**1,414,280**	**7,834,620**

Leon County Government
FY 2012/2016 Capital Improvement Program

Capital Projects By Managing Departments

Project	#	FY 2012 Planned	FY 2013 Planned	FY 2014 Planned	FY 2015 Planned	FY 2016 Planned	FY12 - FY16 Total
Facilities Management							
Architectural and Engineering Services	086011	60,000	60,000	60,000	60,000	60,000	300,000
BoA Building Acquisition/Renovations	086025	690,125	97,828	828,180	110,593	629,354	2,356,080
Centralized Storage Facility	086054	50,000	50,000	50,000	50,000	50,000	250,000
Common Area Furnishings	086017	25,000	25,000	25,000	25,000	25,000	125,000
Community Services Building Roof Replacement	086062	30,000	60,000	-	-	-	90,000
Courtroom Minor Renovations	086007	60,000	150,000	60,000	60,000	60,000	390,000
Elevator Generator Upgrades	086037	325,000	325,000	125,000	-	-	775,000
General County Maintenance & Renovations	086057	25,000	25,000	25,000	25,000	25,000	125,000
Main Library Improvements	086053	40,000	40,000	40,000	-	-	120,000
Parking Lot Maintenance	086033	74,900	16,000	16,000	16,000	16,000	138,900
Facilities Management Subtotal		**1,380,025**	**848,828**	**1,229,180**	**346,593**	**865,354**	**4,669,980**
Miscellaneous							
Emergency Medical Services							
Additional Ambulance & Equipment	096013	585,000	603,000	-	-	-	1,188,000
Emergency Medical Services Equipment	096010	80,000	80,000	80,000	80,000	80,000	400,000
Supervisor of Elections							
Election Equipment	096015	-	1,650,000	300,000	-	-	1,950,000
Miscellaneous Subtotal		**665,000**	**2,333,000**	**380,000**	**80,000**	**80,000**	**3,538,000**
Total Capital Improvement Program		**21,621,879**	**18,697,821**	**16,562,906**	**15,661,648**	**13,785,609**	**86,329,863**

Executive Director's Report
Mid-Year Report
FY 2010-2011

I. The number of businesses assisted by the EDO and the type of assistance provided. This includes assisting businesses with:

A. Customized Assistance

1. Site Selection

The EDC currently has a total of 45 active projects and 7 on hold. This is a combination of projects which carried over from 2009-2010 fiscal year and new requests for fiscal year 2010-2011. The EDC generates leads from a variety of sources including Enterprise Florida, Florida's Great Northwest, the EDC Website and other marketing efforts, as well as community partners. The total potential capital investment reflected by the current projects is $263 million and the jobs potential is 5,992.

FY 10 -11 Total Projects - **52**
Potential Projects - **7**
Active – **45**
Capital Investment Potential: $**263 million**
Job Creation Potential: **5,992**

Projects by Targeted Industry Sector:

Aviation, Aerospace, Defense & National Security (Manufacturing): 13

Health Sciences & Human Performance Enhancement: 7

Transportation & Logistics: 2

Renewable Energy & the Environment: 10

Engineering & Research: 1

Information Technology: 8

Other: 4

Community Site Visits Total:

- Westnet, Inc. a distributor of medical, laboratory and biotech supplies; in the early stages of evaluating Florida for business expansion. Visit on October 20 & 21.

- Raytheon, a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world.. Visit on October 21 & 22 in collaboration with FSU.

- Ford Executives on December 16 – spoke at the December board meeting and toured HPMI and CAPS facility

- Project Cough Drop on December 22 and December 27 – met with community leaders, including Workforce Plus as well as local and state elected officials

- Hosted Korean business leaders on January 24. The leaders were in Tallahassee negotiating a large contract with a local business

- Hosted the Enterprise Florida Germany team during a FAM Tour on March 11

- Project Liberty executives from Israel toured Tallahassee on April 1 evaluating the energy and advanced manufacturing sectors and coordinating pilot programs with the City of Tallahassee and Leon County.

- The consultant from Project Majestic Oak visited two sites in Tallahassee on April 21 for a manufacturer of electric vehicle automotive parts supplying multiple vendors.

- Hosted the Enterprise Florida South African representative during a NW Florida FAM Tour on April 27

Consultant Missions

Through Florida's Great Northwest and Enterprise Florida, the EDC participates in face to face meetings with site selection consultants and trade shows. Average of 5 consultant meetings per mission.

The following missions are planned for FY2010-11:

EVENT	DATE	TARGET INDUSTRY
FGNW FOCUS Northwest Florida	October 14-17, 2010	Consultant
FGNW Atlanta Consultant Mission	March 8-11, 2011	Consultant
Core Net	May 1-3, 2011	Consultant
MD&M East	June 6-9, 201	Health & Medical Technology
Paris Air Show	June 20-26, 2011	Aerospace & Defense
BIO Conference	June 27-30, 2011	Health/Medical & Energy Technology
FGNW New York Consultant Mission	August 9-11, 2011	Consultant
AUVSI North America Conference	August 16-19, 2011	Aerospace & Defense

FGNW FOCUS Northwest Florida Tour

On October 15, the EDC hosted the Tallahassee stop on Florida's Great Northwest's FOCUS tour through the Panhandle. Seven site consultants took part in the program, which concentrated on industry and research capabilities affecting the design of life science, energy, defense and transportation solutions.

The tour provided an opportunity to show these key site selectors the diverse opportunities available within our community and build the relationships necessary to attract innovative companies to our area. Participants experienced an overview of Flightline's Compass Pointe, home to HondaJet Southeast, SouthEast Piper; as well as High Performance Magnetics (formerly CICEFT); and toured the new Advanced Manufacturing Training Center at Tallahassee Community College and Danfoss Turbocor.

The FSU Real Estate Network's 16th Annual Real Estate Trends & Networking Conference

The FSU Real Estate Trends & Networking Conference was held November 4 -5, and was organized to inform participants of the emerging trends and issues facing the real estate industry. The conference focused on factors affecting markets in the southeast region of the U.S. The EDC took an active role in this year's conference as a GOLD sponsor to attract real estate professionals involved in property development, investment, site selection, leasing, brokerage, commercial banking, consulting and advising, construction, private equity and venture capital placement, or community development. The EDC also facilitated a breakout session on Public/Private partnerships, highlighting the FSU Booster project bordered by Madison and Gaines Streets.

Atlanta Consultant Mission

The Atlanta Consultant Mission took place March 8 – 11 in partnership with Florida's Great Northwest. Three teams of economic developers visited over a dozen site selection and location advisory firms. Executive Director Beth Kirkland personally met with Wallace Associates, Kate McEnroe Consulting, CRESA Partners, PWC, LLP and Jim Bruce Consulting. The group also traded best practices in an afternoon session with the MetroAtlanta Economic Development Partnership and Greater North Fulton Chamber.

EDC E-Newsletter

Bi-monthly E-News newsletter reaching a database of over 1,500 individuals, primarily site selection consultants, with economic development news in Florida's Capital Region:

10/14	12/22	2/10	3/24
10/28	1/13	2/24	4/14
11/18	1/27	3/10	

EDC Investor Insider E-Newsletter

In November 2009, the EDC rolled out the Investor's Insider E-Newsletter, a monthly newsletter sent exclusively to EDC Partners, as a compliment to the EDC E-News, which goes to a larger audience of economic development supporters. The newsletter provides an up-to-date look at the impact the organization is having across all facets of our program of work, and provides information in the following categories:

Industry, Education & Government: Making the Connections
Product Development
International Business Development
Existing Industry Development
New Business Development
Entrepreneurial Systems
New Funding

2. Permitting and Licensing

Concurrency Reduction Fees

The EDC provided economic impact analyses for expansion of existing businesses, new developments or redevelopment of existing facilities seeking concurrency cost reduction under the City of Tallahassee's Emergency Concurrency Relief Act. The following table depicts the short term impact to the construction industry resulting in the retention of 434 jobs and labor and tax revenue of $19,574,646.00.

When completed and fully leased the projects will have created over 470 jobs and an annual impact to the local economy in excess of $4 million. The impact analysis was conducted via contract with FSU Center for Economic Forecast & Analysis.

Project	Construction / Temporary Jobs	Output	Income	Permanent/ Steady State Jobs	Total Jobs	Output	Income
Panda Express	4.5	$570,891	$201,361	6.8	11.3	$1,067,172	$320,421
Childcare Network	13.5	$783,893	$596,188	11.6	25.1	$364,340	$214,231
Providence Center	7	$1,016,690	$324,748	2	9	$139,283	$53,030
Public Safety Complex	409	$54,694,213	$18,452,349	451	860	$2,502,037	$1,096,028
TOTALS=	**434**	**$57,065,687**	**$19,574,646**	**471.4**	**905.4**	**$4,072,832**	**$1,683,710**

Slope Exception and Targeted Business Ad Valorem Refund Programs
The EDC maintains an inventory of the best local, state and federal solutions to support new business development. The EDC and the Red Hills Surgical Center worked with the City of Tallahassee, Leon County, Workforce plus and educational institutions to provide Red Hills Surgical Center with innovative permitting and tax incentives, to include an observatory in the facility that will help to train our future health care workforce. The EDC has assisted Red Hills Surgery Center with the application for the Slope Exception and Targeted Business Ad Valorem Refund programs which will result in 43 jobs from 2011-13 at an average wage of $43,071.61.

3. Job Training

Through a partnership with WORKFORCE *plus*, the EDC markets all available training grants and opportunities:

- **Incumbent Worker Training Program**- funded by the Federal Workforce Investment Act (WIA) and administered by Workforce Florida, Inc. Through this program, Florida is able to provide training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses. The EDC has facilitated several local meetings and the applications are in the hands of the companies.

- **Quick Response Training Program-** customer-driven and designed as an inducement to secure new value-added businesses to Florida as well as provide existing businesses the necessary training for expansion. The EDC has facilitated several local meetings and the applications are in the hands of the companies.

  GTO/Skycam LLC received a grant for $19,488 to train 11 new and existing employees.

  (Incentive dollars available based on Regional Workforce Board allocations)

- **Employed Worker Training Program-** provides financial assistance to employers that recognize the importance of investing in their employees. Workforce research shows that employees value the opportunity to acquire new skills, which will lead to increased productivity and impact your bottom line. Administered through Workforce Plus.

- **On-the-Job Worker Training Program-** simultaneously trains and employs an under-skilled job seeker. Administered through Workforce Plus.

4. Incentives Education and Referral

The EDC provides incentives education and referrals through bi-monthly Board of Directors meetings, the Enterprise Zone Development Agency workshops, face to face company visits, and a structured communications & marketing plan.

EDC Board Relations

10/28/10, EDC Board Meeting:
Jennifer Dunham of Milcom Venture Partners and Gail Rayos, Wragg & Casas Public Relations, Inc. spoke on the Florida Opportunity Fund.

In 2007, Legislation passed by Florida Legislature collectively referred to as the Florida Capital Formation Act, provided for the creation of the Florida Opportunity Fund, initially as a fund of funds program that invests in venture capital funds. In 2009, The Florida Legislature expanded the Florida Opportunity Fund's mandate under the Florida Capital Formation Act to create direct investment programs that invest in businesses and infrastructure projects.

The Florida Opportunity Fund's Clean Energy Investment Program was created to promote the adoption of energy efficient or renewable energy (EE/RE) products and technologies in Florida by providing funding to businesses to increase the use of EE/RE technologies, equipment and materials in the State. Examples of possible structures for funding opportunities include project financing, asset-based lending, mezzanine financing and equity investments.

12/16/11, EDC Board Meeting:
Keynote speakers Sheryl Connelly, Ford Motor Company's manager of Global Trends and Futuring, and Erich Merkle, manager of Product Strategy Communications for Ford spoke on their knowledge and understanding of consumer trends and how to apply trend insights into our own organizations and industry sectors.

The Tallahassee area has concentrated industry & research capabilities that affect design of life science, energy, defense and transportation solutions. From the High-Performance Materials Institute and Center for Advanced Power Systems, to Nopetro, Syn-Tech Systems and GT Technologies, our universities, as well as small and large businesses alike, are creating vast research & development, and conducting work every day, that significantly influences the automotive industry.

2/24/11, EDC Board Meeting:
Keynote speaker, Crystal Sircy, Senior Vice President for Business Retention and Recruitment for Enterprise Florida, Inc. provided a presentation on the 132 projects currently active in the State. The 132 active projects represent a total of 34,898 new and retained jobs with an average wage of $50, 235. The capital investment associated with these projects is over $5B. Although the number of retention/expansion projects is almost equal to the number of recruitment projects, the recruitment projects account for almost 70% of the total capital investment.

Ms. Sircy also reviewed the projects by industry sector. Almost 50% of the total projects are within the Aviation/Aerospace (25%) and Clean Technologies sectors (24%); closely followed by the Life Sciences (19%) and Information Technology (16%) sectors. The remaining projects fall within the Financial/Professional Services (9%) and Homeland Security/Defense clusters (7%). This targeted

approach is important because it ensures a focus on achieving our mission in two respects: diversification of FL's economy and creation of higher wage jobs. Conversely, the numbers of jobs associated with these projects do not correlate with the percentage of projects per sector. In fact, the largest number of jobs falls under the Financial/Profession services cluster.

Enterprise Zone Development Agency Workshops/Forums
Meetings:
Recently, the EZDA Board of Commissioners voted to amend the EZDA Strategic Plan. The new language focuses on maintaining and improving existing relationships with local agencies and programs similar to the Enterprise Zone (areas targeted for economic revitalization) including the Community Redevelopment Agency, Southern Strategy Area, Gaines Street Revitalization Committee and Blueprint 2000; as well as creating new relationships with EZ Coordinators throughout the State and agencies like Enterprise Florida, the Florida Economic Development Council, and OTTED. The Board also voted to pursue a local ordinance with the City of Tallahassee to obtain the Utility Sales Tax Exemption.

Workshops:
Executive Director, Beth Kirkland provided presentations to Chamber Leads groups, the Capital Rotary Club, the Energy and Synergy Group of Real Estate Professionals and the National Association of Insurance and Financial Advisors. The Capital Rotary club membership represents a cross-section of the community's business and professional men and women whose main objective is to develop community service projects that address many of today's most critical issues. The Chamber of Commerce has 8 Leads Groups which are comprised of local business people in all industries and together account for over 400 members. The Energy and Synergy Group of Real Estate Professionals is a small group of experienced real estate industry professionals who share ideas, strategies and information for the benefit of the members. The National Association of Insurance and Financial Advisors-Tallahassee is the collective voice for insurance agents and financial advisors.

Face to Face Company Visits
The EDC under contract to Florida's Great Northwest conducts face to face visits with existing companies in each of the six targeted industry sectors using the Synchronist Business Information System by BlaneCanada, Inc. The purpose of the visit is to get an overall snapshot if each industry. Meetings are set with regional business leaders in order to gain a better understanding of some of the opportunities and challenges they are faced in doing business in the Capital Region and in our economy, and whether or not the community and business climate is supporting their needs.

PHASE I. E-Synchronist contract beginning September 1, 2009

- **Completed company visits through June 1, 2010**

Sector Breakdown:

Aerospace & Defense	7
Alt-Energy & Environment	3
Information Technology	32
Health Sciences	19
Research & Engineering	18
Transportation & Logistics	7
Other	4
TOTAL:	**90**

PHASE II. E-Synchronist contract beginning June 1, 2010

- **Completed company visits through December 10, 2010**

Sector Breakdown:

Aerospace & Defense	6
Alt-Energy & Environment	3
Information Technology	12
Health Sciences	7
Research & Engineering	10
Transportation & Logistics	2
TOTAL:	**40**

BlaneCanada has been retained to create the regional report based on the data collected. EDC will provide local results.

Business Resources "Tool Kit"

The EDC worked with the Greater Tallahassee Chamber of Commerce on the development of a collateral piece to help local businesses understand all of the resources, tools and opportunities available to them through the EDC, Chamber and their partnerships. The piece was recently "unveiled" at the EDC and Chamber Open Office event on April 21.

The EDC portion of the piece explains how the EDC helps elevate businesses including:

New Business Development

Entrepreneurial Excellence Program
Technology Transfer, Licensing and Commercialization
Research & Development Services
Capital Raising/Venture Capital Connections
Incubator Support

Technical Assistance & Advocacy

Targeted Industry Sectors
First Focus on Local Business
International Business Development
Cultivating Growth Companies

Business Retention, Expansion & Attraction

Site Selection
Regulatory Assistance
Tax Incentives
Workforce Training Incentives

Organization Bylines in the *Tallahassee Democrat*
Monthly byline written by Executive Director Beth Kirkland to inform the community of ways the EDC can assist local businesses.

The following topics have been featured this fiscal year:

- **Manufacturing Incentives Encourage Growth**
  - Informing local manufactures of a new incentive program available which provides a tax refund up to $50,000 on sales and use tax paid on eligible equipment purchases.

- **Focus on Local Business is EDC's priority**
  - Informing local businesses of the local and state incentives available
    - Geographically based incentives (Enterprise Zone, HUB Zone, CRA Districts)
    - Worker Training Grants
      - Incumbent Worker Training Program
      - Quick Response Training Program

- **Health Care Industry Helping to Cure Job Ills**
  - Educating community on the Health Care Industry's role as an economic engine in our region**.**

- **EDC is Resource for Regional Legislative Delegation**
  - Discussing the EDC's role in the legislative process, including providing feedback to elected leaders on what is working -- or what could use improvement -- regarding our economic-development infrastructure, as well as serving as a conduit of information for local businesses.

- **EDC Stays Focused on High-Growth Industries to Create Quality Jobs**
  - Educating community on the EDC's industry sectors, why it is important to focus on these sectors, and how the entire business community benefits from these industries.

- **Targeted Industry Sector Flies Under the Radar**
  - Highlighting Aviation, Aerospace, Defense and National Security industry sector and its role in the region.

- **EDC Aids Firms In Finding Best Business Sites**
  - Educating readers on how the EDC works very closely with site consultants to provide them with current information on local properties and developments, the availability of needed utility services, and we serve as a liaison to our local government and community leaders.

5. Technical Assistance

The EDC provides technical assistance through the various programs of work including the International Business Development Program, the Entrepreneurial Excellence Program, GrowFL/Economic Gardening Institute contract, Industry Roundtables and the Enterprise Zone Development Agency.

International Business Development (IBD) Program
The IBD's mission is to provide education, information and, where necessary, advocacy to regional business executives and organizations in the following areas:

- Attracting, growing and diversifying international business opportunities
- Providing leadership, counseling and advocacy on international business issues through strategic partnerships
- Delivering valuable resources and services to EDC partners, Chamber members and other interested community businesses

Activities
- IBD Advisory Council meetings held: 2
- King Arthur's Tools Press Release in support of the Korean Free Trade Agreement on December 3
-IBD Workshop committee meeting on December 22
-Attended the Florida Chamber's International Days on March 29 & 30
-Continuous work with the Brogan Museum on Italian Trade Mission

Seminars

November 1, 2010: Doing Business with the Dominican Republic	Hosted by the EDC and Enterprise Florida. Information provided on the upcoming Export Mission to the Dominican Republic.

April 14, 2011: Export Session Hosted by the EDC. The topic was "Exporting Opportunities for Florida Companies in 2011 and Beyond" presented by, Andrea Moore, Enterprise Florida and Mike Higgins, U.S. Department of State
20 attended

International Business Clinics
The EDC offers International Business Clinics to companies interested in expanding into foreign markets, increasing exported and imported goods and services for business growth, and developing international business relationships. The informative clinics are led by International business experts who have successfully launched in international markets of interest. The service was launched on October 1, 2010. Five local businesses are currently taking advantage of the opportunity to gain insight into expanding into foreign markets, increasing exported and imported goods services for business growth and developing international business relationships. The five companies are from diverse industries including construction, publishing, equipment, manufacturing and professional services.

Statistics:
Outreach: Various emails sent out to EDC member lists and all Chamber members, service is open to all qualifying businesses.
Response: 17 Companies/Individuals
Referrals: 6 referrals made to "Experts" (IBD Council members) based on screening process
Assistance: 5 are currently in or have completed the process

General Statistics:

- **Local businesses attending International events** : 3
- **International-related Community Visits**: 10 (Italy, Dominican Republic, Jamaica, Barbados, Bahamas, Trinidad & Tobago, Germany, France, Africa and Korea)
- **Request for Information:** 8

Entrepreneurial Excellence Program

Larry Lynch, former IBM executive and current board member of both the FSU Foundation and the Office of IP Development & Commercialization serves as the Business Development Director to manage the Program and team researchers and technologists with business specialists and implement an assessment course that will categorize the businesses in stages according to needs and potentially match the company with one of several area business incubator facilities. Mr. Lynch is in the process of seeking contractual agreements with existing incubator facilities to implement the client management program and connect small business clients to an array of mentors and resources.

The course began March 15, 2011 and concluded April 7, 2011. Classes were held from 6-9 p.m., Tuesdays and Thursdays at Tallahassee Community College's Advanced Manufacturing Training Center. Please see below for the course schedule:

Entrepreneurial Overview
Tim Holcomb, Ph.D., FSU Jim Moran Institute for Global Entrepreneurship
Finance & Capital
Michael Kramer, Desloge Home Oxygen Medical Equipment
Team Development
Jon Taylor, Infinity Software Development
Legal Foundations
Bill Holliman, Holliman P.A.
Sales & Marketing Strategies
Pat Pallentino, FSU College of Business
Sean Doughtie, Taproot Creative
Entrepreneurial Experiences
Kim Williams, Marpan Recycling
Jim Dever, FSU Entrepreneur in Residence
Steve Roden, LearnSomething.com

Program participants also had the opportunity to meet the directors of business incubation facilities in the region:

Dr. John Chapin, TCC Workforce Development
Bruce Batton, TCC Advanced Manufacturing Training Center
George Banks, Summit East Technology Incubator
Dr. Catherine Kunst, Leon County Research & Development Authority

The program seeks to provide resources to small high-tech companies trying to make their start in the commercial marketplace. The tuition-based course covers such basics as visioning, marketing, customer service and training, finance, entrepreneurship skills and development. Through the program, entrepreneurs are able to connect with an array of mentors and resources through the more than 100 EDC industry, education and government organizations investing in the regional economy.

GrowFL Economic Gardening Institute:
The EDC was selected by University of Central Florida Tech Transfer Office to serve as one of six EDO partners in the state for the new Economic Gardening Institute established by the Governor's Office of Tourism, Trade and Economic Development for FY 2009-2010 and again for FY 2010-2011. The program focuses on technical assistance for 2nd stage companies.

The Florida Economic Gardening Institute reached another milestone when its GrowFL initiative accepted the 200th company into the advanced technical assistance program. Sixteen of the companies that have been accepted into the program have come from our region, now that Tallahassee's King Arthur's Tools has been announced as the newest GrowFL client. A total of eight local businesses qualified for and have or are receiving technical assistance.

The EDC manages the GrowFL program for the northwest region of Florida. "We are proud to do our part to cultivate growth companies in our region" said Kara Palmer Smith, senior manager of business development for the EDC. "Through this program our businesses are receiving access to high-end, quick-response technical assistance and business resources typically available only to larger companies."

NW Florida Rural Initiative Kick-off
Area leaders from economic offices and chambers of commerce within Gadsden, Liberty, Franklin, Wakulla, Jefferson, Madison, Taylor, Hamilton, Suwanee, Lafayette and Dixie counties were invited to attend a Rural Lunch and Learn on Thursday, Feb. 3, 2011 from noon to 2 p.m. at the Farmers & Merchants Bank's training center in Monticello. These leaders are also being encouraged to invite at least one second-stage company from their communities.

GrowFL Informational Session April 19
To help find the next wave of applicants, the EDC hosted an informational session on the GrowFL program on April. There were a total of 15 in attendance, representing 12 companies.

CEO Summit May 5
In addition, there will be a GrowFL CEO Summit in conjunction with TalTech Alliance TechExpo 2011 at the FSU Turnbull Center on Thursday, May 5 from 2:15 to 6 p.m. This is a free business resource event geared specifically to CEOs of second stage companies. The CEO Summit will include a panel presentation of resources available for cultivating growth companies, an Elevator Speech Exercise from 2nd Stage CEOs, Speed Networking with our region's business powerhouses and the option to join the TalTech Alliance closing reception.

Enterprise Zone Development Agency
Numbers and Types of Businesses Assisted by the EZDA: (YTD)

TYPE OF ASSISTANCE:

137	PHONE CALLS	**TECHNICAL ASSISTANCE**	
181	LETTER MAIL-OUTS	5	CONSULTANTS
94	EZ INFORMATION MAIL OUT	2	DEVELOPER
123	EZ ADDRESS SEARCH REQUESTS	4	RETAIL
129	WORKSHOP ATTENDEES	1	CONTRACTOR

441 page views with 371 unique visitors registered to the EDC website to verify parcel ID/addresses in the zone. This service assists consultants, the EDC, business and residents in determining if an address is in the zone.

The EDC partnered with staff in the Tallahassee-Leon County Planning Department and City of Tallahassee to receive contact information for parties requesting building permits and new business licenses. Direct phone calls and letters are sent to inform the business owner or resident of the incentives available through the Enterprise Zone. To date 181 letters have been mailed to businesses or residents within the Zone, resulting in about 140 phone calls and information requests.

Specific Examples of Technical Assistance by Project:

Elbit Facility Closure & Workforce Transition
The EDC was asked to help market the property located in Innovation Park being vacated by Elbit Systems of America. The EDC also participated in meetings and Job Fairs to assist in placing workers.

HeyGov! Initiative
The EDC facilitated meetings with local government to help market a new initiative, "HeyGov!" created by IS Consulting. It is a new citizen request reporting and tracking solution which has been implemented by a few very large municipal governments, including San Francisco and Miami, and is being implemented in Harris County, TX and Dekalb County, GA. The HeyGov! solution is a simple but powerful citizen service platform. The above mentioned are using the software as a 311, non-emergency services reporting system.

King Arthur's Tools Expansion
The EDC assisted King Arthur's Tools in expanding into new global markets in South America and the Caribbean. Additionally, the company increased the size of their Tallahassee headquarters, R&D, and manufacturing facilities by 50% from 5,000 square feet to 7,500 square feet. The company, located in Commonwealth Center Business Park and the Leon County Enterprise Zone, has also added three jobs.

Through the EDC connections, in November 2010 the company's senior management attended a trade show in Tallahassee's Sister City of St Maarten. These solid business relationships resulted in King Arthur's Tools expansion into eight additional Caribbean countries and setting another record sales year.

Also in November the U.S. and South Korean negotiators met to discuss preparations for high-level talks on a bilateral free trade agreement (FTA) that faces tough opposition in the Congress because of concern about its auto provisions, according to U.S. trade officials. The EDC in support of King Arthur's Tools publicly supported the FTA as a way to maintain and expand the free flow of goods, services and materials through the region and the state. As a result, they offer more than 150 products sold through a network of dealers and distributors in the U.S. and 14 countries, with retail customers in 39 countries.

County Joint Dispatch Center

As requested, the Economic Development Council of Tallahassee/Leon County (EDC) facilitated an economic impact analysis resulting from the design, construction and operation of the Public Safety Complex. Upon request, the EDC drafted a letter of support to present to the Leon County Board of Commissioners. The letter stated that based on the analysis of output, jobs & income (direct, indirect, and induced), this project proves to be a valuable return on investment for the community.

High Performance Magnetics Groundbreaking

High-Performance Magnetics (HPM), formerly known as Cable In Conduit Engineering Fabrication & Test (CICEFT), broke ground today on its production facility located just north of the Compass Pointe building at the Tallahassee Regional Airport. HPM is the vision of Mr. Tom Painter, an engineer at the National High Magnetic Field Laboratory (NHMFL). The company is a manufacturing and management firm that specializes in providing high-quality superconducting magnet products. The Tallahassee-based small business landed a large federal contract in March 2010 to be the US national supplier of specialized high-field magnet components to the international ITER project, a joint international research and development project aiming to demonstrate the scientific and technical feasibility of fusion power – the same power which fuels our sun. The EDC assisted HPM through the formation of a collaborative team of industry, education and local government leaders, and located the airport site and designing facilities to support the project.

Event Photography Group- relocation of company headquarters

Event Photography Group, the largest commencement & endurance race photography company in North America, has chosen to expand its local operations and locate its GradImages division in Leon County. EPG conducted a multi-state search and evaluation, resulting in its selection of Tallahassee, Florida, for its expansion and divisional relocation. Its facility will be located at 3490 Martin Hurst Road, where the company is creating more than 50 new full-time and seasonal jobs with an average annual wage that is more than 115 percent of the average annual wage of the region. The jobs being created consist of those being hired as part of the divisional headquarters relocation, as well as those resulting from the local expansion The company is also

making a capital investment in excess of $350,000 in facilities and equipment. EPG's investment in the community is expected to have a positive annual economic impact of $5.8 million.

Bing Energy- new company headquarters to Tallahassee

On February 10, Florida Governor Rick Scott joined the EDC announced that Bing Energy Inc. (BEI) of Chino, California has selected Florida as the new site of the company's world headquarters. BEI, in collaboration with Florida State University's (FSU) Dr. Jim P. Zheng, is planning to turn revolutionary nanotechnology pioneered at FSU into a better, faster, more economical and commercially viable fuel cell. The move is expected to create at least 244 jobs paying an average wage of $41,655 in Florida. The EDC worked with Bing Energy to identify tax incentives and workforce training programs that gave our community the edge over other communities under consideration. In this specific case, these connections with FSU, the City of Tallahassee and Leon County, helped us to retain our talent, as well as our universities technologies and commercialization within our community.

Red Hills Surgical Center (RHSC)

The Red Hills Surgical Center (RHSC) which officially opened in mid April is not only providing a valuable service to our community by addressing a shortage of operating rooms, it is also creating jobs, providing a capital investment and developing our region's workforce. The facility is creating approximately 30 immediate jobs, with plans to add more than 10 additional new positions throughout the next three years, each with an average annual salary above that of the region. The EDC maintains an inventory of the best local, state and federal solutions to support new business development. RHSC worked with the City of Tallahassee, Leon County, Workforce plus and educational institutions to provide Red Hills Surgical Center with innovative permitting and tax incentives, to include an observatory in the facility that will help to train our future health care workforce.

Danfoss Turbocor Expansion

The City of Tallahassee has approved a request by local manufacturer Danfoss Tubocor for an expansion of its current 65,000-squre-foot building. The addition will increase the size of the building by 7,500 square feet to allow for an additional service line that is expected to create 25 new jobs. The EDC is glad to have been of assistance on elevating this project with the City and LCRDA to quickly achieve both the lease amendments and the permits.

Additional Letters of Support

- Partnership with WORKFORCE *plus* in its application for the Microsoft Elevate America Community Initiative solicitation.

- Support the NSF ATE **Tri-state Engineered Advanced Materials and Manufacturing (TEAM)** Regional Center proposed by Florida State University in collaboration with Tallahassee Community College, Brevard Community College, Central Georgia Technical College, Middle Georgia College, Enterprise State Community College and Calhoun Community College.

- Partnership with WORKFORCE *plus* in its application for the Workforce Florida Reemployment Initiative for Extended Benefits Claimants and Exhaustees.

- Endorsement of the application for Gates That Open, LLC (GTO) for the Workforce Florida Quick Response Training (QRT) program and the Incumbent Worker Training Grant.

- Endorsement of the application for the Apalachee Regional Planning Council (APRC) for the Brownfields Assessment Grant.

- Support the Florida Career Academy Community Engagement grant application submitted by Leon County Schools to enter the network of Ford Next Generation Learning Communities (EDC, and also had some of our partners draft letters)

- Support for grant application submitted by the University of West Florida's (UWF) Office of Economic Development and Engagement (OEDE), the South Alabama Regional Planning Council, the West Florida Regional Planning Council, and the Apalachee Regional Planning Council under the FY 2010 Gulf Oil Spill Supplemental Federal Funding Opportunity program administered by the U.S. EDA.

- Support of the grant application of Florida's Great Northwest from the US Department of Commerce Economic Development Administration under the FY'11 Economic Adjustment Investment Assistance.

- Support for the grant application that is being submitted by Tallahassee Community College (TCC) to develop and implement healthcare career pathways programs in partnership with employers and other organizations in our community. This Career Pathway Innovation Fund (CPIF) project will have a strong, positive impact on the education and training of unemployed workers and incumbent workers to meet employers' workforce needs.

- Support for the Art Tech Hub and how it will complement the current efforts in place to foster entrepreneurialism. By helping these individuals identify appropriate incubator facilities; the company will provide a valuable resource for small, high-tech companies.

B. General Assistance

1. Demographics and market research:

Research: 2010-2011
Statistical Information requests: 15 – i.e. Major employers, Fortune 1000 companies
Property Information requests: 4
General Information requests: 18 - i.e. Community Demographics, Regional Demographics

2. Workforce assistance – recruitment, screening and placement of new employees: The EDC partners with Region 5 Workforce Board – WORKFORCE *plus* by promoting EmployFlorida.com to employers and job seekers, by sponsoring the annual regional job fair and targeted business retention and expansion activities. The 2011 job fair was held on January 18, 2011.

3. Strategic planning assistance:

- The EDC five year Strategic Planning Process was conducted in FY 2008-09.
- Executive Director, Beth Kirkland taught the International Economic Development Course "Economic Development Strategic Planning for the Community: Theory & Practice" at the University of South Florida
- The EDC participated in the Leon County Research & Development Authority/Innovation Park Executive Director Candidate Search
- Partner, Randy Hanna of Bryant Miller Olive was a member of the Florida's Great Northwest Presidential Candidate Search Committee
- Enterprise Zone Strategic Planning sessions held with Staff and Ed Young of the Tallahassee-Leon County Planning Department
- EDC and Chamber leadership participated in Innovation Park Strategic Planning meetings
- Executive Director Beth Kirkland participated in the Tallahassee Regional Airport Director interview process
- Executive Director Beth Kirkland participated in the Chamber of Commerce Strategic Planning meetings

4. Forums and workshops:

An additional and effective approach to working with existing companies is the industry sector roundtables. First Focus manages active roundtables in all six of the EDC's targeted sectors. Healthcare, Manufacturing, and Technology are well established and have produced project initiatives towards workforce development. The newest roundtable additions were established over the last eight months in Alternative Energy, Aviation/Aerospace, and Transportation & Logistics. Each Roundtable is led by a volunteer chair from private industry. Roundtables provide a forum for business leaders from both public and private sectors to design and implement specific initiatives, and continue to connect local employers in these sectors to local and state associations working on their behalf, such as, Manufacturers Association of Florida, BioFlorida, ITFlorida, TalTech Alliance, Leon County Research & Development Authority and Sustainable Tallahassee.

2010-2011 activity in each sector is as follows:

Advanced Manufacturing: (Capital Region Manufacturers) or CRM

Chair: Rob Cowan, Human Resources Manager, General Dynamics Land Systems

- Roundtable held October 7 at TCC's Advanced Manufacturing Training Center
- Participated in Manufacturer's Day at the Capital on January 24-25
- Combined CRM and Renewable Energy meeting held April 5
- Continuous promotion upcoming manufacturing events:

Information Technology: (TalTech Alliance)

Chair: James Tillman, Chief Operations Officer, Canopy Software, Inc.

- Served as panelists at the I-10 WIRED Summit, "Entrepreneurial Strategies for the New Economy" on December 9-10, 2010
- Held a IT Legislative meeting on January 19, 2011
- Held a IT Roundtable focused on Transportation & Logistics April 20
- "In the Know" TechExpo on May 5 at the FSU Turnbull Center

Health Sciences & Human Performance Enhancement (Healthcare)

Outgoing Chair: Dewey Streetman retired TCC Health Sciences Professor

Incoming Chair: Karen Moore, Moore Consulting Group

- Partnered with Our Region Tomorrow's Health Forum held on November 9
- Roundtable held at the FSU Medical School Regional Campus on April 26

Aviation &Aerospace:

Chair: Bob Van Riper, Vice President, HondaJet Southeast

- Roundtable held on December 14 at Lively Technical Institute
- Continuous promotion of upcoming aerospace and aviation events

Renewable Energy & Environment:

Chair: Linda Dunwoody, Operations Manager, Electronics Recycling, Veolia ES Technical Solutions

- Partnered with the Veolia Open House and facility tour on October 26
- Combined CRM and Renewable Energy meeting held April 5
- Continuous promotion of upcoming renewable energy & the environment events

Transportation & Logistics:

Chair: Mark T. Llewellyn, President, Genesis Group

- Held planning meeting with key stakeholders on October 6
- Roundtable meeting held on February 1
    - The meeting featured The Florida Chamber's Trade & Logistics Study, Multimodal Transportation District and Portstar
- Meeting with StarMetro on April 18 to discuss NOVA 2010, the decentralization and expansion of public transportation routes

Additional Educational & Outreach Activities to-date:

LCRDA/Innovation Park Executive Director Candidate Search Meetings

10/1/10 Community College Conference @ TCC, AMTC

TCC Presidential Candidate Search Meetings

Elbit Closure and Workforce Transition Team Meetings

Florida Economic Development Council Legislative Affairs Committee Meetings

10/14-17/10 Florida's Great Northwest FOCUS Event, Tallahassee Tour

10/19/10 NoPetro Press Event
County Workshop on the 2011 State and Federal Legislative Priorities
FSU Grant Assistance Program Sneak Peek Event

10/20-21/10 FSU/High Performance Materials Institute/Raytheon Site Visit

10/21/10 FSU/Westnet Site Visit
Enterprise Florida Stakeholders Council Successful Grants Discussion

10/22/10 WORKFORCE plus Strategic Planning Session

10/27/10 Energy and Synergy Group of Real Estate Professionals speaking engagement
Department of Children & Families Community Grantmanship Meeting

11/1/10 International Economic Development Council courses:
Economic Development Strategic Planning for the Community: Theory & Practice
Managing an Effective EDO

11/2-4/10 Enterprise Florida Board & Stakeholders Meeting

11/4-5/10 FSU Real Estate Networking and Trends Conference

11/8/10 Florida's Great Northwest Business Resources & Education Regional Taskforce

11/9/10 Our Region Tomorrow Health Forum

Florida's Great Northwest Presidential Candidate Search Committee

11/17/10 FSU Innovators Reception

Mayor's Meetings- "Financial Sustainability of Tallahassee During Recessionary Times

Economic Development Council Marketing Chair

1/6/11 WFSU Perspectives Show

1/10/11 Delivered welcome packets to legislature

1/11/11 Meeting with Technology Coast Manufacturing and Engineering Network

1/18/11 Workforce Plus Job Fair; EDC hosted hospitality suite

1/12/11 Small business roundtable feedback as a part of Mayor's Sustainable Economy initiative

1/24-25/11 Manufacturing Days at the Capital

1/25-27/11 Enterprise Florida Meetings in Tallahassee

1/28/11 Labor Force Analysis Meeting with Florida's Great Northwest

2/3/11 GrowFL Rural Lunch and Learn Initiative luncheon

2/3-4/11 Florida Venture Capital Forum

2/8/11 Florida Chamber Governmental Affairs Committee Meeting

2/9/11 EDC and Chamber leadership participate in Innovation Park Strategic Planning meeting

2/18-18/11 Florida Rural Economic Development Summit

3/8-10/11 Florida's Great Northwest Atlanta Consultant Mission

3/11/11 Enterprise Florida German FAM Tour

3/16/11 Lincoln High School Entrepreneurial Program

3/28/11 Capital Rotary Group speaking engagement

3/29-30/11 Florida Chamber International Days

4/4/11 Economic Development & Innovative Technology Symposium

4/11-12/11 Airport Cities Conference with Airport leadership

4/19/11 GrowFL Informational Session

Additional Marketing Statistics: (YTD)

1. Press Hits
    - 70 times this fiscal year

2. EDC Website Stats
    - 9,634 unique visitors
    - 23.539 page views
    - Average time on site: 2 minutes 16 seconds
    - 60.40% are new visitors

3. Capital Region Manufacturing Website Stats
    - 269 unique visitors
    - 767 page views
    - Average time on site: 2 minute 5 seconds
    - 83.64% are new visitors

4. Social Media
    a. 203 Facebook followers
    b. 361 Twitter followers

5. Advertising Outreach
    - Billboards
        - Rotating throughout end of calendar year
        - Developed new media plan to begin running in May
    - Tallahassee Democrat
        - Developing new media plan for 2011 calendar year
        - Advertisement in 2011 Inauguration Edition

6. Advertising/Listing Opportunities
    - 2011 Chamber Street Map (complimentary ad)
    - Tallahassee Business Journal (complimentary ad)
    - CoreNET Global's The Leader – Annual Economic Development Directory (listing)
    - 2011 Chamber Membership Directory & Business Resource Guide (complimentary ad)

7. Additional email Communications
    a. 7 Monthly Investor Insider
    b. 7 Monthly International Opportunities & Events
    c. 7 Roundtable Reminders
    d. Winter Symposium Invitation
    e. Digital and hard copy post card featuring Bing Energy was distributed to FGNW's database of site consultants

8. Tallahassee Business Journal – a publication of the Economic Development Council of Tallahassee/Leon County, Inc.

   Partnered with Rowland Publishing and 850 – The Business Magazine of Northwest Florida on a publishing project that expanded into a regional marketing initiative. The Tallahassee Business Journal communicates the strengths of our area for developing and expanding businesses through a comprehensive annual piece. The magazine was included in the October/November 2010 issue of 850 distributed to more than 15,000 business owners and decision makers throughout the 16 counties of Northwest Florida. In addition, the Tallahassee Business Journal was mailed to the CEOs of the Top 200 private and Top 150 public companies in Florida, local and state government officials, as well as the Top 500 Florida Lobbyists. The piece will continue to be used at a key marketing tool for trade shows, forums and during communications with site selection consultations. The digital flip book version is now available on the EDC website and discussions have begun for the next edition.

C. Financial Assistance

1. Loan programs- the amount of loans granted and the number of businesses assisted (small and large businesses)

- High Performance Magnetics (formerly CICEFT/ITER) received a $450,000 construction loan from the City of Tallahassee

2. Grants and matching funds assistance – the type of funds granted and the amount of funds

Entrepreneurial Excellence Program Scholarships
Four companies who participated in the first program received scholarships from two community partners: Florida A&M University and the Leon County Research & Development Authority

Trade Show Matching Grant
Funded the participation of local company, Florida Custom Syntheses, to participate in Bio Florida conference.

Rural Economic Development Summit Scholarship
EDC secured two scholarships for the Wakulla County Economic Development staff to participate in the Rural Economic Development Summit. EDC staff member Kara Palmer Smith was also in attendance.

Quick Response Training Grant
GTO/Skycam LLC was awarded $19,488 for 11 trainees. The Program is customer-driven and designed as an inducement to secure new value-added businesses to Florida as well as provide existing businesses the necessary training for expansion.

(see also chart on page 25- **Qualified Targeted Industry Tax Refund Program**)

II. The number of new direct jobs as a result of a business being moved into the area or expanding in the area due to the assistance of the EDO.

Number of Full-time jobs created in the Enterprise Zone: 106

(see also chart on page 25- Qualified Targeted Industry Tax Refund Program Chart)

III. The capital investment of businesses who have been assisted by the EDO.

Enterprise Zone applicant capital investment dollars:

Business Equipment Purchased	**$90,709.65**
Building Materials Purchased	**$1,908,030.93**

Project Capital Investment dollars:

Bing Energy (Project Acceleration): $7,725,000.00
Event Photography Group (Project Red): $350,000
Project Brazil: $25,000,000
Project Rio: $25,000,000
Project Cough Drop: $2,543,341
Red Hills Surgical Center: $9,452,890.00

IV. The foreign investment of businesses who have been assisted by the EDO.
Since October, 2010 the EDC International Business Development program evaluated and responded to the following foreign investment inquiries for a total potential capital investment of $1.25 million and job creation potential of 70.

Foreign Investment Project Requests FY 2010-2011:

Project	Country	Capital Investment (potential) $	Job Creation (potential)
Hein	Germany	1,000,000	25
PEUS	Germany	250,000	10
Green Power	Spain	N/A	35
EDS (Box)	Isreal	N/A	60
Totals:		1.25 MIL	130

V. The type of incentives and the amount of incentives that the EDO has successfully assisted businesses in receiving.

State & Local Incentives:

Enterprise Zone Incentives
To date the total number of Enterprise Zone incentive applications filed is 13; for a total amount of potential tax refunds or credits in the amount of **$35,768.79.**

Business Equipment Sales Tax Refund	**$4,896.65**
Building Materials Sales Tax Refund	**$25,322.90**
Jobs Credit Refund	**$1,304.00**

Targeted Business Program
Red Hills Surgical Center was awarded a local ad valorem tax refund in an amount equal to 60% of permitting fees and 60% of ad valorem tax liability each year for six years.

Quick Response Training Grant
GTO/Skycam LLC awarded $19,488 for 11 trainees. The Program is customer-driven and designed as an inducement to secure new value-added businesses to Florida as well as provide existing businesses the necessary training for expansion.

Qualified Targeted Industry Tax Refund Program

The Qualified Target Industry (QTI) Tax Refund Program is a tool available to Florida communities to encourage quality job growth in targeted high value-added industries.

Pre-approved applicants who create jobs in Florida receive tax refunds of $3,000 per net new full-time equivalent Florida job created; $6,000 in an Enterprise Zone or Rural County. For businesses paying 150 percent of the average annual wage, add $1,000 per job; for businesses paying 200 percent of the average annual salary, add $2,000 per job. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.

See below for projects that have received a QTI award for FY 2010-2011:

Project Name	**Acceleration**	**Brazil**	**Rio**	**Red**	**Cough Drop**	
Company Name	(Bing)	CONFIDENTIAL	CONFIDENTIAL	(Event Photog	CONFIDENTIAL	
Average Wage	$41,633	$42,000	$42,000	$42,676	$52,491	**$44,160.00**
# of jobs to be created by						
12/31/2011	17	15	15	35	50	82
12/31/2012	27	10	10		50	47
12/31/2013	66	10	5		50	129
12/31/2014	90				50	90
12/31/2015	44				50	44
Total Jobs	**244**	**35**	**30**	**35**	**250**	**594**
QTI Amount per Job	$8,000.00	$5,000.00	$5,000.00	$3,000.00	$4,000.00	
QTI Anticipated Award	$1,952,000.00	$175,000.00	$150,000.00	$105,000.00	$1,000,000.00	

AGREEMENT FOR ECONOMIC DEVELOPMENT

This Agreement is made and entered into on this 8th day of February 2011, by and between Leon County, a political subdivision of the State of Florida, hereinafter referred to as the "County," and the Economic Development Council of Tallahassee/Leon County, Inc., hereinafter referred to as the "Grantee."

RECITALS

WHEREAS, the County, by and through its Board of County Commissioners, at its final public hearing on the fiscal year 2011 budget held on September 21, 2010, approved the grant and disbursement of $199,500, inclusive of $25,000, constituting the economic development investment local match for EFI-Qualified Target Industries Incentive ("QTI"), out of the County's general funds, effective October 1, 2009; and,

WHEREAS, the Grantee agrees to establish an environment for job creation and capital investment through a comprehensive program of work supporting business development, recruitment, retention, and expansion efforts; and,

WHEREAS, the Grantee has on file with the County a "Funding Request Application," in which the Grantee set out and identified the activities which Grantee intends to undertake as a community service and identified the person or persons responsible for overseeing and ensuring that those services are, and would be, delivered; and,

WHEREAS, the Grantee is a not-for-profit organization as defined under Internal Revenue Code §501(c) (3); and,

WHEREAS, the funding herein is not to be construed by Grantee or anyone else as a continuing obligation on the part of the County; and,

WHEREAS, the parties are desirous of reducing their intention to writing.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises herein contained, the County and Grantee, hereinafter the "Parties," do hereby agree as follows:

I. Services.

A. The Grantee agrees to establish an environment for job creation and capital investment through a comprehensive program of work supporting business development, recruitment, retention, and expansion efforts through product development, marketing, research, technical and business assistance.

B. The Grantee shall provide an emphasis on connecting the private sector, education and government to foster entrepreneurialism, enhance local businesses, grow targeted industry sectors, and attract innovative companies to the region. The Grantee will focus on product development, marketing, research, technical and business assistance, establishment and oversight of industry sector initiatives that strengthen the competitive advantage of the region and management of special incentives and zones to include but not limited to the Enterprise Zone (EZ) and the Targeted Business Program.

C. The Grantee agrees to monitor and advance industry sector initiatives that strengthen the competitive advantage of the region and management of special incentives and zones. The Grantee shall serve as the nexus for the private sector, education and government to foster entrepreneurialism, enhance local businesses, grow targeted industry sectors, and attract innovative companies to the region. The Grantee will track job creation, job retention and capital investment related to business retention, expansion, development, and recruitment efforts.

D. The Grantee shall serve as Enterprise Zone Administrator for EZ 3701, and shall be responsible for coordination of the Enterprise Zone Development Agency Board.

E. The Grantee shall establish and maintain a QTI Administrator, whose responsibilities include managing and coordinating the QTI Program.

F. The Grantee shall create, in coordination with the County and the City of Tallahassee, a standardized process for the review of direct or cash incentive requests made by any relocating and/or expanding business enterprise. The Grantee will maintain an inventory of local, state and federal incentive programs available to qualified business enterprises based on but not limited to targeted sector, capital investment, above average wages and benefit levels of those employment positions that the applicant business enterprise proposes to create.

II. <u>Audits, Inspections, Investigations, Records, and Retention</u>:

The Grantee Agrees:

A. To submit a mid-year and annual report to the County detailing Grantee's efforts in business recruitment, retention, and activities as the Enterprise Zone Coordinator and QTI Administrator. The annual report shall be submitted to the County by November 18, 2011 and shall be in a format compliant with section 125.045, Florida Statutes. The mid-year and annual reports shall detail how County funds were spent and the results of the Grantee's efforts, and shall, at a minimum, include data on the number of jobs created, the job creation potential of projects in Leon County, and follow-up information on businesses receiving assistance from the Grantee in previous years. The Grantee shall also provide the County with a semi-annual performance report on meeting the current fiscal year

program objectives and an annual financial audit for the prior fiscal year no later than the last day of March, 2011. A job is defined for purposes of this Agreement as the created or projected creation of a direct job according to the documented projects worked by the Grantee within the contract period. The Grantee may only report those jobs in which the employer acknowledges the assistance provided by the Grantee as playing a material role in the decision to relocate, create, expand, or retain any such employment position.

B. Upon the Leon County Board of County Commissioners' formal acceptance of the annual report at a publicly advertised meeting, the Grantee shall submit the annual report to the State of Florida as prescribed in section 125.045, Florida Statutes.

C. The Grantee shall be required to establish and maintain books, records, and documents (including electronic storage media) sufficient to reflect all income and expenditures of funds provided by the County under this Agreement. This includes the retention of all client records, financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to this Agreement for a period of six years after completion of the Agreement. If an audit has been initiated, and audit findings have not been resolved at the end of the six years, the records shall be retained until resolution of the audit findings or any litigation which may be based on the terms of this Agreement, at no additional cost to the County. Records shall be retained for longer periods when the retention period required by law exceeds the time frames required by this Agreement.

D. Upon demand, at no additional cost to the County, Grantee shall facilitate the duplication and transfer of any records or documents during the required retention period, and shall ensure that these records shall be subject at all reasonable times to inspection, review, copying, or audit by Federal, State, or other personnel duly authorized by the County.

E. To provide a financial compliance audit to the County and to ensure that all related party transactions are disclosed to the auditor.

F. To comply and cooperate immediately with any inspections, reviews, investigations, or audits, when deemed necessary by the County.

III. Indemnification.

A. The Grantee shall indemnify, defend, save, and hold the County, its officials, officers, agents, and employees, harmless from and against any and all claims, liability, losses, and/or causes of action or actions which may arise from any negligent act or omission, or willful misconduct of the Grantee, its officers, officials, agents, and employees, whether intentional or unintentional. This provision shall survive any termination or expiration of this Agreement.

B. The County agrees to pay the Grantee the sum of $10 and other good and valuable consideration, as specified consideration for this indemnification provision, the sufficiency and receipt of which is hereby accepted and acknowledged by both parties. Furthermore, the Grantee acknowledges that the funding grant includes said consideration.

IV. Assignments.

The Grantee shall neither assign responsibility for this Agreement to another party nor subcontract for any of the work contemplated under this Agreement without prior written approval of the county. Any sublicense, assignment, or transfer otherwise occurring without prior written approval of the County shall be null and void.

V. Independent Capacity of Grantee.

A. The Grantee shall act in the capacity of an independent party and not as an officer, employee, or agent of the County. Neither the Grantee nor its agents, employees, subcontractors, or assignees, shall represent or hold themselves out to others that it is the authority defined as Leon County, Florida, or employees or agents of the County.

B. The Grantee agrees to take such actions as may be necessary to ensure that each subcontractor of Grantee will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venture or partner of Leon County.

C. The County will not furnish services of support (e.g., office space, office supplies, telephone service, secretarial, or clerical support) to the Grantee, or its subcontractor of assignee, unless otherwise specifically agreed to by the County in writing.

VI. Publicity.

Without limitation, the Grantee and its employees, agents, and representatives shall not, without prior written approval of the County, in each instance, use in advertisement, publicity or other promotional endeavor any County mark, the name of the County, or any County officer or employee, nor represent directly or indirectly, that any products or services provided by the

Grantee have been approved or endorsed by Leon County or refer to the existence of this Agreement in press releases, advertising, or materials distributed by the Grantees to its respective customers.

VII. Use of Funds for Lobbying Prohibited.

The Grantee agrees not to utilize directly or indirectly, funds provided hereunder for the purpose of lobbying the Leon County Board of County Commissioners, the City of Tallahassee, the Legislature, the Judicial Branch, or any State Agency. This section does not prohibit the Grantee from communicating with County Commissioners, County staff, the media, or the general public on pending or ongoing economic development projects.

VIII. Funds Contingency.

The County agrees to disburse $199,500 to the Grantee in two (2) semi-annual installments of $99,750, upon receipt of an appropriate invoice, approved in advance by the County. This Agreement is specifically contingent upon the appropriation of funds by the Board of County Commissioners of Leon County, for the purposes herein stated.

IX. Effective Date.

This Agreement shall commence on October 1, 2010, or on the date on which the Agreement has been signed by the last party required to execute same, whichever is later. This Agreement shall end at midnight, local time in Tallahassee, Florida, on September 30, 2011.

X. Termination.

A. This Agreement may be terminated by either party without cause upon no less than 30 calendar days notice in writing to the other party, unless a sooner time is mutually agreed upon in writing by the Parties. Said notice shall be delivered by United States Postal Service or any expedited delivery service that provides

verification of delivery, or by hand delivery to the County Administrator or representative of the Grantee.

B. In the event that funds for payment pursuant to this Agreement become unavailable or inadequate, the County may terminate this Agreement upon not less than 24 hours notice in writing to the Grantee. Said notice shall be sent by United States Postal Service or any expedited delivery service that provides verification of delivery. The County shall be the final authority as to the availability and/or adequacy of funds. In the event of termination of this Agreement, the Grantee will be compensated only for any work performed under this Agreement which has been satisfactorily completed.

C. This Agreement may be terminated as a result of the Grantee's non-performance and/or breach of this Agreement upon not less than 24 hours' written notice to the Grantee. Failure to object to a breach of any provisions of this Agreement shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms and conditions of this Agreement. The provisions herein do not limit the County's right to any other available remedies at law or in equity.

D. Failure to have performed any contractual obligations in the Agreement in a manner satisfactory to the County shall be deemed sufficient cause for termination.

XI. <u>Revisions</u>.

In any case where, in fulfilling the requirements of this Agreement or of any guarantee, embraced or required hereby, it is deemed necessary for the Grantee to deviate from the requirements of this Agreement, the Grantee shall obtain the prior written consent of the County.

XII. <u>All Terms and Conditions Included</u>.

This Agreement and its attachments, if any, and any exhibits referenced in said attachments, together with any documents incorporated by reference, contain all the terms and conditions agreed upon by the parties. There are no provisions, terms, conditions, or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations, or Agreements, either verbal or written between the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this 8th day of February, 2011.

ECONOMIC DEVELOPMENT COUNCIL
OF TALLAHASSEE/LEON COUNTY

By: Beth Kirkland

Its Executive Director

ATTESTED BY:

LEON COUNTY, FLORIDA

By: John Stott, Deputy Clerk
Bob Inzer, Clerk of the Court

By: Parwez Alam
Parwez Alam
Leon County Administrator

APPROVED AS TO FORM:
County Attorney's Office

By:
Herbert W.A. Thiele, Esq.
County Attorney

Board of County Commissioners
Leon County, Florida
www.leoncountyfl.gov

Budget Discussion Item
Executive Summary

March 17, 2011

Title:
Consideration to Increase Funding for the Qualified Targeted Industry Program

Staff:
Parwez Alam, County Administrator
Vincent S. Long, Deputy County Administrator
Alan Rosenzweig, Assistant County Administrator
Scott Ross, Director of the Office of Management and Budget
Ken Morris, Director of Legislative Affairs & Economic Development

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Issue Briefing:
Given the recent success of the Qualified Targeted Industry (QTI) program, the Board directed staff to prepare a budget discussion item to consider the annual funding of the program to ensure that enough funds will be available in the QTI account to meet current obligation and for future projects.

Fiscal Impact:
This budget discussion item provides the Board a range of funding options from meeting minimum needs to address the shortfall in committed liabilities to an aggressive infusion of funds to help continue the recent success of the QTI program. The funding options outlined in Table #1 vary from no additional cost to the County to a $100,000 fiscal impact in FY 2012. Staff recommends maintaining the current annual funding level of $25,000 for the QTI program.

Staff Recommendation:
Option #1a: Approve Funding Option #1 (maintain funding at the current level of $25,000) and;

a. Direct staff and the Economic Development Council to continue to seek business expansion and relocation opportunities under the QTI program to be evaluated by the Board and funded with general contingency funds.

Report and Discussion

Background:
The State`s QTI tax refund incentive program is available to companies that create high wage jobs in targeted high value-added industries. The program includes refunds on corporate income, sales, ad valorem and certain other taxes for pre-approved applicants who create the targeted jobs. QTI refunds range from $3,000 to $8,000 per net new job created. Companies can increase its QTI "per job" refund by establishing its business within an enterprise zone and/or offering wages that are increasingly above average annual salaries. Applications for this program are processed by the state Office of Tourism, Trade and Economic Development for approval.

A local match of 20% is required from the local community where the job creation is occurring. In Leon County, the QTI local match is split evenly between the County and the City of Tallahassee (City) when the jobs are created within the City limits. Each year, the Board of County Commissioners has approved annual expenditures of $25,000, earmarked for future use as the County's portion of the QTI "local match." These expenditures have been placed in an escrow account at the Economic Development Council (EDC), as part of its annual contract. The QTI assistance is provided on a reimbursement basis and is only released once the required jobs have been created.

Given the recent success of the QTI program, concurrent with the approval of ACS State and Local Solutions as a QTI applicant, the Board directed staff on February 8, 2011 to prepare a budget discussion item to consider the annual funding of the QTI program to ensure that enough funds will be available in the QTI account to meet current obligations and for future projects.

Analysis:
The EDC maintains the County's QTI reserve account, which is allocated $25,000 each fiscal year as part of the EDC contract. There is currently $271,698 in the County's reserve QTI account for use in attracting new high-paying jobs to Leon County. The only payment issued to date in FY 2011 has been to Danfoss Turbocor in the amount of $26,250. The QTI assistance is provided on a reimbursement basis and is only released once the required jobs have been created. The QTI reimbursements are spread over multiple years based on the performance of the company. Once the job creation goals are met and the company has generated enough tax liability, an applicant may request annual QTI payments of up to 25% of the total commitment. For budgeting purposes, staff assumes that each company could meet its job creation projects and seek full reimbursement over a four year period.

Since October 2010, the Board has adopted resolutions committing QTI incentives for five companies should they choose to locate or expand their operations in Leon County. Three of those companies (Bing Energy, Event Photography, and ACS State and Local Solutions Inc.) have done so and will qualify for QTI reimbursements based on the number of jobs created. The County is still waiting to hear back from two small companies (SunnyLand Solar LLC and SolarSink LLC) whose combined maximum reimbursements would total $32,500 if they meet all the criteria and targets set forth in the QTI program.

Based on the total committed liabilities for the County's QTI escrow account, the Board has committed up to $400,675 in QTI incentives over the next three fiscal years (FY 12 – FY 14). Assuming the Board maintains its funding level at $25,000 and each of the QTI applicants achieve their targeted employment goals, adequate funds would not be available to meet current obligations. Under this conservative assumption, staff projects a $28,977 shortfall by FY 2014 in the QTI program as illustrated in Table #1. Assuming all of the County's QTI businesses meet their job creation projections, the County would need an additional $28,977 by FY 2014 to meet its obligations.

Table #1: Leon County QTI Escrow Account*

	2011	2012	2013	2014	QTI Balance Plus Projected Investment 2011-2014
Starting Balance:	$297,948	$206,523	$115,098	$34,173	
Annual Investment:	$25,000	$25,000	$25,000	$25,000	$371,698
Available Funds:	$322,948	$231,523	$140,098	$59,173	
Encumbered Balance					
	2011	**2012**	**2013**	**2014**	**QTI Investment**
Southeast Corporate	$3,000	$3,000	$3,000	$975	$9,975
Danfoss Turbocor	$26,250	$26,250	$15,750	$0	$42,000
Bing	$48,800	$48,800	$48,800	$48,800	$195,200
EventPhoto	$5,250	$5,250	$5,250	$5,250	$21,000
ACS	$25,000	$25,000	$25,000	$25,000	$100,000
Sunnyland**	$4,375	$4,375	$4,375	$4,375	$17,500
SolarSink**	$3,750	$3,750	$3,750	$3,750	$15,000
Total QTI Payments	$116,425	$116,425	$105,925	$88,150	$400,675
End of Year Balance	$206,523	$115,098	$34,173	**($28,977)**	

*These calculations assume each company would receive the maximum funding in each fiscal year.
**These companies have yet to determine a site within the County for their business.

This budget discussion item provides the Board a range of funding options from meeting minimum needs to address the shortfall in committed liabilities to an aggressive infusion of funds to help continue the recent success of the QTI program. For most of the past decade, the Board has identified economic development as its top priority during the annual retreat process and used the budget process to follow through with its priorities by investing in local infrastructure, partnering with the EDC, and supporting small businesses. The funding options outlined in Table #2 attempts to balance the Board's priorities with the County's financial realities by providing varying levels of flexibility for the immediate and future utilization of the QTI program.

Table #2: Funding Options for the QTI Program

Funding Options	FY 2012	FY 2013	FY 2014	Total Investment Beyond Current Liabilities
#1	$25,000	$25,000	$25,000	-$28,977
#2	$40,000	$40,000	$40,000	$16,023
#3	$50,000	$50,000	$50,000	$46,023
#4	$125,000	$125,000	$50,000	$196,023

Funding Option #1: The Board may choose to not increase funding for the QTI program and to maintain the funding level at $25,000. This will require staff and the EDC to carefully monitor the progress of the QTI reimbursements and report back to the Board at a future date on the status of the County's liabilities. This option assumes that some of the previously approved companies (SunnyLand Solar LLC and SolarSink LLC) may not select Leon County as their home and/or other companies will not meet their projected job figures.

Funding Option #1 would also require additional direction from the Board to the EDC and staff. Since the County already has an unfunded liability of $28,977, any savings would be assumed to apply to this balance. Therefore, there would be no funds in the QTI account to attract new businesses or help expand local businesses. The Board could place a moratorium on the QTI program until the liabilities are addressed or it can consider QTI applicants on a case by case basis. Although the certainty of QTI funds would no longer remain, case by case consideration of applicants would encourage the EDC to continue to seek interested businesses.

Funding Option #2: This option proposes a $15,000 annual increase in QTI funding to $40,000 and would address the County's $28,977 liability by FY 2014 should each of the approved QTI companies meet their job creation projections. However, only $16,023 in uncommitted funds would be available over the next three years that could be used to attract new businesses and assist local business expansion.

Funding Option #3: This option proposes doubling the County's annual investment in QTI to $50,000 which would nearly address the shortfall in the first year (short by $3,977). This would also provide the County and EDC some flexibility for attracting new QTI applicants by building up the uncommitted funds to $46,023 over the next three years.

Funding Option #4: This option proposes an aggressive short term infusion of funds to rebuild the uncommitted balance in the QTI escrow account. Under this option, the Board would commit to providing an additional $100,000 for the QTI program over the next two years and then level off funding at $50,000 for FY 2014 and beyond. While this option may seem drastic given the County's austere finances, it provides the County and EDC the greatest flexibility to attract QTI applicants as the economy begins to rebound and small businesses look to expand.

Summary
The QTI program has served the County as an effective economic development tool to create high wage jobs in targeted sectors of the economy by leveraging local and state funds. Unlike many other economic development incentive programs, the QTI program is an extremely low risk program because funding is provided on a reimbursement basis upon verification that a company has met all its performance goals. The Board's direction is sought to determine the appropriate funding level of the QTI program to help guide its immediate and future utilization by businesses.

Options:

1. Approve Funding Option #1 and;
    a. Direct staff and the Economic Development Council to continue to seek business expansion and relocation opportunities under the QTI program to be evaluated by the Board and funded with general contingency funds.
    b. Direct staff and the Economic Development Council to discontinue efforts relating to the QTI program until there is a surplus in the QTI escrow account to fund future liabilities.
2. Approve Funding Option #2.
3. Approve Funding Option #3.
4. Approve Funding Option #4.
5. Board Direction.

Recommendation:

Option #1a.

September 1, 2011

Dear Vision Fund I investors,

The Vision 2020 Board of Directors are pleased to update you on our activities.

We currently have these investments:

Vision Tech International

This is the business where we have built a revolutionary breathing apparatus. There are three major sales companies in the SCUBA, search & rescue, and aviation breathing business.

We have contracted with Solid Manufacturing Solutions in Coral Springs, FL to complete the design and testing of our unit to meet U.S. Scuba regulator standards. They offered us a very competitive proposal for this work and will also be helping us develop the unit's silicone or plastic housing. They will assist in making the unit more adjustable for various settings and look into parts cost reductions. And finally, they can provide a design such that this unit can be manufactured in less than a minute. Impressive!

We have continued negotiations with the next two primary sales companies. We are scheduled to host a booth at the DEMA (diving industry) annual conference in Orlando in early November. We expect A LOT of attention to this product at that conference.

Our patent for the 2-stage product has been APPROVED and ISSUED by the U.S. Patent and Trademark Office! If anyone would like to see a copy, please contact Rick Kearney.

We remain in the normal realm of product development for something so revolutionary. Revolutionary products, once accepted, generally command a lucrative profit margin. We are still optimistic about this effort and results.

Solar Thermal Collector

An innovative Mylar technology that collects sunlight, reflected off an inexpensive surface and focused onto a tube of water that can discharge heat at approximately 300 C. The heat would be released in the form of steam which would be used to drive a turbine generator.

We have spoken to SunnyLand Solar, and they say their solar collector project is almost complete and operational. They are evaluating the cost and energy output of the system and if it can produce electricity at a rate cheaper than photo-voltaic systems, it could be a fast-growth business. Sunnyland has obtained additional financing and have almost completed their new building in Tallahassee.

Verdicorp, Inc. (VERDICORP).

Verdicorp is a green energy air blower and electric generator company headquartered in Tallahassee, Florida.

Verdicorp air blowers are used in the aeration of wastewater treatment plants. Their exclusive partnership with Siemens Corp is going well. Verdicorp has delivered ***2*** initial blowers to Siemens which are working above specifications. Siemens has authorized the production and delivery of 20 more units ***and is expected to authorize an additional 75 units (total of 95) to be delivered by the end of 2011. For each order placed by Siemens, they*** will pay 50% of the invoice in advance. **The total revenue from this endeavor is expected to be more than $100 million over the next 10 years, with annual revenues exceeding $13 million within 5 years.**

Verdicorp ***has furnished 13*** turbo-generators ***to Bosch and has orders for 7 more.*** Verdicorp principals have been in discussions with Bosch's executives *over the past few months about the possibility of a* long term purchasing agreement. Based on prior discussions with Bosch and the company they acquired, Kohler & Ziegler, their market for our turbo-generator is estimated to be 800 or more units per year. **Within 5 years, the annual revenue from this endeavor is expected to exceed $28 million with a royalty income to VERDICORP of $10 million per year.**

Verdicorp also has a contract with the University of Queensland (Australia) to deliver a Modular, Portable, Renewable Energy Power Plant which will be used by the University in a geothermal application. The contract price is $838.000.

Verdicorp's founder, Ron Conry has recently travelled extensively throughout China and parts of Asia and has seen keen interest in their products from Global manufacturers in the energy and electric generator industry. Verdicorp is building a complete green energy demonstration unit (electricity from renewable energy sources) and will be showing this demonstration on the road at trade conferences at the end of 2011 and throughout 2012. They are very excited about the likely contracts that will come from these demonstrations.

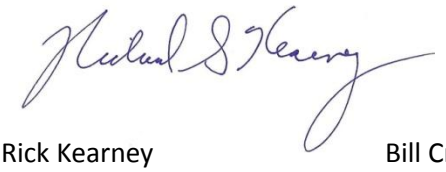
FSU BuckyPaper Partnership

This is the business where we are in negotiations to license carbon nanotube technology from FSU's High Performance Materials Institute and develop it into usable products for structures, fire retardants and EMI shielding.

We and FSU have found a manufacturing partner for the manufacture of the Bucky Paper products. We will engage private investors to fund the proof of concept for Buck Paper, then once approved by FSU to proceed, engage Vision Fund to invest in the first machine, estimated to cost between $500,000 and $1,000,000, Vision Fund's portion not to exceed $200,000.

If you have any questions whatsoever, please don't hesitate to contact any of us.

Sincerely,



Rick Kearney
Chairman
1700 Summit Lake Dr
Tallahassee, FL 32317
850-219-5223

Bill Crona
Board Member
850-893-9633

Fred Beshears
Board Member
850-997-2516

George Avant
Board Member
850-385-0259

Langdon Flowers
Board Member
229-228-6100

VISION2020
Value beyond equity investments

Vision 2020 submits the following quarterly reports:

Financial 2nd Quarter 2011 Reports:

Vision 2020 LLC

Summary of Run Rate & Key Financial Ratios
January 2011 through June 2011

	Total YTD	Average
Income		
Total Income	279	47
Expense		
Payroll Expense	0	0
General & Administrative	16,205	2701
Marketing & Programs	93	16
Travel & Entertainment	598	100
Total Expense	17,175	2,864
Leon County Grant Funds	$ 42,926.64	

Board of County Commissioners
Leon County, Florida
www.leoncountyfl.gov

Agenda Item
Executive Summary

March 15, 2011

Title:
Acceptance of Status Report Regarding the County's Interlocal Agreement with the Leon County Research and Development Authority

Staff:
Parwez Alam, County Administrator
Kim Dressel, Senior Assistant to the County Administrator

Issue Briefing:
The Interlocal Agreement, entered into with the Leon County Research and Development Authority (Authority) on June 2, 2010, terminates on March 31, 2011. This agenda item summarizes the services and support the County has provided to the Authority during the term of the Interlocal Agreement, and the Authority's current administrative status.

Fiscal Impact:
This item has no fiscal impact.

Staff Recommendation:
Option #1: Accept the Status Report regarding the County's Interlocal Agreement with the Leon County Research and Development Authority.

Report and Discussion

Background:

The Authority's previous Office Manager, who was responsible for performing accounting services and preparing Board meeting minutes, was terminated on April 23, 2010. During the May 4, 2010 meeting of the Authority's Board, the Authority's Executive Director announced she would retire at the end of September.

On May 11, 2010, the Board of County Commissioners approved a Memorandum of Understanding ("MOU") with the Authority, which authorized the development of the Interlocal Agreement. The MOU specified that "….County Services shall not include the day-to-day management of Innovation Park properties" or "Day-to-day operation and management of Innovation Park…", as it was thought that the Executive Director's September 30, 2010 retirement date would have provided time to identify and hire a new Executive Director, and that she would continue to manage Innovation Park's properties and oversee the Authority's operations in the interim. The initial scope of County Services identified by the MOU was, therefore, limited to performing pre-audit and accounting services, recording the Authority's meetings and developing summary minutes, public information services, MIS services including hosting the Authority's website, and certain planning and engineering services.

However, on May 18, 2010, the Executive Director submitted a letter to the Authority's Board announcing her retirement effective June 30, 2010, rather than September 30, 2010. Therefore, as of June 30, 2010, the Authority would have no administrative staff. This gave rise to an increased scope of County-provided services included in the Interlocal Agreement entered into on June 2, 2010. "Administrative Services" was added as a County Service, including preparing agenda materials for the Authority's regular Board meetings, reporting on the Authority's activities, managing expenses, coordinating activities with the property manager, coordinating activities among entities providing County Services and transitioning administrative functions.

A three-member Executive Director Search Committee, appointed by the Authority's Board and consisting of a representative from FSU, FAMU and TCC, held its initial meeting on May 27, 2010. The process of hiring an Executive Director took longer than initially anticipated, which resulted in two extensions to the Interlocal Agreement, which was to have terminated September 30, 2010: it was initially extended to no later than December 31, 2010, and then further extended to March 31, 2011.

Analysis:

Summary of County Services - Staff from the Clerk of the Circuit Court, Finance Division, and from the Board of County Commissioners, including the County Attorney's office, County Administration, Public Information, MIS, Human Resources and Risk Management, has been providing services to the Authority since June 2, 2010. The Finance Division's assistance pre-dates the Interlocal Agreement; it was providing assistance with accounting services and meeting minutes subsequent to the Office Manager's termination in April. A summary of the major categories of staff work follows.

- Authority's Board Meeting Support – Staff support has included:
    - Preparing the agenda and agenda items for thirteen full Board meetings (three in June, one in July, one in August, two in September, two in October (one regular and one special meeting), two in November (one regular and one special meeting), one in December, and one in January), and preparing the minutes for nine of those meetings.
    - Preparing agenda materials and meeting minutes for the Executive Director Search Committee.
    - Attending all full Board meetings, Audit Committee meetings, Evaluation Committee meetings for the General Counsel, and the Executive Search Committee meetings.
    - Preparing and issuing notices for all full Board and Board Committee meetings.

- Contracting – Staff prepared a Property Management Agreement, and two amendments to the agreement, with TALCOR Commercial Real Estate Services for property management and accounting services, and an amendment to the General Counsel's agreement. Staff assisted with the preparation of the Employment Agreement with the Executive Director.

- Insurance – Staff assessed the Authority's previous insurance coverage and secured 2010/2011 coverage.

- Recruitment – Staff provided recruitment services for the Executive Director and the Office Manager/Executive Assistant to the Director positions. This included the development of a job description for the Office Manager/Executive Assistant to the Director position, and for both positions, the placement of advertisements in multiple markets, development of a position application form, processing applications received, and obtaining background checks, credit checks, and pre-employment drug testing. Staff provided support to the Executive Director Search Committee, and served on the Office Manager/Executive Assistant to the Director Hiring Committee.

- Procurement – Staff developed a Request for Proposals (RFP) for General Counsel and edited the RFP based on direction from the evaluation committee, resulting in a Request for Qualifications that was released. Staff conducted the opening of submissions.

- Policy Development – Staff developed pre-employment drug testing and background investigation policies that were approved by the Authority's Board, and drafted the Personnel Policy, which has also been approved.

- Information Technology – MIS secured administration rights for the Authority's e-mail system, so that e-mail addresses could be changed and managed by the County. MIS secured, and now hosts, the Authority's website, which has enhanced access to and distribution of information. Board agenda materials, recruitment information for the Executive Director position, tenant requests for maintenance, meeting notices and other news are regularly posted to the Authority's website. MIS will train the Authority's staff as web stewards, and continue to host the Authority's website for a fee to recover costs.

- Tenant Support – Staff provided its evaluation of requested leases and lease modifications to the Authority's Board, until that role was assumed by TALCOR upon execution of a contract amendment that staff prepared. Staff managed and participated in the Development Review Committee (DRC) process, and considered those development and renovation requests that require the DRC's approval to proceed. Four DRC meetings were held during the term of the Interlocal Agreement.

- Legal Counsel – The County Attorney's office served as legal counsel to the Authority until October 1, 2010, when the Authority entered into an Agreement with General Counsel. This required County interaction with the U.S. Attorney office and other legal entities relative to the Shanna Lewis matter, providing guidance regarding public meeting requirements, researching state requirements relative to leasing and land use matters, so forth.

- Accounting Services – The Clerk of the Circuit Court, Finance Division was instrumental in coordinating work through Lanigan & Associates, resulting in the clean up of accounting records and the release of nine-month financial statements (October 1 through June 30), the year-end financial reports, and common area management fees for the 2009/2010 fiscal year. Through September, the Finance Division provided the pre-audit review of invoices and checks prior to release; interfaced with the Audit Committee and Thomas Howell Ferguson relative to the completion of the forensic audit report, annual audit, and management response letter; and filed such report materials with the Auditor General and bond holder. TALCOR began providing the accounting services to the Authority as of October 1, 2010.

- Investment Services – The Clerk of the Circuit Court, Finance Division has provided guidance to the Authority relative to the investment of funds not needed for near-term operations, and is now investing such funds on the behalf of the Authority.

- Office Operations – Staff oversaw the services of a temporary worker to assure the Authority's administrative office remained open during business hours.

- Budget – Staff developed the Authority's adopted FY 10/11 budget, in combination with TALCOR relative to property management matters.

From June 2 through September 30, 2010, the County provided approximately 2.5 FTE in combined staff support at no cost to the Authority. Under subsequent amendments, the Authority agreed to reimburse a portion of the County's cost at the rate of $11,000 per month for October through January, and $2,750 for February (a total of $46,750).

There was more than a 50% turnover in Authority Board membership during the term of the Interlocal Agreement, with five of the nine Board members recently taking office: (1) Phil Blank, whose term began April 27, 2010; (2) Barney Bishop, whose term began October 1, 2010; (3) Sam McCall, the City Manager's designee, whose term began October 1, 2010; (4) David Ramsay, whose term began December 14, 2010; and, (5) Commissioner Kristin Dozier, whose term began December 14, 2010.

The Authority is now fully staffed. The Executive Director, Dr. Catherine Kunst, was hired January 3, 2011, and the Office Manager/Executive Assistant to the Director, Kathleen Hampton, was hired February 18, 2011. Under contracts, Broad and Cassel is the Authority's General Counsel and TALCOR is its property manager and provides its accounting services. County staff played instrumental roles in the Authority's operations until such time as this new organizational structure was put in place. Much work remains to be done by the new staff, the Authority's Board, its contractors and partners, including the development of additional policies and procedures. However, a sound structure has been formed that will enable the Authority's Board and its staff to support Innovation Park's community partners, and grow partnerships that better promote scientific research and development among the local universities and foster economic development.

Options:

1. Accept the Status Report regarding the County's Interlocal Agreement with the Leon County Research and Development Authority.
2. Do not accept the Status Report regarding the County's Interlocal Agreement with the Leon County Research and Development Authority.
3. Board Direction.

Recommendation:
Option #1.

Board of County Commissioners
Leon County, Florida
www.leoncountyfl.gov

Agenda Item
Executive Summary

June 28, 2011

Title:
Acceptance of the Status Report Regarding the Implementation of the Gum Road Target Area Planning Committee's Recommendations

Staff:
Parwez Alam, County Administrator
Vincent S. Long, Deputy County Administrator
Alan Rosenzweig, Assistant County Administrator
Tony Park, P.E., Director of Public Works
David McDevitt, Director of Growth and Environmental Management

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Issue Briefing:

This item requests Board acceptance of a status report regarding the implementation of the Gum Road Target Area Planning Committee's recommendations.

Subsequent to the siting of the County's Solid Waste Transfer Facility (Facility) on Gum Road, the Board appointed a seven-member citizen's committee, the Target Area Planning Committee (TAPC), to review the Target Area and, with assistance from County staff, provide recommendations to the Board to address the anticipated impact of the Facility on the Target Area. The Target Area is surrounded by US Highway 90 to the north, Capital Circle Southwest to the east, the railroad right-of-way to the south, and Aenon Church Road to the west (Attachment #1). The TAPC met fifteen times and hosted an Open House at Tallahassee Community College to receive comments from area residents and businesses.

The recommendations of the Gum Road TAPC, accepted by the Board, generally address four areas: Land Use/Concurrency/Zoning; Water and Sewer; Transportation; and Stormwater. The following is an overview of the Gum Road TAPC recommendations for the capital project areas and a current status report for each item from the original report. Most of these recommendations have either been fully implemented or continue to be monitored. Over $86.5 million in infrastructure projects associated with these recommendations have been completed or are currently underway.

Fiscal Impact:

This item has no direct fiscal impact to the County; budget costs associated with the implementation of the Target Area Plan are addressed during applicable budget cycles.

Staff Recommendation:

Option #1: Accept the status report regarding the implementation of the Gum Road Target Area Planning Committee's recommendations.

Report and Discussion

Background:

Subsequent to the siting of the County's Solid Waste Transfer Facility (Facility) on Gum Road, the Board appointed a seven-member citizen's committee, the Target Area Planning Committee (TAPC), to review the Target Area and, with assistance from County staff, provide recommendations to the Board to address the anticipated impact of the Facility on the Target Area. The Target Area is surrounded by US Highway 90 to the north, Capital Circle Southwest to the east, the railroad right-of-way to the south, and Aenon Church Road to the west (Attachment #1). The TAPC met fifteen times and hosted an Open House at Tallahassee Community College to receive comments from area residents and businesses.

On March 12, 2002, the findings and final recommendations of the TAPC were presented to the Board for acceptance and approval (Attachment #2). The Board voted to schedule a workshop to address the TAPC recommendations. On April 30, 2002, the Board conducted a workshop on the findings and recommendations of the TAPC. The Board approved the ratification of actions at the Gum Road TAPC Workshop on May 28, 2002 (Attachment #3).

On April 24, 2007, a status report on implementation of the TAPC recommendations was presented to the Board for acceptance (Attachment #4). The Board directed staff to place a priority on funding items identified by the TAPC. On July 10, 2007, the Board's ratification of the preliminary FY 2007/2008 budget workshops included funding for the Aenon Church Road sidewalk and the FEMA Flood Map Revision study.

The Board authorized an amendment to the Gum Road Target Area Master Plan on April 27, 2010 to assist Blueprint 2000 with permitting for the Capital Circle NW/SW – Segment 1 widening. The amendment was subsequently revoked on May 11, 2010 when an alternative location to compensate for the roadway wetland impacts was accepted by state and federal permit agencies.

On May 25, 2010 the Gibby Family Trust offer to donate land for a joint stormwater facility in the TPA was presented to the Board (Attachment # 5). Staff were provided initial funding and directed to return with the written agreement for the donation. A draft JPA was provided to the Trust in September 2010. Staff is awaiting a response from the Gibby Family Trust following resolution of the Trust challenge to the Capital Circle construction permit.

Analysis:

The recommendations of the Gum Road TAPC, accepted by the Board, generally address four areas: Land Use/Concurrency/Zoning; Water and Sewer; Transportation; and Stormwater. The following is an overview of the Gum Road TAPC recommendations for the capital project areas and a current status report for each item from the original report. Most of these recommendations have either been fully implemented or continue to be monitored. Over $86.5 million in infrastructure projects associated with these recommendations have been completed or are currently underway.

The following is a summary of the most recent activity.

Land Use/Concurrency /Zoning Recommendations:

Waive development fees for Comp Plan amendments, rezoning, subdivision, site plans and permit fees for developments within the Target Area

Response: Because of an administrative oversight, this recommendation had not been fully implemented prior to March 2007. However, staff has fully implemented this recommendation of the Gum Road TAPC. Staff refunded all applicable application fees associated with development proposals, Comprehensive Plan amendments, and rezoning requests inside the Target Area that were collected subsequent to the Board's action in May of 2002. Approximately $31,000 was refunded to applicants within the Target Area. To ensure ongoing implementation, staff modified the County's permit enforcement and tracking software (PETS) to indicate that future development application fees inside the Gum Road Target Area are to be waived, based on Board direction. Other fees associated with development activity that were not recommended will not be waived. For example, building permitting fees inside the Target Area are not being waived. Pursuant to Section 553.80(7), Florida Statutes, building permit fees must be consistently applied

All fees identified in the recommendation are still being waived with the exception of the following: (1) building permit fees, (2) environmental permit violations, and (3) environmental mitigation fees. Additionally, in 2010 the Board adopted the Two-Track Review Process, which provides all applicants proposing development of property the option of two expedited site plan review tracks. The Concept Plan Review track is available for those applicants who desire an abbreviated site plan approval process that provides minimal approval assurances in order to market the project or secure financing. The Final Design Plan review track compresses the overall time-frame by requiring concurrent review of the site plan and environmental permit, allowing the applicant to receive approval of both applications concurrently.

Adopt a Western Strategy for the Target Area as shown in text amendment and map amendment

Response: With the recent extension of central sewer service into the Target Area, along with the roadway capacity enhancements currently underway, it is anticipated that these substantial public infrastructure investments will facilitate development opportunities consistent with the goals of an adopted strategy. Therefore, staff has not pursued the Comprehensive Plan amendment because the primary goals outlined by the Committee in its recommendation have been facilitated by the public infrastructure investment in the area. As of the date of this item, the Gum Road TAPC recommendations concerning amendments to the County's Comprehensive Plan to establish a "Western Strategy" (generally similar to the Southern Strategy currently in the Comprehensive Plan), have not been implemented due to an expenditure of infrastructure funds, including some provision of central water and sewer.

Research the feasibility of implementing an Enterprise Zone for the Target Area

Response: Staff continues to monitor and research the issue of implementing an Enterprise Zone in the Gum Road Target Area, as well as other applicable County economic development programs. Currently, the County has one designated Enterprise Zone. An Enterprise Zone (EZ) designation or expansion would require a statutory amendment by the Florida Legislature.

Because of legal size and population limitations, the addition of any new area to the existing EZ would require a like area to be removed from the EZ.

Consequently, an Enterprise Zone was not established for the Target Area due to the prior existence of another Enterprise Zone in Leon County.

Explore the application of Transfer of Development Rights (TDR) allowing for the transference of development rights within the Target Area

Response: Staff conducted a workshop with the Board on this issue on February 25, 2003. The workshop explored the concept of a TDR program with "sending" parcels being environmentally sensitive areas within the Upper St. Marks River Basin, and the Gum Road Target Area as the "receiving" area. Due to the lack of a perceived market demand for such development rights, the Board voted not to proceed with implementing a TDR program in the County.

Subsequently, Leon County has established the Greenspace Reservation Area Credit Exchange (GRACE) program. It allows for vacant lots located in the flood plain to be purchased (and transfer ownership to Leon County) by developers in exchange for reduced greenspace requirements. The developer can benefit from the reduced greenspace requirement to increase the developable area of a project. This program is focused on all of Leon County, including the Gum Road TPA.

Monitor economic development in the Target Area for compliance with the Targeted Business Pilot Program

Response: Staff continues to monitor economic development in the Gum Road Target Planning Area for compliance with the Targeted Business Pilot Program, as well as other applicable County economic development programs. The County's Targeted Business Pilot Program provides property tax credit to new businesses that are anticipated to create jobs at a specific income level.

Staff also continues to monitor business for economic development potential in Leon County. On occasion, staff meets with the Economic Development Council (EDC). At the most recent meeting, GEM staff provided the EDC with maps of the Gum Road TPA and copies of an incentive brochure to assist in economic development efforts. The EDC is aware of these programs, including the fee waivers, for projects in the Gum Road TPA.

Water/Sewer Recommendations:

Construct the sewer extension along Gum Road to Aenon Church Road

Response: The Gum Road sewer line extension was completed in the fall of 2005, at an approximate cost of $750,000, and is available for proposed development along Gum Road and other areas within the Target Area.

Investigate grants or other funding sources to pay water and sewer tap fees for single-family residences

Response: In 2002, staff investigated the potential of receiving grants for water and sewer connection fees (tap fees), but there were none available at that time. The City of Tallahassee does have a low-interest loan program for qualified applicants to assist with the costs associated with water and sewer connection fees. No additional programs have been identified.

Transportation Recommendations:

Widening of Capital Circle NW and SW from I-10 south to Highway 20

Response: The widening of Capital Circle NW, from US Highway 90 west to I-10, was completed for a construction cost of $25.5 million. Blueprint 2000 information indicates that the widening of Capital Circle SW from US Highway 90 to Orange Avenue has an estimated cost of $54 million.

Intersection improvement at Highway 90 West (Tennessee Street) and Capital Circle

Response: The intersection improvement at US Highway 90 and Capital Circle was completed in conjunction with the Capital Circle NW widening project previously noted.

Intersection improvement at Highway 20 and Capital Circle Southwest

Response: The north-south intersection improvements at Capital Circle SW and Highway 20 are complete at a cost of $2.1 million. This portion of the project was completed as a component of the required off-site traffic impact mitigation by the Southwood Development of Regional Impact. The east-west intersection improvement will be completed in conjunction with the Capital Circle SW widening project previously noted.

Comprehensive Plan text amendment for the Target Area that extends concurrency from three to ten years

Response: The Board approved an amendment to the Comprehensive Plan to provide for a 10-year concurrency provision for certain segments of Capital Circle, north of US Highway 90. This provided a bridge to allow development in the interim, until Capital Circle (both SW and NW) capacity improvements were moved into the first three years of the approved CIP. Currently, the recent improvements completed and under construction (i.e. Capital Circle NW and SW) greatly increase roadway capacity and increase the marketability of the Gum Road TPA. Good roadway access is important to business when finding a location.

Installation of a sidewalk on Aenon Church Road

Response: The Aenon Church Road sidewalk project was delayed by stormwater and right-of-way issues. The project was completed in October 2009 at a final cost of $347,185.

Stormwater Recommendations:

Revision of the FEMA flood plain map within the TPA

Response: Staff estimated the cost of a FEMA flood plain map revision study at $250,000. An attempt was made to include this study within the planning and design process for the transportation improvement projects in the area. However, due to the timetables involved with the road projects, this was not accomplished. A FEMA flood plain map revision study is under review and nearing completion.

Implementation of Alternative 6 or Alternative 6A

Response: The stormwater project known as "Alternative 6" has been partially completed through the FDOT/Leon County/Blueprint 2000 Joint Project Agreement for the stormwater management facility constructed near the intersection of Highway 90 (Tennessee Street) and Capital Circle NW. This facility, equivalent to TAPC Pond 2, is part of Martha Wellman Park. The Board authorized staff in May 2010 to pursue the Gibby Family Trust offer to donate the TAPC Pond 3 site, the recommended stormwater facility at Gum Road. A draft Joint Project Agreement was submitted to the Gibby Family Trust for review in September 2010, with a follow-up in December.

Options:

1. Accept the status report regarding the implementation of the Gum Road Target Area Planning Committee's recommendations.
2. Do not accept the status report regarding the implementation of the Gum Road Target Area Planning Committee's recommendations.
3. Board Direction.

Recommendation:

Option #1.

Attachments:
1. Map of the Gum Road Target Area
2. March 12, 2002 Agenda Request - Gum Road Target Area Planning Committee Final Report
3. May 28, 2002 Agenda Request – Ratification of Actions Taken at the Gum Road Target Area Planning Committee Workshop
4. April 24, 2007 Agenda Request - Acceptance of the Status Report on the Implementation Gum Road Target Area Planning Committee Recommendations
5. May 25, 2010 Agenda Request – Authorization to Negotiate for Land Donation for the Gum Road Target Area Master Plan and Appropriate Preliminary Project Funding

PA/AR/TP/TH/la

Survey Participants

NAME	BUSINESS
Barney Bishop	Associated Industries
Ben Graybar	Tallahassee State Bank
Dr. Jerry Osteryoung	Jim Moran Institute for Global Entrepreneurship in the College of Business at Florida State
Keith Bowers	FAMU Small Business Center
Randy Hanna	Bryant Miller & Olive Attorney
Wendell Paige	WP & Assoc/Capital City Chamber
John C. Casper	Event Photography
R. Dean Minardi	Bing Energy
Kirby Kemper	FSU - Dept of Physics
Kim Williams	EDC/Marpan
Mark O'Bryant	TMH
Sue Dick	Tallahassee Chamber of Commerce
Tom Barron	Capital City Bank
Ed Murray	Talcor
Kim Moore	Workforce Plus
Paul Watts	Electronet Broadband Communications
Dana Olson	Eco Dev LLP
Bryan Cureton	Tallahassee Land Company
Robert Parrish	Parrish Group
Sammie Dixon	Prime Meridian Bank
Mike Vasilinda	Mike Vasilinda Productions
April Salter	Salter-Mitchell
Cedric Harris	PATLive
Chad Kittrell	Hunter & Harp Holdings
Ken Boutwell	MGT of America, Inc
Danny Langston	Flightline
Van Champion	Childers Construction
Sam Rogers	Rogers, Gunter, Vaughn Insurance
Ron Sachs	Ron Sachs Communications
Thomas Pennekamp	Sun Trust Bank
Matt Brown	Premier Bank

WORKSHOP

Workshop on Small Business Lending Guarantee Program

Tuesday, February 28, 2012

1:30 – 3:00 p.m.

Leon County Board of County Commissioners' Chambers
Leon County Courthouse, 5th Floor

This document distributed February 21, 2012

Leon County
Board of County Commissioners

Workshop Cover Sheet

February 28, 2012

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Approval to Participate in a Small Business Lending Guarantee Program

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator
Lead Staff/ Project Team:	Ken Morris, Director, Economic Development & Business Partnerships

Fiscal Impact:
Should the Board adopt Option #1 for the County to participate in the small business lending guarantee program, staff will bring back a workshop ratification item of the Board's actions with a budget amendment to encumber $2.5 million for the guarantee program. These funds would remain under the auspices of the County, and would only be disbursed upon a loan default under specified circumstances addressed in this item.

Staff Recommendation:

Option #1: Accept staff report and direct the County Administrator to negotiate with the City of Tallahassee to mirror and finalize the small business loan guarantee program requirements for final approval by both Commissions.

Option #2: Upon completion of negotiations with the City, bring back an agenda item for final approval by the Board to encumber $2,500,000 for the guarantee program.

Report and Discussion

Background:

The lack of access to capital for small businesses was a problem identified by the County through the surveying of local business owners and leaders in preparation for the Board's workshop on September 13, 2011 to determine how the County could stimulate job creation. The workshop produced 36 recommendations as a framework for the Leon County 2012 Job Creation Action Plan. One of the Board's recommendations from that workshop included evaluating lending opportunities to encourage entrepreneurship.

Following the Board's adoption of the strategic priorities at the December 16, 2011 Commission meeting, Commissioner Maddox requested staff to bring back an agenda item regarding a program that would guarantee small business loans. Included as one of the Board's adopted Strategic Priorities is:

> *"Support business expansion and job creation, including the implementation of the Leon County 2012 Job Creation Action Plan, to include evaluating the small business credit program."*

On January 24, 2012, the Board accepted a staff report on the proposed loan guarantee program and scheduled a workshop for February 28, 2012 to review the proposal in greater detail (Attachments #1 and #2). The January 24th agenda item provided an overview of the U.S. Small Business Administration's (SBA) 504 Loan Program, the State of Florida's State Small Business Credit Initiative (SSBCI), and a proposal for the County and City to leverage the two programs by guaranteeing a portion of small business loans.

At the January 24th meeting, Commissioners also emphasized the importance of reviewing this program with local stakeholders in advance of the February 28th workshop, and inviting the stakeholders to be a part of the discussion at the workshop. On February 14, 2012, in coordination with the Economic Development Council (EDC), County staff hosted a forum of approximately 20 local stakeholders that included representatives from lending institutions, builders, real estate companies, the Leon County Clerk's Office, and the City of Tallahassee. Additional stakeholders were invited by staff and the EDC to attend the February 28th workshop.

Analysis:

Based on the Board's direction at the January 24th Commission meeting, staff has prepared this workshop item for the Board to further evaluate a proposal to leverage the investment of economic development funds within Leon County. Staff has been working with representatives from partner organizations including the EDC, the Florida Department of Economic Opportunity, and the Florida First Capital Finance Corporation to enhance the availability of capital for small businesses. This analysis provides a refresher on the SBA 504 Loan Program and Florida's SSBCI program in greater detail, along with illustrations to show how they would interact under the proposed guarantee program and recommended adjustments from the original proposal.

The proposal before the Board anticipates equal participation from the County and City for a combined $5 million in small business loan guarantees. To ensure a user-friendly program that encourages investment in the community, the County and City must adopt identical parameters for participation in the proposed guarantee program. To this end, the guidance and recommendations offered herein by County staff recognize the importance of partnering with the City in this endeavor, and offer the County Administrator the ability to negotiate any outstanding terms of the guarantee program before bringing back a final product to the Board for approval. Should the City decide against participating in this program, the Board could choose to proceed on its own by increasing the proposed financial commitment to fulfill the project scope or by maintaining the proposed financial commitment, which would marginally reduce the guarantee incentive.

The City conducted a cursory review of the proposal with two City Commissioners on February 25, 2012 through one of its Target Issue Meetings. City staff expects to present this proposal and their recommendations to the full City Commission on either March 14 or 28, 2012. City staff participated in the February 14th stakeholders' forum, and the County has been in communication with the City regarding many of the findings and recommendations presented in this item.

SBA 504 Loan Program

The SBA is a federal agency that offers a variety of loan programs for very specific purposes. The SBA's 504 Loan Program is a long-term financing tool designed to encourage economic development within a community by providing small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. The SBA works with a local Certified Development Company (CDC), a nonprofit corporation which is set up to contribute to economic development within its community, to assist in securing financing through this program. Locally, the role of the CDC is carried out by the Florida First Capital Finance Corporation, which has a main office in Tallahassee, and assists small businesses throughout the state.

Under the 504 loan, the local CDC assists small businesses with securing a portion (up to 50%) of the loan through a private vendor. The CDC lends up to 40% of the loan, which is 100% guaranteed by the SBA. The private lender offering 50% of the total loan amount enjoys the senior lien position allowing it to be the first entity to collect on the loan. The borrower benefits from a long-term, fixed rate that is normally below market prices. In addition, the borrower is typically only required to put down 10% of the total project cost, which does not have to be cash. The project assets being financed are often used as collateral.

Table #1: Example of SBA 504 Loan

Entity	*Loan Amount*	*Percent of Project*
Private Lender	$500,000	50%
CDC (backed by SBA)	$400,000	40%
Business/Borrower	$100,000	10%

To be eligible for a 504 loan, a business must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, a business qualifies as 'small' if it does not have a tangible net worth in excess of $15 million and does not have an average net income in excess of $5 million, after taxes, for the preceding two years. The 504 loan cannot be used for working capital or stockpiling inventory; but a temporary program under 504 allows for refinancing without a requirement for business expansion or job creation.

Generally, SBA 504 loans must be used for fixed asset projects, such as:

- The purchase of land; including existing buildings
- The purchase of improvements; including, grading, street improvements, utilities, parking lots and landscaping
- The construction of new facilities or modernizing, renovating, or converting existing facilities
- The purchase of long-term machinery, equipment, furniture, and fixtures
- Most soft costs are also eligible (attorneys' fees, architectural, engineering, surveys, etc.)

A borrower must occupy at least 51% of the space on a purchase, and at least 60% if the project is new construction. The project cannot be entirely income producing (i.e. relying on tenant income). The SBA program excludes businesses that generate more than 1/3 of their revenue from legal gambling, are primarily engaged in lending, are considered private or restrictive clubs, or are engaged in speculative real estate investment.

The maximum SBA loan amount and job creation criteria are based on the type of project. For example, a typical job creation project has a $5 million maximum loan amount and is required to create or retain one job for every $65,000 of SBA participation. A manufacturing or energy-related project may qualify for up to a $5.5 million SBA loan and would only be required to create one job for every $100,000 of SBA participation. Projects that meet certain public policy or community development goals determined by the SBA may qualify for up to a $5 million loan without any job requirements. These public policy goals include:

- Business district revitalization
- Expansion of exports
- Expansion of minority and women-owned businesses
- Expansion of veteran-owned businesses
- Rural development
- Businesses that bring new income into the community

<u>SBA Interim (or Construction Financing) Period</u>
Under an SBA loan, the 'riskiest' period of the loan is during the construction phase, which is also known as the interim period. In addition to the variables that could go wrong during the construction phase, lenders are at peak exposure, during this interim period, because of the time lapse between the bank issuing the business loan and the receipt of the SBA funds. The time difference is typically 180 days.

After acceptance of the terms and conditions of the "Authorization for Debenture Guarantee" by the small business, an interim loan from the participating lender funds the construction or acquisition of the fixed assets. The interim loan is usually equal to the bank's permanent loan amount plus the net proceeds from the SBA 504 loan (totals approximately 80-90% of eligible project costs). The closing for the SBA loan (debenture) is scheduled after the participating lender and the CDC have verified expenditures upon completion of the project. The loan documents are then executed by the borrower and forwarded to SBA for review prior to the debenture sale. This method of closing and delayed funding is referred to as a "dry closing."

After review and approval of the loan closing documents, SBA allows the debenture to fund. Debentures are pooled together and sold to private investors. The debenture sale generates the funds for the 504 Loan, which is remitted directly to the participating lender via wire transfer. This process is how the participating lender's construction or interim loan is paid down to the permanent loan amount. However, it has also been an ongoing point of concern for private lenders because they are financing 90% of the project during this interim period. The problem is rectified under Florida's 504 Bridge Loan Program, as noted in the next section of this analysis.

State Small Business Credit Initiative

As reported at the September 13, 2011 Workshop on County's Economic Development Activities and Survey of Local Business Leaders on Job Creation, the State of Florida received $97.7 million in federal seed money in August 2011 for small-business lending. This seed money was created by the federal Small Business Jobs Act of 2010 to help states strengthen existing loan and equity programs and/or create new programs that support financing small businesses. The primary objective of Florida's SSBCI Program is to leverage private capital for Florida's small businesses, which are defined as businesses with 500 employees or less. Therefore, this program could be leveraged with the SBA 504 loan.

Under the federal Small Business Jobs Act of 2010, Florida must show that $10 in new small business lending or investment was generated by every $1 in SSBCI funding (known as the "10:1 private capital leverage ratio"). Therefore, Florida's SSBCI funds must generate at least $976,623,490 in new private capital for small businesses. These funds would be allocated through the three programs: the Florida Capital Access Program, the Florida Venture Capital Program, and the Small Business Loan Support Program. This workshop item, and the proposed local guarantee program, focuses specifically on the Small Business Loan Support Program that has been allocated $33.5 million of the full $97.7 million that the State of Florida received from the U.S. Treasury.

The Small Business Loan Support Program is designed to provide Florida small businesses with credit enhancement and other tools to better access commercial bank and export financing. Each transaction will require, at a minimum, a matching concurrent private capital investment, or other credit assistance. This program includes the following:

a. *Loan Guarantee & Loan Participation Programs:* The State will provide loan guarantees or loan participation of up to 20% of the total required financing. This program will target transactions ranging from $250,000 to $5 million. Loan terms may not exceed five years and interest rates would be negotiated.

b. *Direct Loan Program:* The State will provide a direct loan to a borrower for up to 20% of the total required financing. This program has the same constraints as the Loan Guarantee and Loan Participation Programs.

c. *504 Bridge Loan Program:* The State will provide a guarantee for the 40% of a 504 loan during the interim period (up to 180 days) prior to the bank being "taken-out" by the SBA (refer back to *SBA Interim [or Construction Financing] Period)* section of this analysis on pg 4). By removing the interim 90% financing risk for lenders, Florida's 504 Bridge Loan Program will make more capital available for small businesses. These loans will be processed by the Florida First Capital Finance Corporation in conjunction with Enterprise Florida. The maximum loan term under this program is six months.

d. *Export Loan Guarantees and Export Direct Loans:* The State will provide a loan guarantee or participation to exporting small businesses.

The Small Business Lending Guarantee Proposal is to combine the 40% loan from the SBA 504 Loan Program and the 20% guarantee under the SSBCI's Small Business Loan Support Program with an additional 10% loan guarantee from the County and City governments (5% each).

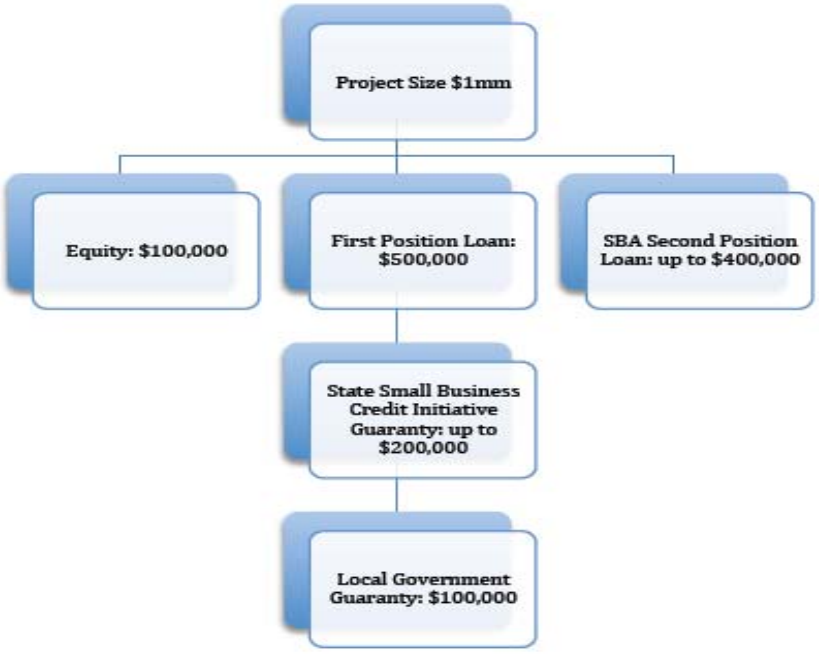
Small Business Lending Guarantee Proposal

A proposal was submitted to staff by Inkbridge (JT Burnette and Kim Rivers), a local financial consulting firm, seeking the County and the City to set aside $2.5 million each to guarantee a portion of private lenders' small business loans under the SBA 504 and SSBCI Programs. This proposed guarantee would amount to a maximum of 10% of the project cost or $500,000, whichever is less, for any given project meaning that $50 million in small business loans would have to be made in order to exhaust, or commit, all $5 million of the local funds. In the simplest terms, this proposal seeks to leverage federal, state, and local funds to maximize capital for small business lending with minimal risk of local funds.

It is important to remember that under this proposal, the County and City would be guaranteeing loans rather than directly lending to businesses. The proposal recommends that at least $1 million, or 20%, of the local guarantees be utilized for new capital projects thereby resulting in a minimum of $10,000,000 in new capital projects. While the local governments stand to benefit from the increased economic activity associated with small business lending, the funds used to guarantee these long-term loans would be encumbered over the life of the loan or a predetermined period of time approved by the Board.

On Page 3 of this item, Table #1 illustrates a typical SBA 504 loan and the amount of funds contributed by each party for a $1 million project. Diagram #1 portrays the same $1 million example, and includes the role of the SSBCI and local governments, together with their loan positions. In this example, the local governments would guarantee 10%, or $100,000, of the total project amount to the private lender.

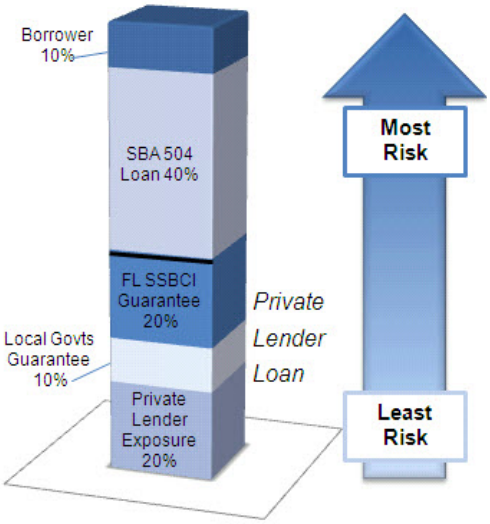
Diagram #1: Small Business Lending Guarantee Proposal <u>with</u> SSBCI Participation



Under this proposal, both the SSBCI funds and the local government funds would be used to guarantee the private lender's loan to the small business. The benefit to the program is that it mitigates the first position lender's loss to 20% of the total project, providing an additional incentive for banks to increase the volume of small business loans. In a loan default scenario, the project would have to lose 70% of its value prior to the local governments experiencing any loss. The borrower would be the first to lose its equity ($100,000), then the SBA would lose its $400,000, and the state would lose its $200,000 for a total loss of $700,000 prior to the local government experiencing a loss.

Diagram #2 offers another illustration of each participant's risk, or exposure, under the same lending scenario. It is important to note that this illustration is the ideal participation of the County and City as originally proposed by the stakeholders. In this scenario, the borrower puts down 10% and qualifies for the full 40% SBA loan and 20% SSBCI guarantee. The local governments would guarantee 10% leaving the private lender with a 20% exposure on the small business loan. For this loan, the greatest risk is borne at the top of the bar graph while the participants nearest to the base enjoy the least risk. In a loan default scenario, the project would have to lose 70% of its value prior to the local government experiencing any loss.

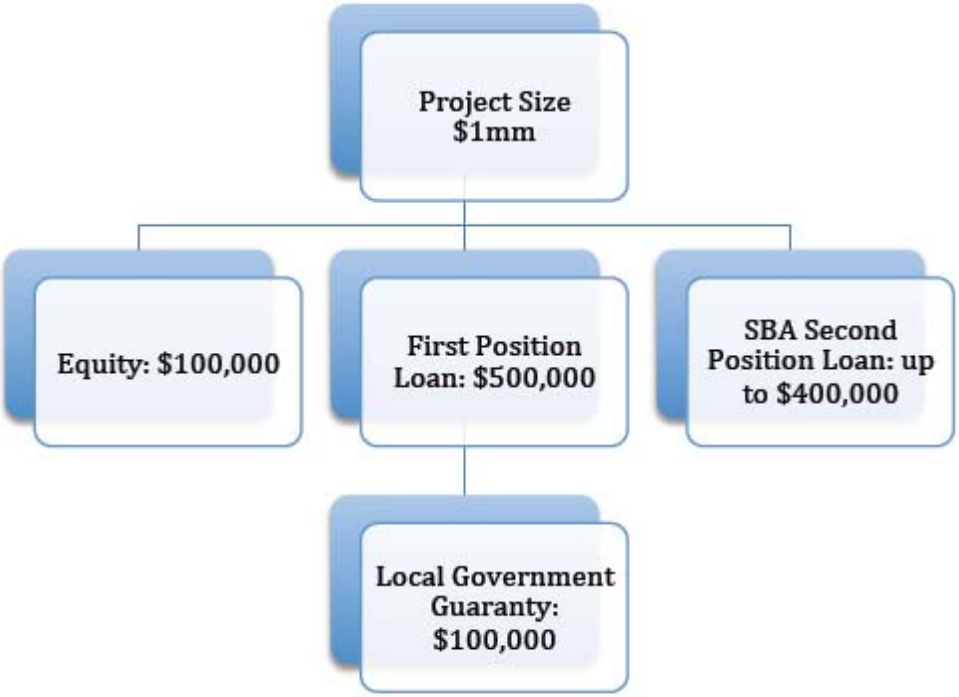
Diagram #2: Distribution of Risk Under an Ideal Loan



This means that the local governments would be held harmless in a situation whereby the borrower defaults, the lender takes ownership of the project (land, building, equipment, etc.), and it has a value of at least 30% of the loan amount. The borrower would lose his 10% equity, the SBA would lose its 40% loan, and the SSBCI would lose its 20% guarantee. It is highly unlikely for a fixed good or asset eligible for an SBA loan to lose 70% of its value over a reasonable period of time. However, this does lead to the question of how long the local governments should guarantee a small business loan. This issue is addressed later in this section.

Diagram #3 portrays another $1 million loan example without the participation of the SSBCI. Like the previous diagram, the local governments guarantee 10%, or $100,000, of the total project amount to the private lender who enjoys first position on the loan.

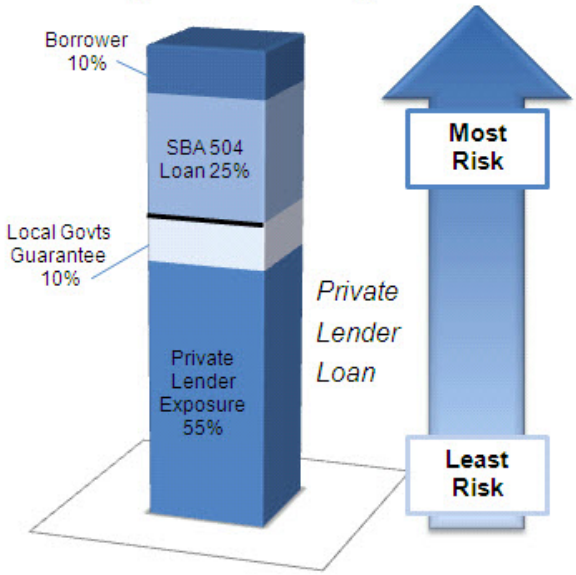
Diagram #3: Small Business Lending Guarantee Proposal <u>without</u> SSBCI Participation



A project that qualifies for the SBA 504 loan with the local government guarantee but no SSBCI participation would mitigate the first position lender's potential loss to a maximum of 40% of the total project. In a loss scenario, the project would have to lose 50% of its value before the local government guarantee is affected. The borrower would lose its equity first, then the SBA, prior to the local governments experiencing a loss.

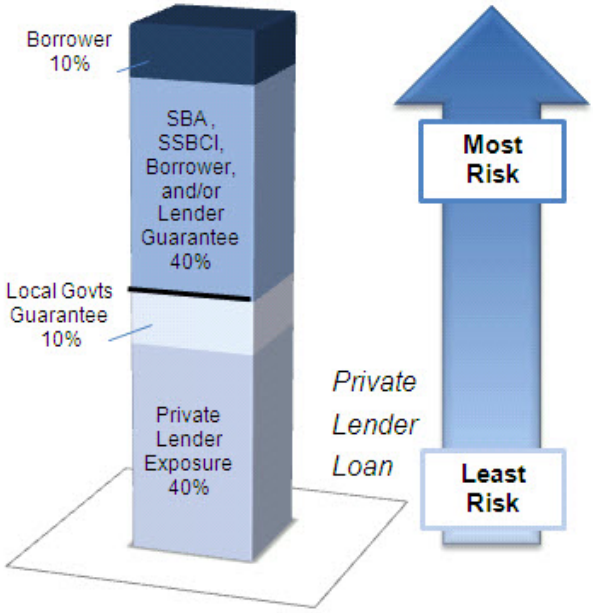
Diagram #4 offers an alternative illustration of each participant's risk, or exposure, under less than ideal conditions. In this scenario, the borrower puts down 10% but does not qualify for the SSBCI guarantee similar to the illustration in Diagram #3. However, the borrower does not qualify for the full 40% SBA loan in Diagram #4. Instead, the SBA only agrees to a 25% guarantee leaving the private lender exposed on 55% the loan. This greatly increases the County's exposure in comparison to the ideal scenario laid out in Diagram #2. Given that the participants nearest the top of the bar graph bear the greatest risk, a loan default claim would be made to fulfill the County's guarantee if the project lost more than 35% of value. The absence of state participation and less than full support from the SBA leaves the County much more exposed than the ideal conditions illustrated in Diagrams #1 and #2.

Diagram #4: Distribution of Risk Without Full SBA Participation or State Participation
(Not Recommended)



The proposal submitted by Inkbridge would require lenders whom are seeking a local guarantee for an SBA eligible loan to also apply, if eligible, for the SSBCI guarantee. Staff concurs with this requirement as it would help mitigate the County's exposure but additional precautions are needed prevent local government participation in a guarantee with a less than favorable loan position as illustrated in Diagram #4. Staff recommends establishing a maximum threshold for the County's guarantee risk by requiring that at least the first half (50%) of the risk on the loan be borne by other participants. This could include a combination of the borrower, SBA, SSBCI, and even the lender if needed as illustrated in Diagram #5. By positioning the County's risk in the bottom half of the loan, lenders would still qualify for the local guarantee without state participation (borrower's 10% plus SBA's 40%). For projects that receive less than the full 40% SBA loan, lenders could still qualify for the local guarantee with the addition of SSBCI participation, an increase in the borrower's equity, or by moving a portion of its risk ahead of the local guarantee so that the County does not bear any risk in a default for the first 50% of loan value.

Diagram #5: Distribution of Risk - Staff Recommended Maximum Exposure



The Board may also want to consider how long it wishes to guarantee these small business loans. The proposal calls for the local guarantee to last for the life of the loan, which could be 10-20 years. Eligible purchases with SBA funds include items such as equipment, machinery, and furniture that depreciate over time. A mid term default on a long-term loan could leave the lender-depreciated assets. This example is used to illustrate additional risks associated guaranteeing loans that may be cause for limiting the term lengths. Loan terms under the SSCBI may not exceed five years yet ten years in the minimum term under SBA loans. A broader policy discussion for the Board to consider is whether the County should be involved in small business lending for the long term versus the short term in response to the current local, state, and national economic conditions. Staff is not prepared to make a recommendation on an exact loan term and would like to confer with the City for a mutual and reasonable participatory timeframe.

Stakeholders' Forum

The February 14th stakeholders' forum provided a brief overview of the 504 Loan Program, the Florida SSBCI Program, and the local government guarantee proposal followed by a question and answer session. Participants were appreciative of the County's ongoing economic development efforts and willingness to consider somewhat of a non-traditional proposal. Staff utilized this forum to engage stakeholders about the current state of the local economy and the merits of local governments guaranteeing small business loans. Stakeholders offered mixed input regarding the current credit market and the availability of small business loans. Some participants articulated that loan demand has dramatically declined while others suggested that lending and credit markets have greatly constricted since the start of the recession.

The consensus among the lenders was that an additional 30% guarantee (20% from the state plus 10% from the local governments) would incentivize lending to local small businesses. More specifically, it would encourage smaller banks to participate in larger loans that they may generally avoid due to the amount of capital needed to encumber over a long period of time. When pressed by County staff, lenders did not believe that the additional guarantees would lead to 'riskier' loans.

Several of the lenders at the stakeholders' forum were encouraged to learn of Florida's 504 Bridge Loan Program and the additional protections it affords during the construction phase. The 504 Bridge Loan Program will remove the interim 90% financing risk during the construction phase by loaning, or advancing, the SBA's portion of the loan to the private lenders until the loan is closed and the SBA can provide its loan to the lender.

A point of emphasis among all of the stakeholders, from the lenders to the borrowers, was the need for a user-friendly program. Electronic applications for SBA loans generally have a two-to-three day turnaround time to determine eligibility. A seamless process would be needed for the local government portion to add value to both the borrower and lender. This reinforces the need to marry the parameters desired and set forth by both the County and City so there is a singular, uniform, and user-friendly process for the small business loan guarantees.

Additional Considerations

During initial conversations about the proposed small business lending guarantee program, staff engaged the County Attorney's Office, the Office of Management and Budget, and the Finance Division of the Clerk's Office to verify the legality of participating in the program and to evaluate the County's options for encumbering $2.5 million. There were concerns that the County would be required to appropriate the $2.5 million to a third party to manage the program rather than retaining the funds under the County's auspices. Upon further review by the County Attorney, it was determined that the proposal would pass constitutional muster so long as the $2.5 million was designated as a one-time expenditure.

By keeping the funds in-house, the County enjoys the dual-purpose benefit of having $2.5 million cash on hand earning interest while being leveraged as part of the local guarantee program to stimulate small business development. Any efforts to utilize the program funds as a revolving pool as the loans are repaid may trigger additional legal concerns. Therefore, staff has developed a series of recommendations and adjustments to the original proposal based on the premise that the loan guarantee program would function as a pilot program with a one-time expenditure. Should the local loan guarantees prove to be successful and interest the Board in the future, a subsequent one-time expenditure could be allocated to continue the program. Table #2 provides a side-by-side comparison of the proposed operating mechanics and descriptions (as presented in Attachment #2) with the comments and recommendations of County staff.

Table #2: Proposed Mechanics & Description of Local Guarantee Program Along with Staff Comments and Recommendations

Proposed Mechanics	Proposed Description	County Staff Comments & Recommendations
What kinds of borrowers are eligible to participate?	• Borrowers must meet eligibility requirements under the SBA CDC/504 Program. • The project must be located within Leon County. • Business must be considered a "small business" pursuant to SBA stands.	• To maximize available funds for this project, projects would have to be located within the City limits. However, considerations would have to be made so that projects in the unincorporated area are not excluded from this economic development opportunity.
What sizes of projects are eligible?	• Project sizes can range from $50,000 to $13,750,000.	No comments

Table #2 Continued: Proposed Mechanics & Description of Local Guarantee Program Along with Staff Comments and Recommendations

Proposed Mechanics	Proposed Description	County Staff Comments & Recommendations
What are the characteristics of the guarantee?	• Both the City of Tallahassee and Leon County will each extend $2,500,000 worth of coverage for a total available guarantee amount $5,000,000. • A minimum of 20% of the $5,000,000 total guarantee amount shall be extended to new capital projects, thereby increasing tax revenue. • The local government guarantee shall be 10% of the project amount or $500,000 whichever is less. Under special exception, the local guarantee may be up to 20% of the project amount or $1,000,000, whichever is less. Special exception applications require CRA board approval.	• Staff recommends increasing the minimum investment for new capital projects to 40%. • Staff recommends increasing the local government guarantee to 10% of the project amount or $550,000, whichever is less, to mirror the increased incentives offered by the SBA for manufacturing and energy-related projects.
What types of loans are eligible for the guarantee?	• First lien positions with an SBA 504 second position loan. • Note: If the SBA 504 is used in conjunction with a new market tax credit transaction, the local government guarantee can be extended to either the leveraged lender or the community development entity. • Note: If the SBA 504 first lien position is pooled, the local government guarantee shall go to the original lender and pool originator.	No comments

Table #2 Continued: Proposed Mechanics & Description of Local Guarantee Program Along with Staff Comments and Recommendations

Proposed Mechanics	Proposed Description	County Staff Comments & Recommendations
How does the program work in conjunction with the SBA CDC/504 Program and the States Small Business Credit Initiative?	• If the loan is eligible under the state program, in order to be considered for the local government guarantee, the borrower must make application under the state program. • If the loan has been approved under the state small business credit initiative program, the local government guarantee shall be senior to both the SBA 504 and the state. Assuming the state guarantee is 20% of the project, the project would have to lose 70% of its value prior to the local government experiencing any loss. • If the state program does not have available dollars, the local government may approve a loan without state participation. • In the event the state does not participate in the project and the local government guarantee is extended, the project would have to lose 50% of its value (10% borrower equity and up to 40% SBA guarantee) prior to the local government experiencing any loss.	• Staff concurs that the borrower should be required to make application under the state program if eligible. State participation would further reduce exposure to the County and City. • Staff recommends establishing a maximum threshold for the County's guarantee risk by requiring that at least the first half (50%) of the risk on the loan be borne by other participants. This could include a combination of the borrower, SBA, SSBCI, and even the lender if needed. By positioning the County's risk in the bottom half of the loan, lenders could still qualify for the local guarantee without state participation.
How can loan proceeds be used?	• For any business purpose, as long as the purpose qualifies pursuant to SBA CDC/504 Program requirements. Such purposes include, but are not limited to the following: purchase of land (including existing buildings), purchase of improvements (including grading and street improvements, utilities, parking lots, and landscaping), the construction of new facilities, the purchase of long-term machinery and equipment.	• In summation, proceeds should be utilized in accordance with the guidelines set forth in the SBA 504 Loan Program with one caveat; a cap on refinancing. Staff recommends a 20% cap on the amount of local government guarantees that could be applied to refinancing.

Table #2 Continued: Proposed Mechanics & Description of Local Guarantee Program Along with Staff Comments and Recommendations

Proposed Mechanics	Proposed Description	County Staff Comments & Recommendations
Who negotiates the terms of the loan?	• The first lien position will be negotiated with the lender holding the first position loan. • The second lien position will be determined as per the terms of SBA CDC/504 Program.	• The County and City will each enter into a contractual relationship with lenders to formalize the guarantees for individual projects. • The County and City would also need to enter into an agreement with each other detailing the loss share in the event of a loan default.
What are the program's strengths?	• Guarantees are a familiar structure for commercial lenders. • The programs generate higher leverage than loan participation or collateral support programs.	• The *Stakeholders' Forum* section of this analysis (page #10) provides a summary of the various program strengths, opportunities, and threats from the perspective of lenders and borrowers.
What kinds of lenders are eligible to participate?	• Any lender eligible to make an SBA 504 senior loan.	No comments
Who originates loans in this program?	• Participating lenders originate loans and apply to the local program for guarantee approval.	No comments
Who has underwriting responsibility?	• Lenders are responsible for underwriting the loans initially. • Prior to issuing a guarantee, the local government requires an SBA loan authorization, which must be submitted with the application. The local government will review and approve guarantee applications that are submitted by the lenders; upon approval, a commitment letter is issued to the lender outlining the terms of the guarantee.	Staff recommends authorizing the County Administrator to negotiate with the City, subject to approval, to mirror and finalize the small business loan guarantee program requirements for final approval by both Commissions.
Is a guarantee fee charged?	• A one-time fee of 25 basis points of the amount of the guarantee will be charged to the lender.	For lenders to utilize guarantees, SBA requires that they be purchased. 25 basis points on the proposed $2.5 million contribution from the County would generate $6,250 in fees.

Table #2 Continued: Proposed Mechanics & Description of Local Guarantee Program Along with Staff Comments and Recommendations

Proposed Mechanics	Proposed Description	County Staff Comments & Recommendations
What is the guarantee term?	• The term shall correspond to the term of the first position loan.	• The Board may want to consider how long it wishes to guarantee these small business loans (for the life of the loan or a specified period of time). Loan terms under the SSCBI may not exceed five years but ten years in the minimum term under SBA loans.
What percentage of the project can the guarantee cover?	• 10% of the project amount but not to exceed $500,000; whichever is less (corresponds to EDC Authority). • Note: When a lender has been issued multiple guarantees under this program, the loans shall be viewed as a pool and the 10% guarantee shall be deemed issued on the pool rather than on individual projects. • Special exception shall be given to projects located in the CRA (contingent on CRA board approval) of 20% of the project amount but not to exceed $1,000,000.	• Staff recommends increasing the local government guarantee to 10% of the project amount or <u>$550,000</u>, whichever is less, to mirror the increased incentives offered by the SBA for manufacturing and energy-related projects. • Should the Board wish to provide additional incentives for projects located within the CRA, staff recommends increasing the local government guarantee amount to 20% of the project amount or $1 million, whichever is less, <u>rather than including the CRA Board as a separate third party entity in the local guarantee.</u> It should be noted that offering an additional incentive within the CRA aligns with the Board's investment and commitment toward downtown redevelopment but it would negate the return on investment with regard to the collection of ad valorem revenues.

Table #2 Continued: Proposed Mechanics & Description of Local Guarantee Program Along with Staff Comments and Recommendations

Proposed Mechanics	Proposed Description	County Staff Comments & Recommendations
What happens in the case of a default?	• If a borrower defaults on a loan, a lender may submit a claim to the local government or its agent in accordance with the terms of the guarantee agreement. • The guarantee agreement shall specify the responsibilities of the lender in pursuing available remedies to collect unpaid principal and interest prior to submitting a claim. • The County and the City shall share pro-rata with respect to any losses under the Program.	• Staff will continue to work with the County Attorney's Office and local stakeholders to specify the responsibilities of lenders in pursuing available remedies upon default and bring those parameters back to the Board for approval prior to initiating the program.

Staff Recommendation

Job creation and economic development have long been a top priority but the County has dramatically accelerated its efforts over the past three years in light of the local and national economy. The Board has utilized long and short-term efforts to promote and sustain employment opportunities in the County. As the regional hub for business, government, and education, the County has aggressively invested in infrastructure improvements and modified existing growth, environmental, economic, and purchasing practices to enhance economic opportunities and promote job creation.

This proposal before the Board seeks to provide an economic development tool that gives local lenders an incentive to leverage federal and state programs to enhance small business development. There are inherit risks in guaranteeing local business loans; however, the mechanics of state and federal programs combined with the County's position in the loan and the additional recommendations offered by staff are designed to mitigate those risks as much as possible. The goal of SBA lending is to promote owner-occupied small business development, which is a shared economic development interest for our community as we continually strive to diversity our economy.

As noted throughout this item, a joint process for County and City participation is needed for this endeavor to be successful. This requires both Commissions to adopt identical requirements and parameters to ensure a user-friendly process. This workshop item was designed to offer a greater understanding of how the SBA 504 Loan and the Florida SSCBI could be leveraged with the proposed local government guarantee to enhance lending for small business development. Staff recommends that the Board authorize the County Administrator to negotiate with the City of Tallahassee, based on the staff guidance provided throughout this analysis and direction provided by the Board during the workshop, to mirror and finalize the small business loan guarantee program requirements for final approval by both Commissions.

Should the Board adopt Options #1 and #2, staff would negotiate with the City to finalize the program and processes for the local guarantee program before bringing back an agenda item to encumber the $2.5 million for the program. If the City decided against participating in this program, the Board could choose to proceed on its own by offering a 5% guarantee with its $2.5 million commitment or it can commit the full $5 million (10%) to support this program. City staff expects to present this proposal and their recommendations to the full City Commission on either March 14 or 28, 2012.

Options:

1. Accept staff report and direct the County Administrator to negotiate with the City of Tallahassee to mirror and finalize the small business loan guarantee program requirements.
2. Upon completion of negotiations with the City, bring back an agenda item for final approval by the Board to encumber $2,500,000 for the guarantee program.
3. Accept staff report and take no further action.
4. Board direction.

Recommendation:
Options #1 and #2.

Attachments:
1. January 24, 2012 agenda item on a small business lending guarantee program.
2. Proposal submitted by Inkbridge to increase access to capital for local small businesses.

Leon County
Board of County Commissioners

Cover Sheet for Agenda #21

January 24, 2012

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Consideration of a Localized Small Business Lending Guaranty Program and Request to Schedule a Workshop on February 28, 2012 from 1:30 p.m. to 3:00 p.m.

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator
Lead Staff/ Project Team:	Ken Morris, Director, Economic Development & Business Partnerships

Fiscal Impact:

This item does not have a fiscal impact.

Staff Recommendation:

Option #1: Accept staff report and schedule a workshop on February 28, 2012, from 1:30 – 3:00 p.m. to further evaluate the proposed small businesses lending guaranty program.

Report and Discussion

Background:

Following the Board's adoption of the strategic priorities, at the December 16, 2011 Commission meeting, Commissioner Maddox requested staff bring back an agenda item regarding a program that would guarantee small business loans. Included as one of the Board's adopted Strategic Priorities is:

> *"Support business expansion and job creation, including the implementation of the Leon County 2012 Job Creation Action Plan, to include evaluating the small business credit program."*

The lack of access to capital for small businesses was a problem identified by the County through the surveying of local business owners and leaders in preparation for the Board's workshop in September to determine how the County could stimulate job creation. The workshop produced 36 recommendations as a framework for the Leon County 2012 Job Creation Action Plan. One of the Board's recommendations from that workshop included evaluating lending opportunities to encourage entrepreneurship. This item provides an overview of the U.S. Small Business Administration's 504 Loan Program, the State of Florida's State Small Business Credit Initiative (SSBCI), and a proposal for the County and City to leverage the two programs by guarantying a portion of small business loans.

Subsequent to the Workshop on the County's Economic Development Activities and Survey of Local Business Leaders on Job Creation, the Board approved an Economic Development and Regulatory Review (EDRR) LEADS Team made up of interdepartmental personnel and community partners to develop and monitor the progress of the Board's action plan and to conduct a review of local regulatory challenges. Several of the recommendations identified by the Board required immediate attention prior to convening the LEADS Team including two Board workshops. In October, the Board approved its state and federal legislative priorities, which incorporated the economic importance of advocating on behalf of the state workforce. In November, the Board conducted a workshop on the allocation of tourism development taxes that lead to additional investment and improvements of the proposed Meridian Marker Amphitheater at Cascades Park. This agenda item recommends a third workshop to be held in February to consider a loan guaranty proposal for small businesses. Additional efforts, also addressed by the Board, include renewing the County's agreement with the EDC to provide comprehensive economic development and job creation activities, renewing the County's Interlocal Agreement and Service Plan with Workforce Plus to provide workforce and job placement services, hosting a Town and Gown forum in the County Commission Chambers on public safety, and supporting efforts to attract affluent retirees (Choose Tallahassee).

The EDRR LEADS Team is scheduled to convene on January 31st to develop an implementation plan for the Board's consideration. The timing of the LEADS Team meeting(s) and subsequent action plan allows the County to maximize its interdepartmental staff resources following the state legislative session, and implementation of the minimal environmental standards approved in the County's Charter. Staff anticipates the LEADs team to finalize the recommended implementation plan for the 2012 Job Creation Action Plan and bring forward for the Board's consideration at the March 13, 2012 Commission meeting.

Analysis:

Many public and privately managed loan programs specifically cater to small business endeavors. However, Table #1 provides staff's findings through the job creation surveys conducted over the summer, which indicates a need for greater access to capital.

Table #1: 2011 Job Creation Survey Results: Access to Capital

Subject Area	*General Comments*
Access to Capital	A. *Keith Bowers, FAMU Small Business Center*: Lack of access to capital. Banks are not lending and people can no longer take out home equity loans to start or maintain their business. B. *Dr. Jerry Osteryoung, Jim Moran Institute*: Microloans are a good inexpensive tool for local governments to help small businesses because they are not efficient loans for banks. Use caution, trust the free market, and be weary of helping failing businesses.
Staff Observations: Mr. Bowers makes an interesting point about the lack of access to capital and how homeowners can no longer tap the equity in their homes to start a business and secure a line of credit. The lack of access to capital will ensure a slow economic recovery. Microlending was suggested as an option for the County to consider but there is often a legitimate reason as to why a borrower cannot access capital from a private bank or the federal Small Business Administration. Further, the relatively small amount of the loans makes them undesirable for private lenders. More recently, the Florida Office of Tourism Trade and Economic Development in partnership with Enterprise Florida received $97.7 million in federal seed money in August 2011 for small-business lending.	

With the assistance of the County's state and federal lobbying teams, staff has sought additional information on state and federal loan programs, together with partnership opportunities to leverage the investment of economic development funds within Leon County. Staff has met with a workgroup of stakeholders from the Economic Development Council (EDC), the Florida Department of Economic Opportunity, and the Florida First Capital Finance Corporation to brainstorm opportunities to increase the availability of capital for small businesses. A broad proposal has come forward that first requires a firm understanding of the SBA's 504 Loan Program and Florida's SSBCI program.

SBA 504 Loan Program

The SBA is a federal agency that offers a variety of loan programs for very specific purposes. The SBA's 504 Loan Program is a long-term financing tool designed to encourage economic development within a community by providing small businesses with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. The SBA works with a local Certified Development Company (CDC), a nonprofit corporation which is set up to contribute to economic development within its community, to assist in securing financing through this program. Locally, the role of the CDC is carried out by the Florida First Capital Finance Corporation that has a main office in Tallahassee and assists small businesses throughout the state.

Under the 504 loan, the local CDC assists small businesses with securing a portion (up to 50%) of the loan through a private vendor. The CDC lends up to 40% of the loan which is 100% guaranteed by the SBA. The private lender offering 50% of the total loan amount enjoys the senior lien position allowing it to be the first entity to collect on the loan. The borrower benefits from a long-term, fixed rate that is normally below market prices. In addition, the borrower is typically only required to put down 10% of the total project cost, which does not have to be cash. The project assets being financed are often used as collateral.

Table #2: Example of SBA 504 Loan

Entity	*Loan Amount*	*Percent of Project*
Private Lender	$500,000	50%
CDC (backed by SBA)	$400,000	40%
Business/Borrower	$100,000	10%

To be eligible for a 504 loan, a business must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, a business qualifies as 'small' if it does not have a tangible net worth in excess of $15 million and does not have an average net income in excess of $5 million after taxes for the preceding two years. Loans cannot be made to businesses engaged in speculation or investment in rental real estate. The 504 loan cannot be used for working capital, inventory, or consolidating or repaying debt.

A temporary program under 504 allows for refinancing. SBA 504 loans must be used for fixed asset projects such as:

- The purchase of land, including existing buildings.
- The purchase of improvements, including grading, street improvements, utilities, parking lots and landscaping.
- The construction of new facilities or modernizing, renovating or converting existing facilities.
- The purchase of long-term machinery and equipment.

State Small Business Credit Initiative

As reported at the September 13, 2011 Workshop on County's Economic Development Activities and Survey of Local Business Leaders on Job Creation, the State of Florida received $97.7 million in federal seed money in August 2011 for small-business lending. This seed money was created by the federal Small Business Jobs Act of 2010 to help states strengthen existing loan and equity programs and/or create new programs that support financing small businesses. The primary objective of Florida's SSBCI Program is to leverage private capital for Florida's small businesses, which are defined as businesses with 500 employees or less. Therefore, this program could be leveraged with the SBA 504 Loan Program as proposed later in this item.

Florida's SSBCI Program is divided into three areas:

1. *Florida Capital Access Program*: The Florida Capital Access Program (FL-Cap) is a loan portfolio insurance program that enables lenders to make "riskier" loans to small businesses by making cash contributions to a reserve fund for each enrolled CAP loan. When a loan is originated, the borrower must contribute a percentage of the loan (between 2 - 7%) into a reserve fund held by the lender. FL-CAP matches the contribution by depositing cash into the lender-held reserve fund. Each CAP reserve fund will then be available to the lender as cash collateral to cover losses on all loans within its FL-CAP portfolio. There is a $5 million maximum loan amount, but no minimum loan amount. The Florida Department of Economic Opportunity manages this program.

2. *Florida Venture Capital Program*: The Florida Venture Capital Program, managed by Enterprise Florida, provides equity investments and convertible debt instruments to emerging Florida companies (or companies locating in Florida) with perceived long-term growth potential. Convertible debt is an investment that "converts" into equity at a future point in time and usually at a discounted rate. Emphasis is placed on transactions within Florida's targeted industries, which include:
    a. *Aviation & Aerospace*
    b. *CleanTech*
    c. *Financial & Professional Services*
    d. *Homeland Security & Defense*
    e. *Information Technology*
    f. *Life Sciences*
    g. *Advanced Manufacturing*

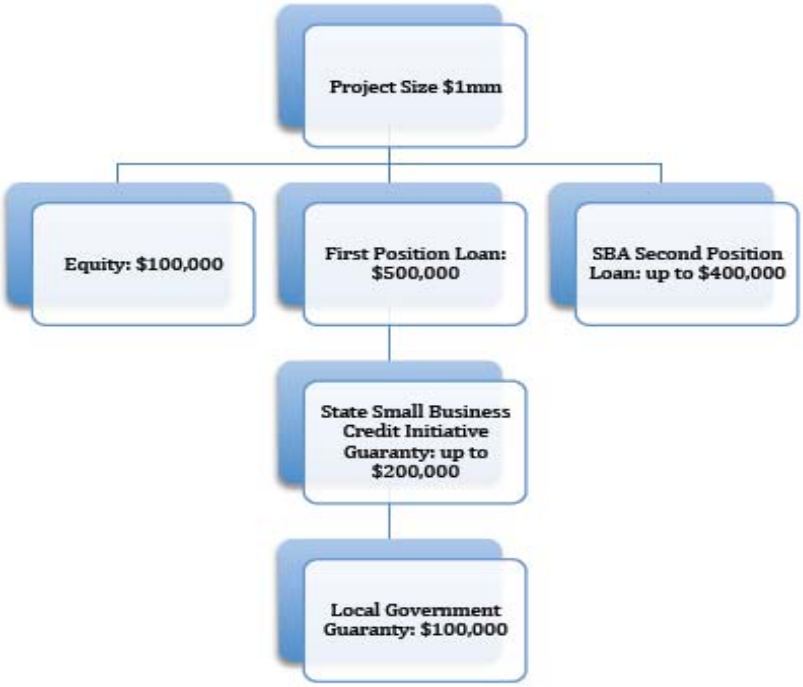
3. *Small Business Loan Support Program*: The Small Business Loan Support Program is designed to provide Florida small businesses with credit enhancement and other tools to better access commercial bank and export financing. Each transaction will require at a minimum, a matching concurrent private capital investment or other credit assistance. This program includes the following:
    a. *Loan Guarantee Program & Loan Participation Program:* The State will provide loan guarantees or loan participation of up to 20% of the total required financing.
    b. *Direct Loan Program:* The State will provide a direct loan to a borrower for up to 20% of the total required financing.
    c. *504 Bridge Loan Program:* The State will provide a guarantee for the 40% of a 504 loan during the interim period (up to 180 days) prior to the bank being "taken-out" by the SBA.
    d. *Export Loan Guarantees and Export Direct Loans:* The State will provide a loan guarantee or participation to exporting small businesses.

The Localized Small Business Guaranty will work in conjunction with the Loan Guarantee and Loan Participation Program described above.

Localized Small Business Guaranty Proposal

A proposal was submitted to staff seeking the County and the City to set aside $2.5 million each to guarantee a portion of private lenders' small business loans under the SBA 504 and SSBCI Programs. This guaranty would amount to a maximum of 10% for any given loan or project meaning that $50 million in small business loans would have to be made in order to exhaust, or commit, all $5 million of the local funds. In the simplest terms, this proposal seeks to leverage federal, state, and local funds to maximize capital for small business lending with minimal risk of local funds. Table #2 illustrates a typical SBA 504 loan and the amount of funds contributed by each party for a $1 million project. Diagram #1 portrays the same $1 million example and includes the role of the SSBCI and local governments along with their loan positions. In this example, the local governments would guarantee 10%, or $100,000, of the total project amount to the private lender.

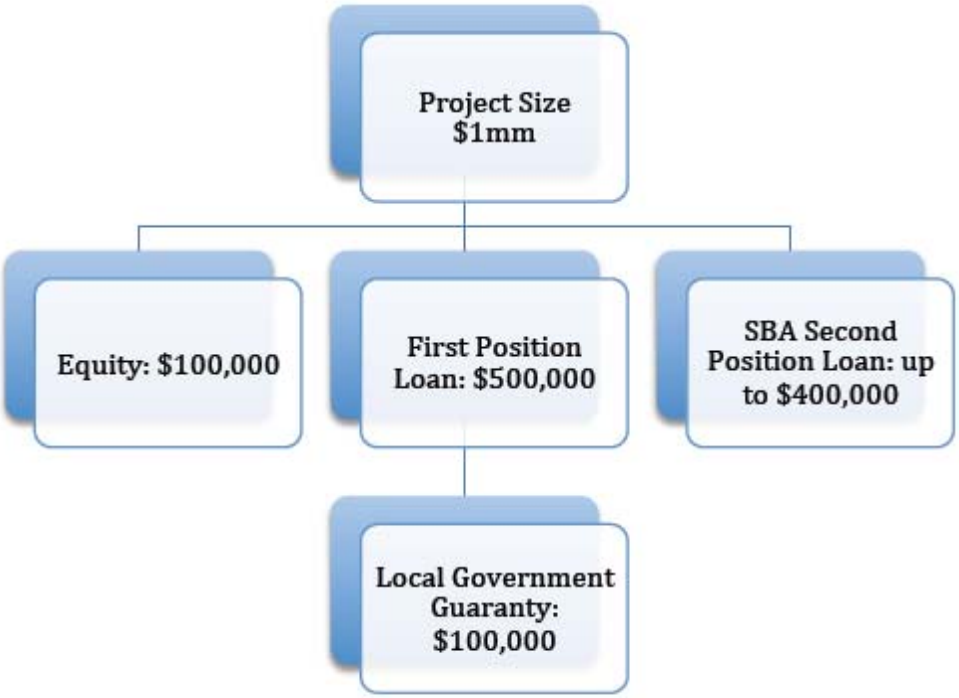
Diagram #1: Localized Small Business Credit Proposal with SSBCI Participation



Under this proposal, both the SSBCI funds and the local government funds would be used to guaranty the private lender's loan to the small business. The benefit to the program is that it mitigates the first position lender's loss to 20% of the total project, providing an additional incentive for banks to increase the volume of small business loans. In a loss scenario, the project would have to lose 70% of its value prior to the local government experiencing any loss. The borrower would be the first to lose its equity ($100,000), then the SBA would lose its $400,000, and the state would lose its $200,000 for a total loss of $700,000 prior to the local government experiencing a loss.

Diagram #2 portrays another $1 million loan example without the participation of the SSBCI. Like the previous diagram, the local governments guarantee 10%, or $100,000, of the total project amount to the private lender who enjoys first position on the loan.

Diagram #2: Localized Small Business Credit Proposal <u>without</u> SSBCI Participation



A project that qualifies for the SBA 504 loan with the local government guaranty but no SSBCI participation would mitigate the first position lender's potential loss to a maximum of 40% of the total project. In a loss scenario, the project would have to lose 50% of its value before the local government guaranty is affected. The borrower would lose its equity first, then the SBA, prior to the local governments experiencing a loss.

It is important to remember that under this proposal, the County and City would be guarantying loans rather than directly lending to businesses. The proposal recommends that at least $1 million, or 20%, of the local guarantees be utilized for new capital projects thereby resulting in a minimum of $10,000,000 in new capital projects. While the local governments stand to benefit from the increased economic activity associated with small business lending, the funds used to guarantee these long-term loans would be encumbered over the life of the loan. As the loans are repaid, the County would be in the position to provide additional backing to future loans.

Staff Recommendations:

Should the Board wish to pursue this concept, staff recommends scheduling a workshop on February 28, 2011, from 1:30 – 3:00 p.m. to further evaluate the County's role, responsibilities, and potential risk in a small business lending guaranty program. Most importantly, a workshop would give the Board the opportunity closely review eligibility criteria, review local trends and utilization of SBA lending programs, determine the desired level of funding and the appropriate revenue source, weigh additional incentives for veteran, minority and women-owned business, and seek broader support from the private sector. Staff would invite community stakeholders to participate in this discussion including representatives of the EDC, lending community, and potential partners under this proposal.

Additionally, staff would utilize this time to identify and resolve any legal, fiscal, and process concerns relating to this matter. The City of Tallahassee is expected to begin weighing in on this proposal on January 25th through their Target Issue Meetings. Should both local governments express interest, a joint process would need to be developed with an emphasis on customer service and timeliness.

Options:

1. Accept staff report and schedule a workshop on February 28, 2012, from 1:30 – 3:00 p.m. to further evaluate the proposed small businesses lending guaranty program.
2. Accept staff report and take no further action.
3. Board direction.

Recommendation:
Option #1.

Local Small Business Credit Initiative: 504 Loan Guarantee Program

Increasing Access to Capital for Local Small Businesses

Local Small Business Credit Initiative: 504 Loan Guarantee Program

What is the Local Small Business Credit Initiative: 504 Loan Guarantee Program?

The 504 Loan Guarantee Program enables small businesses to obtain loans to help them grow and expand their businesses. The program provides a lender with the necessary security, in the form of a partial guarantee, for the lender to approve a loan.

What are the Credit, Guarantee and Loan Characteristics?

The table below describes key credit and loan characteristics that are included in the Local Small Business Credit Initiative 504 Loan Guarantee Program.

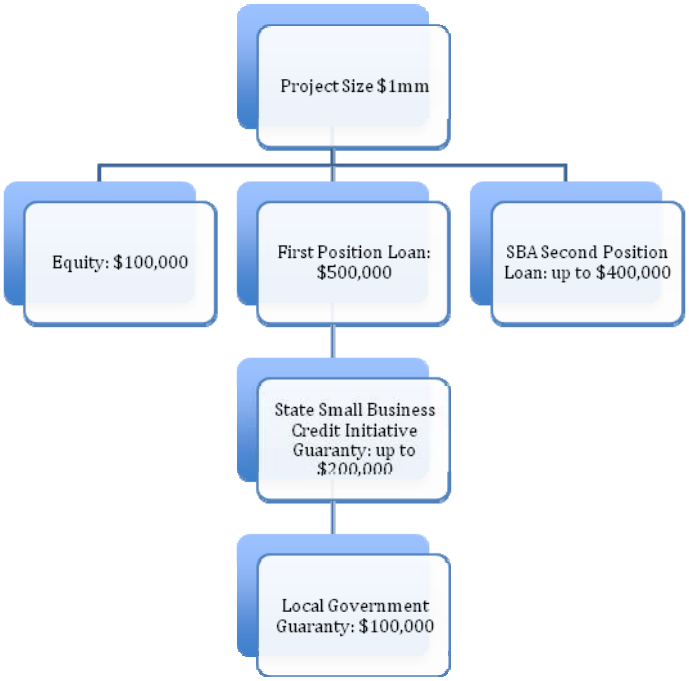
Characteristics	Description
What kinds of borrowers are eligible to participate?	Borrowers must meet eligibility requirements under the SBA CDC/504 Program. The project must be located within Leon County. • Business must be considered a "small business" pursuant to SBA standards.
What sizes of projects are eligible?	Project sizes can range from $50,000 to $13,750,000.
What are the characteristics of the guarantee?	• Both the City of Tallahassee and Leon County will each extend $2,500,000 worth of coverage for a total available guarantee amount of $5,000,000. • A minimum of 20% of the $5,000,000 total guarantee amount shall be extended to new capital projects, thereby increasing tax revenue. • The local government guarantee shall be 10% of the project amount or $500,000 whichever is less. Under special exception, the local guarantee may be up to 20% of the project amount or $1,000,000 whichever is less. Special exception applications require CRA board approval.
What types of loans are eligible for the guarantee?	First lien positions with an SBA 504 second position loan. Note: If the SBA 504 is used in conjunction with a new market tax credit transaction, the local government guarantee can be extended to either the leveraged lender or the community development entity. Note: If the SBA 504 first lien position is pooled, the local government guarantee shall go to the originating lender and pool

	originator.
How does the program work in conjunction with the SBA CDC/504 Program and the State Small Business Credit Initiative?	• If the loan is eligible under the state program, in order to be considered for the local government guarantee, the borrower must make application under the state program. • If the loan has been approved under the state small business credit initiative program, the local government guarantee shall be senior to both the SBA 504 and the state. Assuming the state guarantee is 20% of the project, the project would have to lose 70% of its value prior to the local government experiencing any loss. • If the state program does not have available dollars, the local government may approve a loan without state participation. • In the event the state does not participate in the project and the local government guarantee is extended, the project would have to lose 50% of its value (10% borrower equity and up to 40% SBA guarantee) prior to the local government experiencing any loss.
How can loan proceeds be used?	• For any business purpose, so long as the purpose qualifies pursuant to SBA CDC/504 Program requirements. Such purposes include, but are not limited to the following: purchase of land (including existing buildings), purchase of improvements (including grading and street improvements, utilities, parking lots and landscaping), the construction of new facilities or modernizing, renovating or converting existing facilities, the purchase of long-term machinery and equipment.
Who negotiates the terms of the loan?	The first lien position will be negotiated with the lender holding the first position loan. • The second lien position will be determined as per the terms of the SBA CDC/504 Program
What are the program's strengths?	Guarantees are a familiar structure for commercial lenders. • The programs generate higher leverage than loan participation or collateral support programs.

How Does the Local Small Business Credit Initiative 504 Loan Guarantee Program Work?

Local Small Business Credit Initiative 504 Loan Guarantee Program in conjunction with the State Small Business Credit Initiative

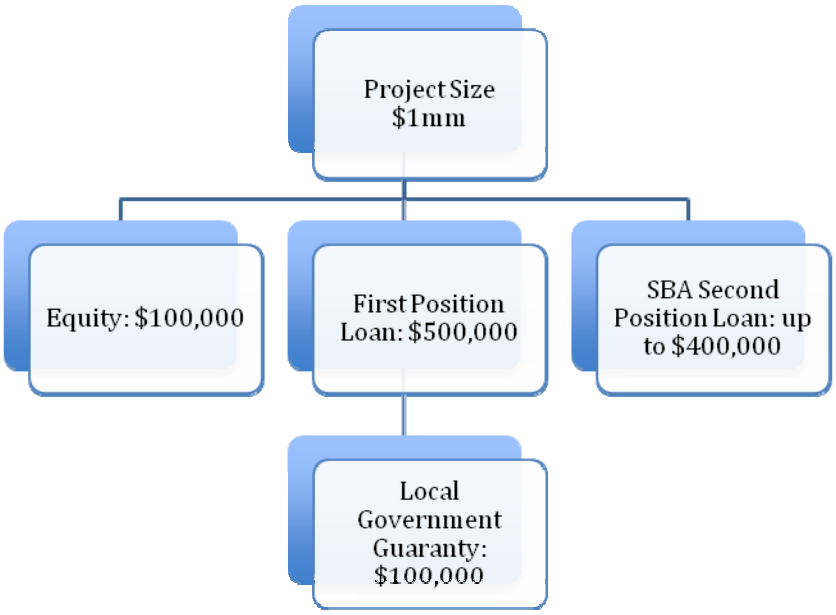
The diagram below outlines the Small Business Credit Initiative 504 Loan Guarantee Program structure working in conjunction with the State Small Business Credit Initiative.



In the event the State Small Business Credit Initiative extends a 20% Guarantee, the project would have to lose 70% of its value before the Local Government Guarantee is affected. In the above example, the project is $1,000,000. In a loss scenario, the Borrower would lose their equity of $100,000, next, the SBA would lose their $400,000, and third, the state would lose their $200,000 for a total loss of $700,000 prior to the local government experiencing a loss. The benefit to the program is it mitigates the first position lender's loss to 20% of the total project, providing an extremely attractive incentive for lenders to make loans using this program.

Local Small Business Credit Initiative 504 Loan Guarantee Program without state participation

The diagram below outlines the Small Business Credit Initiative 504 Loan Guarantee Program structure working as a stand-alone program without state participation.



In the event the local government extends a 10% guarantee, the project would have to lose 50% of its value before the Local Government Guarantee is affected. In the above example, the project is $1,000,000. In a loss scenario, the Borrower would lose their equity of $100,000 next; the SBA would lose their $400,000 for a total loss of $500,000 prior to the local government experiencing a loss. The benefit to the program is it mitigates the first position lender's loss to 40% of the total project, providing an extremely attractive incentive for lenders to make loans using this program.

Operating Mechanics	**Description**
What kinds of lenders are eligible to participate?	• Any lender eligible to make an SBA 504 senior loan
Who originates loans in this program?	• Participating lenders originate loans and apply to the local program for guarantee approval.
Who has underwriting responsibility?	Lenders are responsible for underwriting the loans initially. Prior to issuing a guarantee the local government requires an SBA CDC/504 loan authorization, which must be submitted with the application. The local government will review and approve guarantee applications that are submitted by (the lenders; upon approval, a commitment letter is issued to the lender outlining the terms of the guarantee.
Is a guarantee fee charged?	A one-time fee of 25bps of the amount of the guarantee will be charged to the lender.
What is the guarantee term?	The term shall correspond to the term of the first position loan.
What percentage of the project can the guarantee cover?	• 10% of the project amount but not to exceed $500,000; whichever is less (corresponds to EDC Authority). • Note: When a lender has been issued multiple guarantees under this program, the loans shall be viewed as a pool and the 10% guarantee shall be deemed issued on the pool rather than on individual projects. • Special exception shall be given to projects located in the CRA (contingent on CRA board approval) of 20% of the project amount but not to exceed $1,000,000.
What happens in the case of a default?	If a borrower defaults on a loan, a lender may submit a claim to the local government or its agent in accordance with the terms of the guarantee agreement. The guarantee agreement shall specify the responsibilities of the lender in pursuing available remedies to collect unpaid principal and interest prior to submitting a claim. The County and the City shall share pro-rata with respect to any losses under the Program.

Who are the Key Stakeholders and What are Their Roles?

The stakeholders in the Loan Guarantee Program include the local government, participating financial institutions and the Economic Development Council to manage the program.

Stakeholder	Role
What is the role of the local government, CRA and EDC?	Enters into agreements with the EDC. Issues the loan guarantee to the lender. EDC conducts outreach to inform lenders and trade associations of the (existing program; introduces the program by letter or in person, distributes press releases and/or speaks at industry or small business conferences.
What is the role of a lender?	Originates, processes, and services loans. Submits guarantee applications to the state for review/approval, and (obtains assurances of eligibility from each borrower.

What are the primary benefits to the Local Government?

The primary benefits to the Local Small Business Credit Initiative SBA 504 Loan Guarantee Program are described below.

Benefit	Description
Increased economic development via small business lending within Leon County	This program will stimulate approximately $50,000,000 worth of lending within the community with little to no risk to the local government. This program will greatly mitigate lender risk to encourage lenders to make loans to small businesses that otherwise would not receive financing thereby stimulating new projects within the community. Because this program is unique to Leon County, businesses may be incentivized to re-locate and/or expand operations in our community.
Leveraging federal and state programs for capital investment in the local community.	This program leverages the federal SBA 504 program and can also pair with the State Small Business Credit Initiative. By leveraging federal and state dollars, the risk to the local government is minimal however the layered benefit to the lender and project borrower is exponential.

Leon County
Board of County Commissioners

Cover Sheet for Agenda #24

July 10, 2012

To: Honorable Chairman and Members of the Board

From: Vincent S. Long, County Administrator

Title: Ratification of the Actions Taken at the July 10, 2012 Workshop on the Economic Development Portion of the Local Government Infrastructure Sales Surtax

County Administrator Review and Approval:	Vincent S. Long, County Administrator
Department/ Division Review:	Alan Rosenzweig, Deputy County Administrator
Lead Staff/ Project Team:	Ken Morris, Director of Economic Development and Business Partnerships Cristina L. Paredes, Intergovernmental Affairs and Special Projects Coordinator

Fiscal Impact:
The existing sales tax expires in December 2019. The sales tax currently generates approximately $35 million. This workshop item provides eight recommendations (A – H) for the Board's consideration with regard to the Leon County Sales Tax Committee evaluating the potential of setting aside up 15% of the annual surtax proceeds, or $5.3 million, for economic development.

Staff Recommendation:
Option #1: Ratify Board actions taken at the July 10, 2012 workshop on the economic development portion of the local government infrastructure sales surtax.

Report and Discussion

Background:
During the April 12, 2011 workshop, the Board directed staff to prepare a separate workshop item regarding the economic development component of the sales tax extension for Board consideration. Paragraph 212.055(2)(d), F.S. allows for up to 15% of the one-cent infrastructure tax to be deposited into a trust fund for the purpose of funding economic development projects having a general public purpose of improving local economies, including the funding of operational costs and incentives related to economic development. A maximum of 15% equates to approximately $5.3 million annually.

On July 10, 2012, the Board conducted a workshop on the economic development portion of the local government infrastructure sales surtax.

Analysis:
Based on the Board's direction, staff has worked with the City and the Economic Development Council (EDC) to prepare this workshop item and seek further Board direction on the economic development portion of the sales tax extension for presentation to the Sales Tax Committee. The workshop provides eight recommendations (A – H) for the Board's consideration with regard to the Leon County Sales Tax Committee evaluating the potential of setting aside a portion of the surtax proceeds for economic development. The recommended governing structure and "Framework for Sustainable Economic Development" helps guide the Sales Tax Committee and enhance sustainable job creation with proceeds from the surtax. This Framework is needed to optimize community resources by providing for a comprehensive approach to economic development that fosters a vibrant and sustainable local economy while recognizing, leveraging, and optimizing the many economic development organizations and initiatives throughout the community.

The Framework was conceived with the assistance of workgroup made up of leaders from economic development organizations throughout the community and our local institutions of higher learning. In terms of specific incentives, staff offered recommendations to improve the evaluation processes and execution of incentives along with a variety of examples of incentive programs for consideration by the Sales Tax Committee and the Board. The recommendations approved by the Board should be viewed as a starting point in the deliberations of the Sales Tax Committee, should this process move forward, to use a portion of the sales tax funds for economic development:

1. Accept staff report on the economic development portion of the local government infrastructure sales surtax.

2. Approve the recommendations A – H as amended by the Board:
   Recommendation A: *Seek input from the Sales Tax Committee to determine the need to set aside a portion of the sales tax revenue for economic development and, if needed, to provide the County and City a ~~specified~~* ***target*** *percentage amount of* ***no less than 10%.***

Recommendation B: *Unify the two EDC contracts into one contract with the Intergovernmental Agency in an amount to be determined based on the scope of services associated with the economic development portion of the sales tax extension.*

Recommendation C: *Set aside funds for marketing and coordination in the contract with the EDC to serve as the lead community-wide agency on economic development issues.*

Recommendation D: *Support the proposed governing structure and the creation of the Economic Technical Coordinating Committee.*

Recommendation E: *When established, the E-TCC should determine the appropriate thresholds and circumstances for the approval of economic incentives by the IMC, upon the recommendation of the E-TCC, without direction from the IA.*

Recommendation F: *Seek input from the Sales Tax Committee to provide guidance to the Board regarding the need for ongoing economic sustainability initiatives and shelf-ready incentives to shape the Framework for Sustainable Economic Development for a vibrant local economy that recognizes, leverages, and optimizes the many economic development organizations and initiatives throughout the community.*

Recommendation G: *Seek input from the Sales Tax Committee with regard to incentive programs and evaluation criteria.*

Recommendation H: *Seek input from the Sales Tax Committee regarding any additional issues related to the economic development portion of the surtax*

Options:

1. Ratify Board actions taken at the July 10, 2012 workshop on the economic development portion of the local government infrastructure sales surtax.
2. Do not ratify Board actions taken at the July 10, 2012 workshop on the economic development portion of the local government infrastructure sales surtax.
3. Board direction.

Recommendation:

Option #1