Board of County Commissioners

Leon County, Florida

Workshop on Local Economic Development Issues

March 28, 2006

12:00 – 3:00 P.M.

Leon County Board of County Commissioner Chambers
Leon County Courthouse, 5th Floor

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Board of County Commissioners
Workshop Item

Date of Meeting:	March 28, 2006
Date Submitted:	March 22, 2006
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator Vincent Long, Assistant County Administrator Kim Dressel, Management Services Director Benjamin H. Pingree, Assistant to the County Administrator
Subject:	Workshop on Local Economic Development Issues

Statement of Issue:
This workshop item presents the Board with additional information regarding program alternatives available to further expand local economic development and also requests Board direction regarding the appropriation of $1.605 million for this purpose.

Background:
Beginning on June 2, 2005, the County collaborated with the City and Innovation Park in support of an EDC proposal to relocate Danfoss Turbocor Compressors, Inc. to Leon County. On November 8, 2005, the Board approved a budget amendment appropriating $1.605 million in direct (cash) incentives for the company's relocation and creation of 150 jobs. During their December 13, 2005 meeting, the Board, for the first time, considered Turbocor's detailed financial information and decided not to participate in providing the company with $1.6 M in cash incentives. However, it is important to note that Turbocor will receive approximately $1.6 M in incentives through county sponsored economic development programs including the County's Enterprise Zone, Qualified Targeted Industry (QTI) and Targeted Business Pilot Program (TBPP). As a policy decision on December 13, 2005, the Board reaffirmed their commitment to local economic development by maintaining the $1.605 M in the FY 05/06 budget and directing staff to develop a program to grow, retain, expand and diversify local businesses, inclusive of a Small Business Enterprise program.

On January 24, 2006, the Board scheduled a workshop for economic development issues to focus on local business development measures. The Board directed that the workshop should include a review of alternatives to appropriate the previously budgeted $1.605 million. At that time, the Board also directed that a review of potential funding for the proposed Trauma Center at Tallahassee Memorial Hospital also be included in the workshop. On February 14, 2006, the Board directed that a $600,000 funding request from Mr. Terry Fregly to develop a new building for the Freightliner Corporation at the Capital Circle Commerce Park (CCCP) also be included in this workshop item.

The Analysis Section, below, presents the Board with additional information regarding the specific economic development issues identified above, including the creation of a County SBE program, funding for a Trauma Center at TMH, funding for expanding CCCP and program alternatives to expand local businesses. Also included is additional information on existing Board economic development initiatives including the Enterprise Zone, the City/County Targeted Business Pilot Program and the County's local match for the state's Qualified Targeted Industry (QTI) Program.

Analysis:

WORKGROUP ON LOCAL ECONOMIC DEVELOPMENT REVIEWS POLICY OPTIONS:

On January 11, 2006, the County Administrator convened the first of a series of four workgroup meetings with local business leaders as an open forum to discuss the key issues related to growing local businesses and to identify policy options available to the Board. The "Workgroup on Local Economic Development" (ED Workgoup) meeting participants included (Attachment #1):

Rick Kearney	Dr. Bill Law	Ed Murray	Kim Williams
Mike Sheridan	John Lewis	Chuck Mitchell	Bryan Desloge
Cliff Hinkle	Tom Barron	Dr. Kirby Kemper	Dr. Jerry Osteryoung

The ED Workgroup's initial finding was that the County's existing programs for economic development were very beneficial and had enormous potential for growing local businesses, but were not as well known. Participants suggested that the County should work to increase community awareness of these available programs. The ED Workgroup recommended that the County continue to grow local businesses through the existing County programs, such as the Targeted Business Pilot Program and the Enterprise Zone (detailed further in separate analysis sections, below).

Initial ED Workgroup discussion also centered upon ongoing efforts to further expedite the County's permitting process. The consensus was that an improved and expedited permitting process would directly result in improved economic development outcomes for growing local, and even relocating, businesses. David McDevitt, GEM Director, presented a status report regarding the County's ongoing efforts to improve the permitting process. The ED Workgroup accepted the update and acknowledged that the permitting issue would be presented, in its entirety, to the Board at a separate workshop on April 11th for further Board action. As a result, extended discussion on permitting process improvements was curtailed in order to focus on policy options more directly related to the Board's pending appropriation of their one-time economic development funding of $1.605 million.

PRIVATE BUSINESS ACCELERATOR CONCEPT SUPPORTED BY BUSINESS LEADERS:

During their first two meetings, the ED Workgroup agreed that the County could better leverage their $1.605 million in funding for economic development by investing in a broad range of local businesses. Additionally, they agreed that it was appropriate for the County to primarily focus their economic development efforts on growing local businesses. Significantly, one option identified early during the review process by Rick Kearney, CEO of Mainline, and reviewed thoroughly by the ED Workgroup is the option to create a private business accelerator in Leon County. This "Accelerator" concept, which has gained momentum during recent months amongst private sector leaders, is comprised of the following key elements:

- Diverse coalition of local business leaders and private investors that join as a corporation or limited partnership to accelerate the growth of local companies which they "invest" in.

- Partners would gain equity in the Accelerator by offering their services (mentoring, legal, accounting, marketing or technical), assets (land or office space) or by gaining direct funding (seed cash) from investors to earn a proportional share of ownership in the Accelerator.

- The Accelerator would, in turn, utilize these collective resources to invest in a limited number of (approximately five to ten) targeted, emerging local companies.

- The Accelerator would utilize their combined resources to invest in each company. Profit would be earned by the Accelerator through their stockholding in the companies over time as they mature. Alternatively, companies could be required to pay the Accelerator a small percentage of the additive revenue growth, above their historical average growth rate, for a defined timeframe in which they participate in the Accelerator's program.

- Companies could also be required to pay an up-front entry fee (approximately $10K-$25K) to participate in the Accelerator.

- Investment companies that participate in the Accelerator would repay their debt, plus interest over time. As a result, these revenues would provide additional money to the Accelerator for further investment in the next group of emerging local companies.

- The Accelerator, led by its key principal partners, would hire a professional manager to run the corporation and manage its investment portfolio. The manager would have to prove the "return on investment" to the Accelerator's Board of Directors and other key investors.

The proposed Accelerator would be fully "arms length" from the County and would be operated independently. The County's initial investment to the Accelerator could be provided either as a grant or through a contractual agreement once the private accelerator partnership is created. The following analysis sections provide additional information on successful business "accelerator" or incubator programs both nationwide and in Florida. Of note, other Florida local governments have already approved public grants toward incubator/accelerator programs. Further analysis on the Board's legal authority to fund the Accelerator as well as a proposed action plan for its creation is also included.

Overview of Business Accelerator and Incubator Programs:

As defined by the National Business Incubation Association (NBIA), a business incubator is created to nurture the development of entrepreneurial companies from start up to expanded profitability. To do this, an incubator (an industry term commonly used interchangeably with "accelerator") provides client companies with business support, resources, and mentoring services with a general objective of enhancing their community's overall business growth, diversifying the local economy and growing top-quality local jobs (Attachment #2).

According to the NBIA, there are approximately 1,100 incubators in North America, up from 12 in 1980. 25% of incubators are sponsored by an academic institution while 16% are sponsored by a governmental entity. NBIA research estimates that every $1 of public investment to an incubator generates $30 to $45 in tax revenues. Significantly, 10% of North America's incubator/accelerators are for-profit entities established to obtain returns on shareholder investment. Increasingly, private equity funding has been attracted toward this market as investors have attempted to blend together with entrepreneurs toward the common objective of sustainable business growth (Attachment #3).

Review of "Top Performing" Accelerator Programs - Nationwide:

This section presents information on six (6) accelerator programs identified by industry leaders as "top performers." Each accelerator/incubator varies in size and organizational structure. However, this information offers a snapshot of the key components that comprise industry leading incubators. Please note the similarities between these incubators and the resources that exist in Leon County. For example, a majority of top-performing accelerators are aligned with "research" universities and focus on tech-based companies. Also, many have a mix of government and local business support.

Information regarding the following six key factors has been presented for each of the reviewed business incubator/accelerator programs as presented, below:

1. Participation of established local businesses in the accelerator/incubator program.
2. Participation of government entities in the accelerator/incubator program.
3. Financial return of accelerator companies shared with the accelerator/incubator.
4. Services offered by the accelerator/incubator program to companies.
5. Performance measures for companies participating in the accelerator/incubator.
6. The targeted industry for each accelerator/incubator program.

Name/Location	**Austin Technology Incubator; Austin, TX**
Contact Information	(512) 305-5000 Erin Defosse, Director http://www.ati.utexas.edu/
Overview	On-campus at the University of Texas. 45,000 sq. ft. of incubator/office space. Served 95 companies to $700 M in generated revenues, creating 1,900 direct jobs.
Targeted Industry	Early stage technological-based companies; Companies must submit a technological based business plan, have 6 months of working capital, have a product that is less than 18 months from market introduction, demonstrate the potential to generate significant revenue within 7 years with substantial job growth.
Services Provided	Office space below market value, in-house consulting, financing referrals, marketing and public relation aid
Government Involvement	Receives funding from federal, state, and city government. The City of Austin allocated $50,000 to ATI's wireless incubator program this year.
Local Business Contribution	Local businesses offer in-kind contributions in the form of advice, mentorship, and networking. These businesses receive no fiscal return for these contributions.
Participating Company Contribution	There are two forms of fees: Space utilization fee for those companies that locate within the incubator and a membership fee that all companies must pay. Companies participating in the incubator provide a confidential percentage of their equity to ATI. The percentage varies for each company.
How Success Is Measured	Incubator companies are evaluated by the number of employees that they have, the amount of funding they receive (grants, seed money, etc.), and the amount of revenue they generate.

Name/Location	MGE Innovation Center; Madison, WI
Contact Information	Greg Hyer (608)441-8020 www.universityresearchpark.org
Overview	MGE is located at University of Wisconsin's University Research Park; a partnership between the Madison Gas & Electric Company and UW, the program has helped over 70 early stage companies grow since its 1989 establishment and currently serves 35 companies. 113,000 sq ft. of total space of which 50,000 feet is dedicated to 27 office and 34 laboratory suites. Office space is unfurnished, however phone and high-speed internet connections are included.
Target Industry	Science and technology based companies
Services Provided	Office space, high speed internet, laboratory suites
Government Involvement	The Center and thc Research Park where it is located do **not** receive any county, city or state funds
Local Business Contribution	The Madison Gas & Electric Company, the local utility company, provided funding for the renovation of the Center.
Participating Company Contribution	The companies pay a rental fee at market value; no equity or royalty is expected from the companies
How Success Is Measured	MGE Innovation measures the financial growth, job creation and viability of the companies that participate.

Name/Location	First Flight Venture Center; Research Triangle Park, N.C.
Contact Information	John C. Draper, President (919)990-8558 www.nctda.org/bi/rt_incubators
Overview	The research park encompasses three counties (Durham, Orange, and Wake) and is the largest research park in the USA. The FFVC Incubator has 16,000 sq. ft. of lab and office space available for up to 25 early stage companies.
Target Industry	Early stage technology-based companies
Services Provided	Office space, wet laboratory space, assistance in securing financing, business consultation, business plan development, entrepreneurial networking
Government Involvement	The North Carolina Technological Development Authority, Inc. which manages First Flight was once part of a state agency, North Carolina Department of Commerce but has since spun off to become a public non-profit corporation.
Local Business Contribution	Local business leaders sit on the FFVC Board of Directors.
Participating Company Contribution	No additional compensation to the Center is required of participating companies above their basic lease rental fee, utilities, phone, etc.
How Success Is Measured	The amount of funding that a company is able to secure through seed money, angel contribution, grants, etc.

Name/Location	Fort Collins Technology Incubator; Fort Collins, CO
Contact Information	Kathy Kregel, FCTI Exec. Director (970)221-1301 www.fortcollinsincubator.org
Overview	FCTI was originally established in 1998 as a virtual incubator to provide services to newly formed businesses. In 2004, the City donated a 6,500 sq. ft. building for expanded on-site incubation services.
Target Industry	Early stage tech-based companies with at least 6 months of operational capital
Services Provided	An advisory board for each company comprised of local business leaders tailored to the company's need and industry demand; strategic planning consultation. Leases are offered at 50% market rate. After reaching benchmark, FCTI places business in contact with angel-funding & venture capital firms, lenders, etc.
Government Involvement	The City of Fort Collins funds 40% of FCTI's $100,000 operating budget, as well as the donation of a 6,500 sq. ft. building in 2004. Colorado State University provides the majority of the remaining annual operational cost.
Local Business Contribution	Local business leaders sit on the advisory boards that is afforded to each company participating in the program; local businesses provide their service at deeply discounted rates to participating incubator companies
Participating Company Contribution	Companies are not expected to pay a fee other than 50% market office space lease.
How Success Is Measured	Company success is measured by revenue generation, secured funding (seed funding, venture capitalist, etc), and the number of jobs w/ benefits it generates.

Name/Location	Fairfax County BioAccelerator; Fairfax County, VA
Contact Information	Brian Smith, Mgr. (703) 822-2920 www.fairfaxcountyeda.org/incubate_bio.htm
Overview	The BioAccelerator began in 2003, has 7,500 sq. ft. of office space and provides services to up to 12 early stage companies.
Target Industry	Early stage biotechnology, biomedical, and bioinformatics companies
Services Provided	Furnished office space, preparation of business models for new ventures and technologies, product development assistance, assistance in securing funding (angel or seed funds, government funds, institutional venture capital), access to preferred service providers in legal, accounting, finance, regulatory, human resources, real estate
Government Involvement	Fairfax County government underwrites the entire $500,000 annual operational cost of the BioAccelerator program through providing funding to the Fairfax County Economic Development Authority for this purpose. The FCEDA is a chartered state authority, is led by a commission of seven business leaders and has satellite offices across the globe to assist in marketing and business development.
Local Business Contribution	The preferred service providers for the companies are local businesses.
Participating Company Contribution	A variable membership fee is paid by each participating company determined by market conditions.
How Success Is Measured	A company's growth in revenue and employment and staying in the county. Near term the criteria are more qualitative - viability of business concept, positive steps in securing funds, as well as securing funds.

Name/Location	Business Technology Center of Los Angeles; LA County, CA
Contact Information	Mark Lieberman, Administrator (626)296-6300 http://www.labtc.org/
Overview	Begun in 1998, BTC is the largest technology incubator in California and is cited as a "best performer" by the NBIA. BTC has 40,000 sq. ft. of office space and aids 30 high tech tenants who have generated $75 million in angel and venture capital.
Target Industry	Early stage high technology firms
Services Provided	Office space with "state of the art" infrastructure and amenities, a resource library, mentoring services, access to professional services, and access to a variety of financing programs offered by the County.
Government Involvement	BTC is owned and operated under the Los Angeles Community Development Commission; the director of the CDC sits on the Advisory Committee of the BTC. LA County reports that BTC is mostly self-sufficient financially. BTC Companies are also eligible for LA County's loan programs.
Local Business Contribution	The Advisory Committee and Mentoring Committee are comprised of local business leaders and government officials. Private Angel and Venture Capital investors assist in pre-screening applicant businesses.
Participating Company Contribution	Monthly fee required based on the office space and BTC services used (utilities, receptionist, technology, etc.), 1% equity of company for each year in BTC.
How Success Is Measured	The County measures the success of BTC based upon occupancy level, job creation and positive impact to regional economic development.

Florida Business Accelerator/Incubator Programs:

According to the Florida Business Incubator Association (FBIA), there are 21 incubators in the state today, most of which are south of the I-4 Corridor. Of those, staff has provided additional information on the following three (3) programs that were identified to be "top performers" by the FBIA. Significantly, each of these programs also receive local government funding.

Name/Location	University of Central Florida Technology Incubator, Orlando
Contact Information	Julie Matthews, Program Coordinator (407) 420-4888 www.incubator.ucf.edu
Overview	UCFTI is located in the Central Florida Research Park adjacent to UCF
Target Industry	Technology-based companies
Services Provided	Mentoring and advising, educational programs, marketing assistance networking opportunities, access to UCF faculty and labs, library, and support organization
Government Involvement	The City of Orlando's Economic Development Director sits on the advisory board; UCFTI also receives funding from Orange County and the City of Orlando through a two year economic stimulus package; the County's portion is $100,000 for fiscal year 05/06 and fiscal year 06/07 in the form of grants.
Local Business Contribution	Professional services are donated by local businesses with the hope that the tenants of the incubator will continue as clients once they leave the program
Participating Company Contribution	A flexible lease fee based on fair market value.
How Success Is Measured	Revenue generated, jobs created, venture capital funding and seed money

Name/Location	Gainesville Technology Enterprise Center; Gainesville, FL
Contact Information	Erik Bredfeldt, Gainesville ED Director (352)334-5012 www.gtecflorida.com
Overview	GTEC is an incubator program spearheaded by the Gainesville Economic Development Department. The $2 million, 30,000 sq. ft. GTEC facility was funded through a partnership between Gainesville (10%), Alachua County (10%), and the US Department of Commerce (80%). The City of Gainesville contracts with their chamber of commerce to manage GTEC as it creates an additional "firewall" to shield proprietary information housed at the incubator.
Target Industry	Start-up technology firms
Services Provided	Assistance with business plans and strategies, education programs, introduction to early stage venture funding sources, furnished offices, dry labs
Government Involvement	GTEC receives its funding from the City of Gainesville; the cityprovides any "gap" funding required (not offset by rental income) to cover the operating budget for GTEC which is $225,000/year. A range of government, university and business officials sit on the GTEC advisory board.
Local Business Contribution	Local business leaders are members of the advisory board, provide mentoring to businesses in GTEC and help screen program applicants.
Participating Company Contribution	The companies' pay rent fee at a rate near market value.
How Success Is Measured	Success is measured by the financial viability and self sufficiency of the company; company is expected to graduate 1 year after it has entered the market

Name/Location	Seminole Technology Business Incubation Center; Sem. Co., FL
Contact Information	Wayne Hardy, Incubator Manager (407)321-3495 http://www.seminoleinc.com
Overview	STBIC is a joint venture of Seminole County, Seminole Community College and the Port of Sanford. A recent report found that every $1 government dollar directed to STBIC spurred a return of $7.21; STBIC reports that over 1,100 jobs have been created since 1997 and that STBIC firms have generated over $34 M.
Target Industry	Start-up technology firms, twelve are being served presently.
Services Provided	Provides office space, conference room, marketing assistance, business and fiscal consulting, access to NASA through a technology cooperative agreement
Government Involvement	The County grants $150,000 toward STBIC operating costs through an agreement with the community college. The Community College's Small Business Development Center runs STBIC, creating a shield for proprietary information from "the sunshine. A county commissioner sits on the STBIC advisory board.
Local Business Contribution	The STBIC advisory board includes members of companies' that graduate from the program and local business leaders provide mentoring services.
Participating Company Contribution	Businesses in the incubator are charged rent for space at fair market value and a fee secretarial and bookkeeping uses
How Success Is Measured	Business starts, jobs created, jobs retained, and Capital formed by the STBIC.

As evidenced above, each business accelerator and incubator program varies in size and function. Most of the programs detailed above have a working relationship with local business leaders who serve as mentors, advisors, and service providers to companies participating in the incubator.

Local government's fiscal support of these programs ranges from complete detachment to full program funding. The requirements for participating companies to compensate the incubator also varied across each program, ranging from membership and/or space fees to awarding a percentage of their equity to the incubator.

A majority of the accelerator/incubators contacted indicated that a feasibility study was performed prior to establishing their program to measure the economic conditions of the regional marketplace and determine if an incubator could be sustained. Leon County's ability to accommodate a new accelerator/incubator program has been reviewed peripherally in a number of economic development studies performed for both public and private entities. For example, the 2004 "Southside Economic Development Strategy" report by AngelouEconomics recommended developing a technology business center, improving the local business climate and increasing resources for entrepreneurship: all key factors related to business acceleration. The 2005 Innovation Park Assessment Report recommended that *"...successful tech-based economic development in Leon County in total requires that there be a successful technology business incubation and growth program."*

Private interests have also recently gauged and supported the potential for creation of a private business accelerator or venture capital entity within Leon County. Most recently, a group of investors led by Rick Kearney and Cliff Hinkle suggested that the Leon County market was ripe for such an initiative led by private investors.

Initial Review of the County's Legal Authority to Fund a Private Accelerator:
An initial legal review was conducted by the County Attorney's office regarding any potential legal concerns that may restrict the use of county funding toward a small business accelerator for the purpose of encouraging local economic development. As relayed in a memo and meeting on February 16, 2006, the Attorney opined that "Leon County may grant properly appropriated county funds to a private enterprise for the purpose of economic development." As further stated in Section 125.045, Florida Statutes "County Economic Development Powers" (Attachment #4):

> *"(2) The governing body of a county may expend public funds to attract and retain business enterprises, and the use of public funds toward the achievement of such economic development goals constitutes a public purpose."*
>
> And
>
> *"(3)...it constitutes a public purpose to expend public funds for economic development activities including, but not limited to,...making grants to private enterprises for the expansion of businesses existing in the community or attraction of businesses to the community."*

The County Attorney did caution, however, that the Florida Constitution prohibits counties from becoming a "joint owner with, or stockholder of...any corporation, association or partnership."

Key Community Attributes of Top-performing Business Accelerators:
Communities have increasingly created business incubators and accelerators to foster positive economic development, grow and retain local businesses. As conveyed in a 2003 joint study performed by the US Department of Commerce and the NBIA, the key "community" attributes of each successful, technology-focused business incubator, nationwide, are as follows:

- Research universities, federal labs and facilities with stocks of technology based intellectual property and an orientation toward technology transfer that emphasizes an entrepreneurial approach,
- Entrepreneurial scientists and engineers wanting to commercialize technologies through new company formation,
- Business professionals (accountants, lawyers, consultants, human resources specialists) familiar with the problems of launching a technology-based company,
- Sources of debt and equity investment – public and private – that can capitalize the early development stages of new, technology-based enterprise, and
- A concentration of existing technology companies that could be a source of experienced professionals (mentors) to emerging technology companies.

The consensus from the ED Workgroup meetings was that a majority of these components for a successful business incubator/accelerator are either in place, or are emerging, in the Leon County community and marketplace. As such, the impetus toward the creation of a private business accelerator in Leon County, with public support, appears to be gaining momentum. It also appears that the County has the sufficient legal authority to establish an "arms length" relationship with a private business accelerator corporation/partnership, whereby public funding could be granted to the private entity for economic development purposes. As evidenced in the analysis section, above, at least three other city and/or county governments in Florida have already taken action to grant such public funding to a business incubator/accelerator within their communities.

Action Plan for the Creation and Funding of a Private Business Accelerator in Leon County:
As stated above, there has been significant local interest toward the establishment of a private business accelerator partnership in advance of the Board's workshop. Additionally, staff has concluded that providing initial financial support toward the establishment of a full service private business accelerator (as opposed to county-run) will best achieve the sought-after increase in local business growth and development while concurrently limiting the County's future exposure to recurring costs for such a program. Moreover, it is apparent that supporting a private business accelerator would best tap the local private sector resources that are available but are more inclined to support, and invest in, a private business accelerator that can provide a return on their investment.

The proposed private Accelerator program is still in the conceptual stage. There is still significant legal, accounting and planning coordination and program development that must occur prior to the establishment of the Accelerator, or any granting of County funds to same, to insure the accelerator program's viability and success over the long term. Based upon the recommendation of the County's

Economic Development Workgroup that helped craft and advocate for this concept, staff proposes the following three action steps be approved by the Board (Option #2, on Page #19):

- Earmark $1,150,000 of the County's total $1.605 million in local economic development funding for granting to a private business accelerator.
- Establish a Business Accelerator Oversight Committee composed of the following individuals to monitor the next phase of program development (note: this Committee would only be impaneled during the program development phase prior to their report to the Board):
    - County Administrator
    - Rick Kearney
    - Dr. Bill Law
    - Mike Sheridan
    - Cliff Hinkle
    - Kim Williams
    - Dr. Kirby Kemper
    - Dr. Jerry Osteryoung
    - Dr. Rose Glee
- Direct the Business Accelerator Oversight Committee to develop a formal proposal for the creation of a private business accelerator program, authorize the County Administrator to utilize up to $150,000 of the total $1.15 M earmarked funds for the Accelerator to hire consulting services for this purpose (to be matched up to $50,000 by the EDC) and report back to the Board with their proposal within 180 days.

It is anticipated that the Oversight Committee's final proposal will include measurable target goals for the Accelerator to meet in return for the County's grant funding. Moreover, this proposal will include a comprehensive operational plan for the Accelerator, a listing of the resources the Accelerator will offer to the growing businesses it serves, its membership composition and a proposal for the generation of private funding to match the County's up-front investment. The County's earmarked funding for this purpose would remain as a placeholder for future granting to the Accelerator once it is established and after the Oversight Committee's final report to the Board.

SMALL BUSINESS ENTERPRISE (SBE) PROGRAM PROPOSAL:

The proposal to create a county Small Business Enterprise (SBE) program to further enhance procurement participation by local small businesses was first presented to the Board via budget discussion item at their June 14, 2005, budget workshop. At that time, staff was directed to return to the Board for further direction once it more fully defined its recommendations for adding a SBE component. This direction was ratified by the Board on June 28, 2005.

Subsequent to that workshop, staff has subsequently researched SBE programs and policies that have been implemented elsewhere and has met with various partners regarding development of such a program at Leon County (including Florida A&M University's Small Business Development Center (SBDC), the City of Tallahassee's M/WBE Division, and the Leon County School Board's M/WBE Division). Staff has prepared a draft SBE policy for the Board's review (Attachment #5).

Once adopted, the SBE policy would be incorporated as part of the broader Purchasing and Minority, Women and Small Business Enterprise (M/W/SBE) policy, which is anticipated to be presented to the Board in April. Some components of the SBE program (such as the application process, outreach process, etc.) are not contained in the draft SBE policy, as they are not solely specific to SBE, but are shared with the larger M/WBE program, as well. However, the most significant SBE issues are included in the draft SBE policy for the Board's review and further direction to staff.

SBE Eligibility:

The proposed eligibility criteria is consistent with SBE programs adopted elsewhere. It focuses on small, local, for-profit businesses (Attachment #6). Staff anticipates that a firm or business can be certified as a SBE and as a Minority- or Woman-owned enterprise if they meet the criteria for both programs. As this discussion focuses only on the SBE component, the proposed eligibility criteria for SBE certification follows:

1. Majority Owner(s) must reside in Leon, Gadsden, Jefferson or Wakulla County Florida.
2. Majority Owner(s) must be a United States citizen or lawfully admitted permanent resident of the United States.
3. Business must be legally structured either as a corporation, organized under the laws of Florida, or a partnership, sole proprietorship, limited liability, or any other business or professional entity.
4. Business must be Independent and not an Affiliate, Front, façade, broker, or pass through.
5. Business must be for-profit business concern.
6. Business must be currently located within the Market Area.
7. Business must have all license required by local, state and federal law.
8. Business must currently be licensed and engaging in commercial transactions typical of the field, with customers other than state or government agencies, for each specialty area in which Certification is sought. Further, if a Supplier, business must be making sales regularly from goods maintained in stock.
9. Business must have expertise normally required by the industry for the field for which Certification is sought.
10. Business must have been established and continuously operating within the Market Area for at least one (1) year prior to application.
11. Business employs fewer than 25 full- or part-time employees, including leased employees
12. Annual gross receipts on average, over the immediately preceding three (3) year period, shall not exceed:
    - For businesses performing Construction – $2,000,000/year.
    - For businesses providing Other Services or Materials & Supplies - $2,000,000/year.
    - For businesses providing Professional Services – $1,000,000/year.
13. Small Business Management Training completed and accepted or waived by the FAMU Small Business Development Center

Targets for Utilization:

The proposed policy incorporates annual Race/Gender-neutral targets for utilization of SBEs as recommended by the MGT Disparity Study. Targets for SBE participation would be incorporated into County bid and proposal opportunities when it appears there is opportunity for SBE participation. The Race/Gender-conscious targets will be addressed as part of the overall Purchasing and M/W/SBE policy revision.

Annual Race/Gender Neutral Targets by Business Category					
Construction Prime Contractors	Construction Subcontractors	Professional Services Consultants	Professional Services Sub-consultants	Other Services Vendors	Material & Supplies Vendors
2%	18%	11%	8%	12%	6%

Reserving Procurement Opportunities for Exclusive Competition Among SBEs:

To further increase SBE participation, staff proposes reserving some procurement opportunities for competition among certified SBEs only (details are provided in Attachment #4). This would be permitted when the procurement is within the dollar threshold for SBE only competition and there are at least three (3) SBEs. A committee, consisting of the M/W/SBE Director, the Purchasing Director and the Project Director or the appropriate Division Director would be required to agree that such "exclusive" SBE competition is reasonable on a case-by-case basis. Should the committee not reach a consensus, the issue of whether to set the procurement for exclusive SBE competition would be determined by the Management Services Director.

A SBE that has participated in the SBE program for a total of six years or has completed six contracts, whichever occurs first, would "graduate" from the SBE Program and would no longer be eligible for SBE certification.

SBE Conclusion - Recommendation:

The SBE program will be implemented through the M/WBE office with its key partner, the FAMU SBDC program. At full implementation, staff anticipates approximately 150 firms can complete SBDC training and be referred for SBE certification annually. Although no Board action is required relative to approving the SBE policy, this draft is being distributed for Board review and comment. The full Purchasing and M/W/SBE policy revisions will be returned to the Board in April.

FAMU SBDC training and referral services would be provided through a contract with Leon County at an estimated cost of $75,000 per year. Currently, the FAMU SBDC also has a comprehensive agreement with the Capital City Chamber of Commerce to support area minority and women-owned businesses. The SBDC plans on enhancing this partnership, as part of the County's SBE program, to ensure the availability of necessary technical support and financial resources to small businesses. In addition, staff will require additional in-house resources to recruit and certify small businesses, mediate contract performance issues, provide technical assistance to SBEs to help them perform to county expectations, inform SBEs about procurement opportunities and track their participation. It is recommended that these in house services be provided through the addition of an OPS position at a cost of approximately $45,000 per year, plus related support costs, for a two-year start-up period.

In summary, SBE program start-up costs are anticipated to total $298,069 over the initial two-year period. At this time, staff is recommending that the Board dedicate $300,000 toward the creation of a Leon County SBE program and in order to cover the estimated start-up costs for same (Option #3 on Page #19). This recommendation was also supported by the ED Workgroup.

PROPOSED TRAUMA CENTER AT TMH:

During their regular meeting on January 10, 2006, the Board directed that staff include the consideration of utilizing a portion (then specified at $1 million) of currently appropriated local economic development funding as part of this workshop. In providing this direction, the Board noted the high trauma-related deaths that occur in Leon County and our adjoining region and framed this issue as being both economic development (job creation) and healthcare (reduce mortality) related. Staff has since been in contact with officials from Tallahassee Memorial Healthcare (TMH) to further review the aspects of creating a trauma center in Leon County. TMH has provided initial information detailing how creation of a trauma center would result in saved lives, promotion of economic growth, and creation of new jobs (Attachment #7).

Staff was informed last week by TMH Administration and Mr. Kim Williams, TMH board member that TMH is not seeking County funding at this time from the County's $1.6 million earmark for local economic development purposes. TMH indicated that their request for recurring costs associated with operating the trauma center could be addressed during the Board's upcoming FY 06/07 budget development process and as the trauma center becomes operational. During their February 28, 2006 regular meeting, the Board also directed staff to consider this funding request as a budget discussion item and staff is preparing this issue for further consideration during the budget approval process. No further action on this issue is required by the Board at this time.

CAPITAL CIRCLE COMMERCE PARK (CCCP) DEVELOPMENT FUNDING REQUEST:

In accordance with Board direction, this section presents additional information on the $600,000 funding request for the expansion of the Freightliner expansion at the Capital Circle Commerce Park (CCCP). This request was first submitted to the Board by the late Mr. Terry Fregly and is now supported by Mrs. Joan Fregly and the other CCCP developer Mr. Roger Leslie. If approved by the Board, these County funds would be applied as follows (Attachment #8):

- $500,000 toward the construction of a planned 20,000 square foot building that will serve as an "operation" or distribution center for the company (construction costs total $1.3 M).
- $100,000 to offset development costs such as planning and permitting and for marketing.

This funding request represents the second time within the last three months that the Board has considered economic development funding for the Freightliner project at CCCP. On December 13, 2005, the Board approved a $750,000 Community Development Block Grant Application to the State Department of Community Affairs (DCA). Although this application is still under review at DCA, grant funds would be applied toward the necessary water, sewer, sidewalks and landscaping infrastructure for the same Freightliner building (Attachment #9). In return, the company will create 23 new jobs, 13 of which will be paid $22,880 annually (totaling $32,608 in incentives per job).

The current request for $600,000 by the developer would not be directly tied to any additional job creation at the park above the 23 jobs quantified in the CDBG grant application at Freightliner. For example, should the Board approve this additional $600,000 toward the construction of a new facility at CCCP, it would essentially provide a cumulative $1.35 million in county-based incentives toward the creation of 23 new, moderate wage jobs for $58,695 total county incentives per job.

While there has been, and continues to be, substantial positive private redevelopment at the 60 acre CCCP site in recent years, staff is not recommending the approval of any additional economic development incentives above the $750,000 CDBG economic development grant application that was approved by the Board last December. However, staff will continue to work closely with the developer through the grant award process and the related infrastructure construction at the Park.

SISTER COUNTY PARTNERSHIP WITH PG COUNTY/FAIRGROUNDS SEED FUNDING:
At their December 2005 retreat, the Board authorized County staff and the Chairman to pursue a sister county agreement with Prince George's County, Maryland. On March 8, 2006, the Chairman and senior staff met with Jack B. Johnson, County Executive and other Prince George's (PG) County senior staff to discuss this issue and advance the sister county concept between our communities. As part of this meeting, it became apparent that PG County has recently transformed into a national leader in local economic development and redevelopment. PG County officials conveyed a number of unique opportunities that they have capitalized upon in recent years to redevelop under-utilized property into high end commercial, residential and retail activity centers and to further stimulate their impressive economic development.

For example, one cornerstone of PG County's economic development efforts, that has high crossover potential for Leon County's economic development on the southside (including the Fairgrounds), involved the "Boulevard at Capital Centre." Capital Centre is an $85 million town center project that opened in late 2003 and houses 490,000 square feet of retail space including Starbucks, Mens Warehouse, Borders and an entertainment center anchored by a Magic Theaters cineplex. This redevelopment project has transformed a previously underutilized property and its surrounds and now directly generates $124 million in tax revenues each year and has created 750 new jobs.

A continuing priority of the Leon County Board of County Commissioners is the long term effort to develop the existing fairgrounds site on South Monroe Street and concurrently to generate new economic development opportunities within the Southern Strategy Area. During the recent site visit to PG County, it was evident to staff that their expertise in developing similar properties could be an essential lynch pin toward advancing our efforts in Leon County. This is of added importance as ongoing efforts to relocate the fairgrounds to a new location proceed (thus allowing for redevelopment of the existing site). Therefore, staff is recommending that $50,000 be allocated toward the effort to finalize a sister county agreement with PG County that focuses upon improving economic development in under-utilized areas of Leon County (Option #4 on Page #19).

FIRST FOCUS PARTNERSHIP'S REQUEST FOR LOCAL WORKFORCE TRAINING:

On March 17, 2006 staff held a meeting with EDC and TCC staff to discuss the potential to partner with the agencies comprising "First Focus" in an effort to leverage a portion of county economic development funding toward expanding workforce training for local businesses (Attachment #10). First Focus is an ongoing cooperative association of local and regional economic development agencies including the following members:

- Tallahassee/Leon County Economic Development Council
- Workforce Plus
- FAMU Small Business Development Center
- Greater Tallahassee Chamber of Commerce
- Capital City Chamber of Commerce
- Tallahassee Community College
- Lively Technical Center

In preparation for this workshop, staff has worked with First Focus representatives, including Dr. Bill Law - TCC President and EDC Chairman, to craft a plan wherein $100,000 in County local economic development funding would be leveraged through the First Focus partner agencies, specifically TCC (who will administer this grant at no charge or administrative cost to the County), to generate an additional $500,000 in federal and state grants. As a result, it is anticipated that fifty or more local businesses will receive economic development assistance in the form of workforce training, grant writing, business plan consulting and strategic job assessment activities through the county's investment.

Staff has concluded that the First Focus proposal will directly result in expanding local workforce development activities tailored to the Board's priority of growing local businesses. Moreover, the potential to leverage a $1 to $5 return on applied county funds for direct program expenditures while fostering the cooperative approach to addressing local business development issues with our community partners is also positive. At this time, staff is recommending that the Board dedicate $100,000 toward local workforce training and assistance, as outlined above, through the First Focus Partnership (Option #5 on Page #19).

OVERVIEW OF EXISTING LEON COUNTY ECONOMIC DEVELOPMENT PROGRAMS:

During their series of meetings, the business leaders comprising the ED Workgroup applauded the existing economic development programs that the County already has in place to stimulate business development, including the Enterprise Zone, Qualified Targeted Industry or "QTI" program (state incentive program with 20% local match) and the County/City Targeted Business Pilot Program (reimbursement of County/City permit fees and property tax refunds for business growth). The following subsections further detail each of these existing County economic development programs that are presently in place and provide a brief overview of the actions staff is currently undertaking to expand public awareness on each of them. Also included is an overview of the County's relationship with the EDC for economic development activities.

Leon County/City of Tallahassee 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 state legislature and Office of Tourism, Trade and Economic Development (OTTED) in 2002, this program offers significant tax incentives to property and business owners within the EZ boundaries who renovate their homes, create jobs and expand their businesses. Some of the key incentives of the EZ, include (Attachment #11):

- Jobs Credit: refund of state sales or corporate income tax based on new jobs created,
- Building Materials Refund: refund of state sales tax paid on building materials for renovations of buildings in the EZ, and
- Property Tax Credit: refund of portion of corporate income tax 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 County's primary role is to provide full oversight of the local program. Currently, the Board contracts with the EDC to manage this program for Leon County. 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 (Attachment #12).

QTI:

The Qualified Target Industry (QTI) Program is a state incentive program that targets companies that create high wage jobs in targeted industries. After a thorough pre-approval screening process, conducted by the state, this program provides tax refunds to qualifying companies primarily on their corporate income, sales and ad valorem taxes. Significantly, this state program includes a local match of 20%. In Leon County, this local match is split evenly between the City of Tallahassee and Leon County. The Board currently escrows the County's match funding with the EDC as part of our annual contract. Currently, our QTI match account at the EDC has an unencumbered balance of nearly $70,000 for future use on qualified businesses.

During the past two years, the Board has approved two resolutions supporting QTI approval for Southeast Corporate Federal Credit Union and for Danfoss Turbocor Compressors. The Southeast Corporate match application was approved on July 27, 2004, and included a match of $12,000. The Turbocor match application was approved on October 25, 2005, and included a County match of $105,000. Both matches to the state were also evenly supported by the City. Similar to other incentive programs, payments of QTI funds to Turbocor will be made upon the company's proof that their job creation and related performance goals have been met (Attachment #13).

Targeted Business Pilot Program:

The Targeted Business Pilot Program (TBPP) was jointly created by the City and the County in 2001 to provide additional financial incentives to high wage, targeted businesses that wish to relocate or expand their businesses in our community. The incentives offered to such companies take the form of the reimbursement of up to 100% of development (permit) fees and up to 100% of ad valorem taxes (capped at the City's millage rate) based upon a series of factors including numbers of jobs created, salary levels, and location. The incentives are reviewed annually and are reimbursed to the qualifying company over a maximum period of 10 years (Attachment #14).

On April 30, 2002, Fringe Benefits Management Company became the first business to qualify for this program. Based on the pre-approval scoring process, Fringe Benefits qualified for 60% reimbursement of permit fees (City) and ad valorem taxes (City and County) paid over six years. The second annual reimbursement application was approved by the TBPP Review Committee on December 13, 2005. Therefore, the City and County will reimburse Fringe Benefits a total of $25,064 (split evenly) from the company's applicable ad valorem property and personal property taxes for the previous year. Future payments to Fringe Benefits will be made over the next four years based on the TBPP Committee's annual review of their performance (Attachment #15).

Economic Development Council (EDC):

The County has contributed over $1.7 million to the EDC since 1995 to support economic development initiatives, including the retention and expansion of local businesses (including the $210,000 unexpended funds for FY 05/06 pending approval of a contract with the EDC). In turn for these contributions, the EDC has acted as the County's primary economic development program administrator, serving as same for the County's Enterprise Zone and QTI 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.

Based upon previous Board direction, staff is currently coordinating with EDC staff toward the creation of a proposed FY 05/06 contract for review by the Board. As in previous years, the contract will detail those activities to be performed by the EDC in return for the $210,000 in budgeted funds by the County. New this year, staff is also working to include contract language requiring the EDC to create "shelf-ready" direct incentive packages to apply to potential expanding and/or relocating businesses as well as a standardized process for local government's review of these incentive proposals. It is anticipated that this contract process will be completed during the spring of this year.

Participants of the workgroup expressed support for increasing public awareness of the County's programs, which has largely fallen to the EDC in recent years. To this end, staff is working to further expand public education on each of these existing programs through enhanced use of the County's dedicated cable television programming, the County Link and the County's website. Staff also plans on increasing outreach on these programs through presentations at area civic, social and business service group meetings, seminars and forums. However, staff does not anticipate that there will be a significant fiscal impact from these related public awareness initiatives.

Options:

1. Accept the staff and Economic Development Workgroup's Status Report on local economic development activities, including the creation of an SBE program and enhanced public awareness of the Targeted Business Pilot Program and Enterprise Zone Program.

2. A. Earmark $1,150,000 of the County's total $1.605 million in local economic development funding for granting to a private business accelerator.

   B. Establish a Business Accelerator Oversight Committee composed of the following individuals to monitor the next phase of program development (note: this Committee would only be impaneled during the program development phase prior to their report to the Board):
   - Rick Kearney - Dr. Bill Law - Cliff Hinkle - Mike Sheridan - Dr. Rose Glee
   - Kim Williams - Dr. Kirby Kemper - Dr. Jerry Osteryoung - County Administrator

   C. Direct the Business Accelerator Oversight Committee to develop a formal proposal for the creation of a private business accelerator program, authorize the County Administrator to utilize up to $150,000 of the total $1.15 M earmarked funds for the Accelerator to hire consulting services for this purpose (to be matched up to $50,000 by the EDC) and report back to the Board with their proposal within 180 days.

3. Dedicate $300,000 toward the creation of a Leon County SBE program and to cover the estimated initial two year start-up costs for same.

4. Dedicate $50,000 toward the completion of a sister county agreement with Prince George's County, Maryland that includes a component focusing upon expanding economic development in under-utilized areas of Leon County (specifically within the Southern Strategy Area and the Existing Fairgrounds site).

5. Dedicate 100,000 toward local workforce training through the First Focus Partnership.

6. Do not accept staff's report on local economic development issues.

7. Approve an additional economic development incentive grant for the Capital Circle Commerce Park at a level to be determined by the Board.

8. Board direction.

Recommendation:

Options #1, #2, #3, #4 and #5.

Attachments:

1. Overviews of January 11, January 27 and February 23, 2006 Economic Development Workgroup Meetings (not included is an overview of March 21st ED Workgroup meeting)
2. Additional Information Regarding Business Incubators from NBIA
3. INC.com news article regarding private business accelerators
4. Memorandum form County Attorney's Office regarding County's legal authority to fund a business accelerator program.
5. Draft SBE Component of the County's Purchasing and M/WBE Policy
6. Proposed SBE eligibility criteria and components
7. TMH Trauma Center Community/Economic Benefit Overview Materials
8. Information regarding Capital Circle Commerce Park's funding request.
9. December 13, 2005 Agenda Item: Public Hearing to adopt a resolution authorizing submission of a CDBG – Economic Development Category Grant Application (for CCCP) with staff overview of the grant request.
10. March 22, 2006 letter from Steve Owens, TCC Assistant Vice President, regarding the proposed First Focus funding request for local business development training
11. Enterprise Zone Incentives in Leon County
12. Leon County Enterprise Zone Development Agency's Annual Report for 2004/2005.
13. Overview of Florida Qualified Target Industry Tax Refund Program (QTI).
14. Overview of Tallahassee/Leon County Targeted Business Pilot Program (TBPP).
15. E-mail outlining Fringe Benefit's 2004 TBPP Reimbursement Request (most recent), as approved by the TBPP Review Committee on December 13, 2005.

From: Benjamin Pingree
To: Alam, Parwez; chinkle@fhi-fl.com; cmitchell90@comcast.net; johnrlewis@superlube.com; kim@marpan.com; Long, Vince; McDevitt, David; mhsheridan@fbmc-benefits.com; Murray, Ed; rk@att.biz
Date: 1/13/2006 11:42:38 AM
Subject: **Synopsis of January 11th Meeting on Local Economic Development - Scheduling Request for New Meeting**

Good afternoon,

Please find, below, a synopsis of the issues discussed at the recent strategic meeting on local economic development. As agreed to at that time, this e-mail also requests your participation for one additional meeting on this issue. Please respond at your nearest convenience with an indication of your availability to attend a meeting at each of the following four times:

First Option: Wednesday, January 25th, from noon to 2 p.m.
Second Option: Wednesday, January 25th, from 2 p.m. to 4 p.m.
Third Option: Friday, January 27th, from 10:00 a.m. to noon
Fourth Option: Friday, January 27th from noon to 2 p.m.

An additional e-mail notice will be sent for the final date/time based upon the majority response of the group. The location of this meeting will be the community room at the County offices in the historic Railroad Station (old Amtrack Building - 918 Railroad Avenue). Ample parking is available onsite.

Thank you, and please do not hesitate to contact me with any questions you may have.

-Benjamin H. Pingree
Assistant to the County Administrator
Leon County Board of County Commissioners
pingreeb@leoncountyfl.gov
(850) 606-5300

Overview of Meeting on Local Economic Development Incentives

Location:
University Center -- January 11, 2006 -- 2:00 – 4:00 p.m.

Participants:

Rick Kearney	Chuck Mitchell	Parwez Alam
John R. Lewis	Cliff Hinkle	Vincent Long
Ed Murray	Kim Williams	David McDevitt
Mike Sheridan		Benjamin H. Pingree

Synopsis:
PA opened the meeting by thanking each of the participants for joining to discuss what kinds of incentives local government can/should provide toward economic development/business expansion and provided a brief overview of recent Board actions, including:

- Discussion on Board's action to not financially support Turbocor relocation,
- Board's appropriation of $1.6 M for economic development purposes
- Workshop to be scheduled for February/March on this issue, to include consideration of funding for Trauma Center, creation of Small Business Enterprise (SBE) program, expedited permitting and other potential incentives for growing local businesses.

Focus on Local Businesses First:
Ed Murray outlined some of the positive economic development outcomes associated with providing public incentives to relocating businesses. However, the group generally agreed that the County could better leverage their limited funding by investing in a wider range of local businesses rather than providing incentives for the relocation of minimal external businesses, due to the inherent costs generally associated with such relocation proposals. Additionally, a general consensus emerged that it was more appropriate for local government to focus on growing local businesses first.

Participants discussed that the best "economic development" investment that a local government can (or should) make is in public infrastructure projects such as roads, schools, hospitals, parks, and an improved permitting processes. Cliff Hinkle estimated that improving our infrastructure, in particular, would best improve the local climate for business development and would result in the widest achievement of improved economic development.

Expedited Permitting:
One of the key issues that a majority of the attendees agreed upon was that there was a well established need for expedited permitting in Leon County. Moreover, the consensus was that an improved and expedited permitting process at the County would directly result in improved economic development outcomes for growing (and relocating) local businesses.

Numerous participants questioned staff about the County's ability to create a "case manager" for expediting permitting. Such a high level professional would essentially work a permitting request completely through the permitting process. PA noted that some governments do this, stated that in other governments, such as Miami-Dade County, permits can be expedited by developers paying overtime for permitting employees to work evenings/weekends on their specific permitting request.

County Growth Management has been reviewing ways to streamline the permitting process for a number of years. Last year, GM presented the Board with a multi-step plan estimated to decrease permitting time by nearly half. At that time, the Board created a 14 member "blue ribbon" panel to analyze the GM recommendations and present back to the Board. The work of that committee is nearly done, and will be presented to the Board at a March 28th workshop. David McDevitt noted that two committee members have emphasized the "case manager" concept, detailed above, during their recent deliberations on improving the existing process.

Participants questioned the potential for a "gold card" program for developers (whereby an applicant would be pre-qualified by staff for expedited permitting, in comparison to others). Staff indicated that such a concept was not being supported by the Blue Ribbon panel. Chuck Mitchell expressed concern for such a program, believing that all permits should be expedited until a developer proved problematic. In such a case, that problem developer would be required to undergo additional reviews. It was agreed that expediting the permitting process would likely come down to increasing the staffing for this purpose in the growth management department.

A number of the participants expressed their favor for the co-location of city and county growth management and planning at the new Renaissance Center. They also expressed their interest in a fully combined County/City Growth Management Department (similar to Planning).

Ed Murray also noted that the City has an expedited permitting process (less than 7 day turnaround) for projects estimated to cost $100,000 or less. These projects, which are predominantly renovations, have largely outgrown this cap. The City is currently looking to increase this cap to $250,000 or as high as $500,000. *It was recommended that the County look at such a process to improve the permitting process.*

The participants generally agreed that expedited permitting was one critical issue that county government needed to address in order to further stimulate economic development.

Rick Kearney stated that it was appropriate to advocate for expedited permitting, improving infrastructure and waiving development fees to stimulate economic development, generally, but cautioned that this was a unique opportunity to create a new, dynamic program with relatively little funding ($1.6 M) that might not make a dent in those other, larger initiatives. He suggested that expedited permitting, in particular, was surely needed but that it was a separate issue and likely not the best use for the County's earmark for economic development. He suggested that this unique opportunity should result in a unique ED program to grow local businesses.

Business "Accelerator" Program:
Mr. Kearney proposed that a group of business leaders, investors and governments could look at forming a non-profit corporation to serve as a business "accelerator." The accelerator concept was loosely defined as a diverse coalition of business interests that join as a corporation to offer their services/fund/" invest" in a limited number (approximately five) of new and emerging companies. The owner/partners of the accelerator corporation could earn "stock" in the corporation through donating their money, land, office space, professional services (such as legal, accounting, marketing), or time in mentoring those emerging companies.

The return to the accelerator corporation would be gained through the holding of stock in each of the companies they invest in, or a similar contractual arrangement. As the companies do better, a financial return is gained to the corporation (as a whole) on their investment. Over time, the investment companies would repay their debt, plus interest, which would provide additional money for the accelerator corporation to invest in other emerging companies. Under this scenario, the County's investment in the accelerator corporation could be achieved through providing the funding for a director/coordinator for this limited partnership and/or providing some seed cash for investing in the growing companies.

A number of participants stated that there was, however, also a need to see that those funds were spread across the community as widely as possible. Chuck Mitchell cautioned that an accelerator may only assist a few companies whereas expedited permitting would "touch" far more people and therefore would warrant some of the $1.6 M in county funding. It was discussed that an effort to create a new accelerator model could leverage the expertise of local economic development partners such as the Jim Moran Institute at FSU and the FAMU Small Business Development Center.

Expansion of Existing Programs:
Participants lauded the existing economic development programs the county already has in place for new job creation, such as the Enterprise Zone (with corporate income and sales tax credits for the creation of new jobs) and the Targeted Business Pilot Program (waiver of County/City permit fees and property tax refunds for business growth). Staff described how these programs were put in place by the County and how the County has been increasingly supportive, in recent years, of implementing good economic development concepts that have succeeded in other locales. Participants expressed support for increasing public awareness of those programs, which has largely fallen to the EDC in recent years. Mike Sheridan proposed potentially expanding the Targeted Business Pilot Program to include growing businesses that may still be leasing space.

Participants discussed a perceived need to expand these programs and the County's economic development efforts toward expanding job creation in the manufacturing sector.

Conclusion:
The group was polled on their willingness to attend an additional meeting on this issue as the County's workshop on economic development draws near. Each of the group members expressed a willingness to continue the discussion.

Overview of January 27, 2006 Meeting on Local Economic Development Incentives

Location:
Community Room @ County HHS Office - 10:00 a.m. to noon

Participants:

Rick Kearney	Bryan Desloge	Parwez Alam	David McDevitt
Ed Murray	Mike Sheridan	Vincent Long	Alan Rosenzweig
Kim Williams			Benjamin H. Pingree

Synopsis:
This document provides a brief overview of the topics discussed at the above meeting.

PA opened the meeting by thanking each of the participants for continuing the discussion regarding what kinds of incentives local government can provide toward economic development/business expansion. Vincent Long provided the group with a brief presentation regarding a work-packet distributed by staff, including the following key parts (Attached):

- Discussion of the Board's recent action to support local economic development,
- Overview of ongoing County activities toward further expediting the permitting process,
- Proposal to consider funding for a new trauma center at TMH,
- Proposal to create a County Small Business Enterprise (SBE) program,
- Expansion of existing County economic development programs (such as Targeted Business Pilot Program, Enterprise Zone and QTI program, and
- Proposal to create a business accelerator program.

Trauma Center Funding:
PA described that TMH officials had previously proposed to him that the County consider contributing $250,000, annually, to offset their recurring operating costs for a new trauma center (estimated to total $1 million). Participants discussed the "economic development" aspects associated with the potential creation of a new trauma center, including new jobs created at the center and related indirect industry job creation across the community. Mike Sheridan suggested that it was important for the County to leverage its $1.6 million in order to gain the greatest economic development outcome for the community, in general.

After discussion, a majority of the participants determined that the creation of the trauma center was an important issue (healthcare then economic development) before the community and was very likely to occur at some future point, regardless of the county's financial support. However, the group determined that it was also important to focus the discussion regarding one-time county funding for local economic development.

Expedited Permitting:
As discussed during the workgroup's first meeting, expedited permitting is a key issue that a majority of the participants identified as being critical to local economic development in Leon County. David McDevitt, Growth Management Director, provided an update to the participants regarding the recent activities of the Board's "Blue Ribbon Panel" on this issue. Mr. McDevitt stated that he expects the Panel's findings and recommendations (to be presented to the Board at an April 11th workshop) will be generally supportive of the process improvement requests that staff made last year. It is also expected that the implementation of those recommendations will result in up to a 50% reduction in permit review time.

Participants spent significant time expressing their support for any and all efforts to expedite the County's permitting process as quickly as possible, including the creation of a "project manager" within GEM. Mike Sheridan said that numerous developers have had concerns regarding not only the length of time necessary to get a permit but whether the permit will be approved at all. He stated that this uncertainty of not "when" but "if" a permit would be approved resulted in an unfriendly business environment. Kim Williams expressed his concern regarding how certified plans created by professional firms on behalf of developers were scrutinized by GEM staff.

Mr. McDevitt accepted this input from the participants regarding the differences between adversarial and supportive relationships between GEM and permit applicants and expressed his optimism for the potential for improvements in this regard looking forward. He stated that the project manager would act more as an advocate for permit applicants and would be a significant step toward expediting the permitting process.

Business "Accelerator" Program:
Ben Pingree provided an overview of the progress that had been made by County staff and Mr. Kearney (since the workgroup's first meeting) to advance the business accelerator concept. His overview included the following key points:

- For a number of years, Commissioners and leaders from the economic development community have advocated for the creation of a business incubator or accelerator to assist in growing small and emerging businesses.
- However, this "incubator" concept has been very widely defined and ranges from building an office site (bricks and mortar) with full business service and management provision to the less expensive provision of mentoring services to established and emerging business owners by retired/experienced business executives (similar to the EDC's accelerator).
- During the first workgroup meeting, Rick Kearney expressed support of a new accelerator model, loosely defined as a diverse coalition of business interests that join as an investment corporation to offer funding and in-kind services to a limited number (approximately five to ten) of new and emerging companies.
- The Accelerator would utilize their combined resources to earn stock in each investment company. Minimal profit would be earned by the Accelerator corporation/partnership through their stockholding in the companies over time and as the companies grow.

- The Accelerator would be "arms length" from the County and would be run independently. The County's investment in the Accelerator would be achieved through providing a portion of the upfront seed cash necessary to implement the program, potentially via contractual relationship. The Board of the Accelerator, led by its key principal partners, would hire a professional manager to run the corporation. The Board would set the Accelerator's policies (ie. type of companies to invest in and expectation for profit over time) and the manager would implement them and manage the Accelerator's investment portfolio.

Significant discussion on this concept ensued amongst the participants after the brief presentation by staff. Mr. Murray stated that this concept would likely be very well supported by Chamber and EDC representatives but expressed concern that the Board could support such a "profit-driven" venture. PA stated that there would have to be a clear "firewall" between the County and the Accelerator corp. for it to be successful and amenable to the Board. He explained that the expertise and infrastructure to create/operate such a program existed in the private sector. The County's key involvement would be the provision of a part of the seed cash required to begin the company, and that a strong Board of Directors (comprised primarily of private investors) should be sufficient to run it effectively and without County oversight.

Rick Kearney stated that the County's key role would be to provide the seed cash to "prime the pump" for private investment in the Accelerator, which would in turn reinvest in local economic development interests (businesses). He stated that it would be the Accelerator's responsibility to all of its investors to prove a strong return on investment ("ROI"). A number of the participants agreed on this point and discussed that many firms (legal, accounting, marketing, etc.) have sufficient capacity to offer "in-kind" services to the Accelerator. Participants also agreed that the technology transfer potential of the two major universities was a key resource that could be more fully tapped by the business community and the universities.

Mike Sheridan expressed his support for the concept and his belief that it could be very successful venture but questioned whether public funding should support it or whether the County should have a seat on the Accelerator's Board. Rick Kearney proposed that the Accelerator, once formed, could have a contractual relationship with the County - not a seat on the Board. The County could effectively hire (contract with) the Accelerator to expand economic development. There was significant discussion by the participants that contractual metrics for the Accelerator's success should not be the number of jobs created. The group did think that the Accelerator's success should be gauged by how it helps expand economic development within the community and creates wealth. One metric suggested was how the Accelerator expands the revenues of each company invested in.

The group agreed that there were two key tasks to be met prior to the workshop. First, the group stated that it was important to identify other communities where similar economic development programs exist (such as Madison, WI and Raleigh, NC). Even if their business incubator/accelerator concepts were not identical to Leon County's proposal, the participants agreed that it would be important to show the Board the various methods by which other communities invest in local economic development. The participants agreed that it was equally critical to show the Board that they were not alone in fiscally supporting the new Accelerator in Leon County. As such, the group agreed that it was important to expand this discussion amongst other leaders of the business community, and the universities, to gain additional local support for the concept.

Mr. Kearney stated the key question for the County to answer was "is supporting the Accelerator good for the County?" He noted that innumerable successful companies began with the support of a single government contract. He noted that there was likely a way to craft this endeavor to satisfy the needs of the government "contractor," the profit interests of the investor and the growth needs of small and emerging businesses.

Conclusion:

The group agreed to expand the scope of the initial conversations with other local leaders of economic development and to hold an additional meeting on this issue. The participants then agreed to the following five points:

- Support the Citizen's Group/Staff efforts to further expedite the County's permitting process,
- Coordinate with the County to further review, modify and support the Accelerator concept,
- Support the County's effort to expand public and area business-owner knowledge of the County's existing/available economic development programs (such as the EZ, QTI and TBPP)
- Support the County's efforts to create an SBE program as one tool to further grow local businesses.
- Participate in the communitywide discussion, and the County's need to dedicate up to $1.6 M toward the creation of a regional trauma center (initial request of $250,000).

From: Benjamin Pingree
To: Pingree, Benjamin
Date: 3/5/2006 7:26:39 AM
Subject: Overview of February 23rd Meeting on Economic Development

Good morning,

This e-mail is to provide a brief overview of the issues discussed/actions taken during the County Administrator's February 23rd Workgroup Meeting on Local Economic Development (Below). This e-mail also requests additional action from those interested in the private "Accelerator" concept advocated by Rick Kearney and other workgroup members, as outlined by staff in the attached memorandum, to work toward further advancing this concept toward implementation as the Board's March 28th workshop on economic development approaches.

Location:
County Commission Chambers, Noon to 2 p.m.

Participants:

Rick Kearney	Tom Barron	Parwez Alam
Jerry Osteryoung	Kirby Kemper	Vincent Long
Mike Sheridan	Bryan Desloge	Alan Rosenzweig
Kim Williams	Ed Murray	David McDevitt
		Benjamin H. Pingree

Synopsis:
The County Administrator provided a brief overview of the Board action for participants, including that the Board had allocated funding of $1.6 million for economic development purposes focusing on growing local businesses. PA noted that significant discussion regarding parallel issues relating to local economic development, such as expedited permitting, were addressed during previous workroup sessions. On this point, a separate Board workshop had been scheduled to address growth management issues this April and that the $1.6 million for economic development would likely not be applied for that purpose. He stated that the Board had a unique opportunity to utilize the $1.6 million on a new economic development concept/program, such as the private Accelerator that had been first presented by Rick Kearney and discussed during previous workgroup meetings, and (in part) for partial funding of a new regional trauma center at TMH. PA discussed how such a private Accelerator would focus on growing local businesses and increasing economic development within the County. He stated how a professionaly operated and independent Accelerator would grade potential client businesses based upon their merits, not their political popularity, and that a normalized process would be implemented for this purpose.

Ben Pingree presented a memo to the workgroup on the proposed, private accelerator program concept. This memo (attached) detailed the working concept of the Accelerator, including that it would be operated independently from the County, supported by private funding (as well as through the County's initial "seed cash" investment) and operated privately. Based upon previous workgroup discussion, staff had performed an additional "due diligence" review of the Accelerator concept. Mr. Pingree presented the findings of this review to the group, including the following key points:
- 10% of the total 1,100 incubator/accelerators in North America are run by private interests "for profit."
- 16% of all incubators are funded by a governmental entity.
- Recent national association research estimated that for every $1 of public funding to an incubator, $30 to $45 in tax revenues are generated.
- A recent government-backed study of "top performing" business incubator/accelerators revealed that the key components to successful incubators included A) focus on technological companies, B) Link to research universities and federal labs, C) entrepeneurial scientists and engineers focused on commercializing their new technologies, D) business professionals familiar with the problems of starting a business, E) sources of debt and equity investment and F) a concentration of existing companies that could be a source of experienced professional mentors.
- There are other Florida counties that currently provide public funding to business incubators.

- The County's initial legal review indicated that provision of funding to a private accelerator could be legally acheived.

The remainder of the meeting contained significant discussion regarding the proposed Accerator concept and its potential application in Leon County. Mr. Barron began by stating that having a building would be key to success of an accelerator. He initially suggested that Innovation Park would be a strong fit for such a building, but later expressed that the private accelerator concept being discussed would likely not be a good fit there.

Mr. Kemper noted how other universities such as the University of Wisconsin and Georgia Tech had very successful university sponsored incubators, but that the proposed model did not fit any other, specific economic development model he was aware of. He noted that a political committment of at least 5 years toward this concept would be required if any success would be allowed to occur. He provided a brief overview of the technology transfer activities that were underway at FSU, including the rehabilitation of an existing research building at Innovation Park into a facility where researchers could further develop their products toward market. Mr. Osteryoung and others in the group agreed that political committment to an incubator would be key, as would access to angel and equity investment and mentoring.

Mr. Sheridan elaborated on the commonality of discussion at the table. He highlighted the consensus that there was a need for a facility, a long term political committment, access to private capital, a tie to the universities, active mentoring, assistance in screening the applicants for accerator assistance, and an initial government infusion of "seed cash" followed by the ability for private interests to run the accelerator and focus on growing local businesses without significant governmental involvement.

PA and Vince Long highlighted that the key opportunity shared by the County and private sector partners was to get the structure of the accelerator right from the beginning: That it would be important for there to be criteria and metrics to measure the success of the Accelerator in return for the County's investment, but that the accelerator should be allowed to operate fully independently but with full buy-in by the business community members that compose the private accelerator corp and mentor its clients. The key issue was that for there to be County funding for this concept, or for this concept to succeed in general, it was critical to have a strongly backed, private accelerator corp. Mr. Long suggested that the credibility of the group backing the accelerator would be the first "committment" hurdle to be met.

At this point, Rick Kearney provided a brief overview of his previous effort to create such a private accelerator and that the opportunity was very ripe for creation of a private accelerator to occur in the current local environment. He noted that, at this point, it would take an initial investment of time and energy to gather a new group of key principal partners to establish the new private accelerator and begin work. He expressed his interest in leading the effort provided that a sufficient level of other partners emerged and that there was community buy-in for the concept. Mr. Kearney and others discussed how a private accelerator (yet to be named) could fit nicely in a community-wide "continuum of local business development" that included the Jim Moran institute and FAMU Small Business Development Center at the beginning, followed by assistance from the technology transfer offices of FSU and FAMU, then assistance from the private accelerator, and finally, financial independence and continued business growth. Mr. Kearney noted that the Accelerator could also bring in outside "angel" investment from outside the county for the local businesses they sponsor as an offered service.

At the end of the meeting, Kim Williams offered to assist in setting up one additional meeting between County staff, interested members of the workgroup and Bill Law (EDC Chaiman) to further discuss this concept. Having offered to lead the way in advancing the private accelerator concept toward its creation, Mr. Kearney also welcomed further discussion amongst private sector interests in this regard.

<u>**Call to Action:**</u> As noted by PA and county staff at the workgroup meeting, the private accelerator concept presented by staff and supported by Mr. Kearney and others requires private interest and operation-not County. Please advise at your nearest convenience if you are supportive of this concept. If you are, you may also wish to speak with Mr. Kearney, Mr. Sheridan and others to become increasingly involved as this "concept" moves forward toward implementation.

Attachment # 1
Page 1 of 9

Business Incubation FAQ

NBIA
National Business Incubation Association

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You are here: NBIA Home -> Resource Center ->Business Incubation FAQ

More Information

To see a Flash presentation of the Business Incubation FAQ, click here.

For more facts and figures on business incubation, shop for the following titles in the NBIA Bookstore:

2002 State of the Business Incubation Industry

Business Incubation Works

Incubating in Rural Areas

Incubating Technology Businesses

Best Practices in Action

1998 State of the Business Incubation Industry

What are business incubators?

Business incubators nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable. These programs provide their client companies with business support services and resources tailored to young firms. The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies. Click here for a more complete description of business incubation.

Is business incubation a new industry?

No. The term "business incubator" gained popularity in the media with the explosion and subsequent demise of so-called Internet incubators between 1999 and 2001, but the business incubation model traces its beginnings to the late 1950s. Click here for more information about the history of business incubation.

How many business incubators are there?

Today, there are about 1,000 business incubators in North America, up from only 12 in 1980. There are about 4,000 business incubators worldwide. The incubation model has been adapted to meet a variety of needs, from fostering commercialization of university technologies to increasing employment in economically distressed communities to serving as an investment vehicle.

What are the different types of business incubators?

Incubation programs come in many shapes and sizes and serve a variety of communities and markets:

- Most North American business incubators (about 90 percent) are nonprofit organizations focused on economic development. About 10 percent of North American incubators are for-profit entities, usually set up to obtain returns on shareholders investments.
- 47 percent are "mixed-use," assisting a range of early-stage companies.
- 37 percent focus on technology businesses.
- 7 percent serve manufacturing firms.
- 6 percent focus on service businesses.
- 3 percent concentrate on community-revitalization projects or serve niche markets.
- 44 percent of business incubators draw their clients from urban areas, 31 percent from rural areas and 16 percent from

suburban areas. Nearly a tenth (9 percent) of all programs draw clients from outside their region or from outside the United States.

Who sponsors business incubators?

Incubator sponsors – organizations or individuals who support an incubation program financially – may serve as an incubator's parent or host organization or may simply make financial contributions to the incubator.

- About 25 percent of North American business incubators are sponsored by academic institutions.
- 16 percent are sponsored by government entities.
- 15 percent are sponsored by economic development organizations.
- 10 percent are sponsored by for-profit entities.
- 10 percent are sponsored by other types of organizations.
- About 5 percent of business incubators are "hybrids" with more than one sponsor.
- 19 percent of incubators have no sponsor or host organization.

What makes a business incubator successful?

To lay the groundwork for a successful incubation program, incubator developers must first invest time and money in a feasibility study. An effective feasibility study will help determine whether the proposed project has a solid market, a sound financial base and strong community support – all critical factors in an incubator's success. Once established, model business incubation programs commit to industry best practices such as structuring for financial sustainability, recruiting and appropriately compensating management with company-growing skills, building an effective board of directors, and placing the greatest emphasis on client assistance.

How do incubators help start-ups get funding?

Incubators help client companies secure capital in a number of ways:

- Managing in-house and revolving loan and microloan funds
- Connecting companies with angel investors (high-net-worth individual investors)
- Working with companies to perfect venture capital presentations and connecting them to venture capitalists
- Assisting companies in applying for loans

How do incubators contribute to local and regional economies?

Incubator graduates create jobs, revitalize neighborhoods and commercialize new technologies, thus strengthening local, regional and even national economies.

- NBIA estimates that North American incubator client and graduate companies have created about half a million jobs since 1980. That is enough jobs to employ every person living in Denver, Colo.
- Every 50 jobs created by an incubator client generate approximately 25 more jobs in the same community.

- In 2001 alone, North American incubators assisted more than 35,000 start-up companies that provided full-time employment for nearly 82,000 workers and generated annual revenue of more than $7 billion.
- Business incubators reduce the risk of small business failures. Historically, NBIA member incubators have reported that 87 percent of all firms that have graduated from their incubators are still in business.

Why are business incubators worthy of government subsidies?

Government subsidies for well-managed business incubation programs represent strong investments in local and regional economies. Consider these returns:

- Research has shown that for every $1 of estimated public investment provided the incubator, clients and graduates of NBIA member incubators generate approximately $30 in local tax revenue alone.
- NBIA members have reported that 84 percent of incubator graduates stay in their communities and continue to provide a return to their investors.
- Publicly supported incubators create jobs at a cost of about $1,100 each, whereas other publicly supported job creation mechanisms cost more than $10,000 per job created.

Do business incubators that receive local funding and/or tax abatements compete unfairly with local landlords?

No. Business incubators actually contribute to the long-term viability of the local real estate market. Incubation programs graduate strong and self-supporting companies into their communities, where these companies build, purchase or rent space. Because incubated companies are more likely to succeed than nonincubated firms, landlords of incubator graduates face far less risk than they otherwise would. Also, while they're in the start-up phase, incubator client companies can obtain flexible space and leases that are more appropriate to their stage of growth than they could on the commercial market.

How do business incubators differ from research parks?

Research parks (sometimes called *science parks* or *technology parks*) are property-based ventures consisting of research and development facilities for technology- and science-based companies. Research parks often promote community economic development and technology transfer. They tend to be larger-scale projects than business incubators, often spanning many acres or miles. Research parks house everything from corporate, government, and university labs to big and small companies. Unlike business incubators, research parks do not offer comprehensive programs of business assistance. However, an important component of some research parks is a business incubator focused on early-stage companies.

How do business incubators differ from SBDCs?

The U.S. Small Business Administration administers the Small Business Development Center (SBDC) program to provide general business assistance to current and prospective small business owners. SBDCs (and similar programs) differ from business incubators in that they do not specifically target early-stage companies; they often serve small businesses at any stage of development. Some business incubators partner and share management with SBDCs to avoid duplicating business assistance services in a region.

How do business incubators differ from business accelerators?

People sometimes use the term *business accelerator* as another term for *business incubator* in an attempt to differentiate themselves in the market. During the dot-com boom that occurred around 2000, numerous terms like "accelerator" emerged to describe business incubation programs. In the current market, many of these terms have fallen away, but accelerator remains a relatively popular term to describe business incubation programs.

What is NBIA?

The National Business Incubation Association (NBIA) is the world's leading organization advancing business incubation and entrepreneurship. Each year, it provides thousands of professionals with information, education, advocacy and networking resources to bring excellence to the process of assisting early-stage companies.

Who belongs to NBIA?

NBIA serves more than 1,450 members from 50 nations. While incubator managers and developers make up a large share of NBIA's membership base, the association also represents other interested individuals and groups. Approximately 25 percent of the NBIA membership is from outside the United States.

How does the performance of NBIA members compare with that of other incubation programs?

NBIA or other professional association membership does not guarantee success, but having access to a wealth of industry resources and a support group of professionals to turn to for advice when times get tough makes the challenges of operating an incubation program more manageable. As a result, NBIA member incubators generally outperform their nonmember counterparts.

- Although member and nonmember incubators serve about the same number of clients, member incubators' average income is about 12 percent higher than that of nonmember incubators.
- Clients of member incubators create almost twice as many full-time jobs as client of nonmember incubators.
- On average, member incubators employ 25 percent more staff than nonmember incubators.

What is NBIA's mission?

NBIA advances the business creation process to increase entrepreneurial success and individual opportunity, strengthening communities worldwide. To accomplish this mission, NBIA serves as a clearinghouse of information on incubator management and development issues. The association engages in many activities that support members' professional development, including

- Organizing conferences and specialized trainings
- Conducting research and compiling statistics on the incubation

industry

- Producing publications that describe practical approaches to business incubation
- Consulting with governments and corporations on incubator development

For more information about the association, visit About NBIA.

This page was last updated on December 07, 2005.
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What Defines a Business Incubator?

A business incubator is an economic development tool designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding.

These incubator "graduates" create jobs, revitalize neighborhoods, commercialize critical new technologies and strengthen local and national economies.

Critical to the definition of an incubator is on-site management, which develops and orchestrates business, marketing and management resources tailored to a company's needs. Incubators usually also provide clients access to appropriate rental space and flexible leases, shared basic office services and equipment, technology support services, and assistance in obtaining the financing necessary for company growth.

Two principles characterize effective business incubation:

I. The incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging companies.

II. The incubator itself is a dynamic model of a sustainable, efficient business operation.

Model business incubation programs are distinguished by a commitment to incorporate industry best practices. Management and boards of incubators should strive to:

- Commit to the two core principles of business incubation.
- Obtain consensus on a mission that defines its role in the community and develop a strategic plan containing quantifiable objectives to achieve the program mission.
- Structure for financial sustainability by developing and implementing a realistic business plan.
- Recruit and appropriately compensate management capable of achieving the mission of the incubator and having the ability to help companies grow.
- Build an effective board of directors committed to the incubator's mission and to maximizing management's role in developing successful companies.
- Prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation.
- Develop an incubator facility, resources, methods and tools that contribute to the effective delivery of business assistance to client firms and that address the developmental needs of each company.
- Seek to integrate the incubator program and activities into the fabric of the community and its broader economic development goals and strategies.
- Develop stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations.
- Maintain a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving a program's effectiveness and allowing it to evolve with the needs of the clients.

*Developed by NBIA, with credit to the book, *Growing New Ventures, Creating New Jobs: Principles and Practices of Successful Business Incubation*, Rice M. and Matthews J., 1995.

What is business incubation?

Business incubation catalyzes the process of starting and growing companies. A proven model, it provides entrepreneurs with the expertise, networks and tools they need to make their ventures successful. Incubation programs diversify economies, commercialize technologies, create jobs and build wealth.

Business incubators make a difference in their communities.

In 2001 alone, North American incubators assisted more than 35,000 start-up companies that provided full-time employment for nearly 82,000 workers and generated annual earnings of more than $7 billion.

Business incubators create successful companies and reduce the risk of investment.

- Business incubators reduce the risk of small business failures. NBIA member incubators report that 87 percent of all firms that graduated from their incubators are still in business.
- Startup firms served by NBIA member incubators annually increased sales by $240,000 each and added an average of 3.7 full- and part-time jobs per firm.

The business incubation industry continues to grow.

- Today there are approximately 950 business incubators in North America, up from 587 in 1998 and just 12 in 1980.
- 60 percent of business incubators are either self sufficient or could be self sufficient if subsidies ceased. In 1997, only 13 percent believed they could continue at current levels without subsidies.

NBIA member incubators outperform their nonmember counterparts.

- Although member and nonmember incubators serve about the same number of clients, member incubators' average income is about 12 percent higher than that of nonmember incubators.
- Clients of member incubators create almost twice as many full-time jobs as clients of nonmember incubators.
- On average, member incubators employ 25 percent more staff than nonmember incubators.

Business incubation is an economic development best value.

- For every $1 of estimated annual public operating subsidy provided the incubator, clients and graduates of NBIA member incubators generate approximately $45 in local tax revenue alone.
- NBIA members report that 84 percent of incubator graduates stay in their communities and continue to provide a return to their investors.
- Publicly supported incubators create jobs at a cost of about $1,100 each, whereas other publicly supported job creation mechanisms commonly cost more than $10,000 per job created.
- NBIA estimates that North American incubator clients and graduates have created approximately half a million jobs since 1980. That is enough jobs to employ every person living in Denver, Colo.
- Every 50 jobs created by an incubator client generate another 25 jobs in the community.

Business incubators serve a variety of communities and markets.

- 47 percent of incubators are mixed use, accepting a wide variety of clients; 37 percent focus on technology firms; 7 percent serve manufacturing firms; 6 percent focus on service businesses, and the remainder concentrate on community revitalization projects or serve niche markets.
- 84 percent of incubators are nonprofit and 16 percent are for profit.
- 44 percent of incubators draw their clients from urban areas, 31 percent from rural areas and 16 percent from suburban areas. Nearly a tenth (9 percent) of all programs draw clients from outside their region or from outside the United States.
- The most common sponsors of incubators are academic institutions (25 percent), government (16 percent), economic development organizations (15 percent) and for-profit entities (10 percent). However, 19 percent of incubators have no sponsoring entity.
- The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies.

The National Business Incubation Association is the world's leading organization advancing business incubation and entrepreneurship. It provides thousands of professionals with the information, education, advocacy and networking resources to bring excellence to the process of assisting early-stage companies.

The Role of Incubators in Cultivating Small Business

by Linda Knopp, Public Relations Specialist, National Business Incubation Association

While many people associate the term incubator with the dot-com era, business incubation programs actually trace their beginnings back to 1959, when the first program opened in Batavia, New York. Since then, the industry has grown dramatically, both in terms of the number of programs in operation and the depth and breadth of services they offer. Today, business incubation programs assist entrepreneurs in most industries. Nearly half of the incubators in North America are mixed-use programs that work with a variety of early-stage companies, while more than one-third focus specifically on technology companies. In recent years, some incubators have developed programs to work with specific industry clusters, such as specialty food producers, biotechnology and biomedical, environmental, and information technology.

Unlike many of the incubators that emerged during the dot-com period in the late 1990s to generate quick wealth for investors, the majority of incubation programs aim to create jobs, diversify economies, revitalize neighborhoods, or commercialize new technologies. Business incubation programs like the Business Enterprise Center in Corvallis, Oregon catalyze the process of starting and growing companies by providing entrepreneurs with the expertise, networks and tools they need to make their ventures successful. Sponsors of these programs include academic institutions, economic development groups, local governments, and community organizations. More than 950 of these programs now operate in North America, including approximately 200 in the Federal Reserve's 12th District. This article showcases the diversity of these programs and the many economic benefits they bring to their communities.

A facility with appropriate amenities is one component of a successful incubator, but the backbone of these programs is the array of business support services they provide entrepreneurs. "Business incubators are service programs, not buildings," said Dinah Adkins, president and CEO of the National Business Incubation Association (NBIA), an international membership organization serving incubator professionals, consultants, university, government and economic development officials and others. "No building can grow companies, provide mentoring and handholding, and assist an emerging company in meeting the benchmarks necessary for growth."

Many incubation programs offer clients educational seminars covering a variety of business topics, from developing a marketing plan to locating potential angel investors. Others offer networking events to bring together entrepreneurs and local business and community leaders. Some programs even help clients develop advisory teams of seasoned business professionals to help entrepreneurs work through the challenges of starting and running a business.

In fact, one of the most notable changes in recent years is the sheer variety of business assistance services the incubation industry now provides to entrepreneurs. NBIA's 2001 survey of North American incubator managers found that today's incubation programs provide a rich mix of services to help start-up businesses succeed, including comprehensive business training programs, assistance with manufacturing processes and product design and development, and help with financial management and human resources development.

Another change has been the adoption of the business incubation model beyond the traditional mixed-use and technology incubators to more specialized industries, including ceramics, woodworking, arts and crafts, retail, and environmental technologies. Whatever the industry, business incubators share a common goal of producing successful graduates that are financially viable and freestanding when they leave the program.

And once they are ready to leave, many incubators help clients obtain the financing they need to grow their companies. According to a recent industry survey conducted by NBIA, about three-quarters of the business incubators in North America help clients access commercial bank loans and specialized noncommercial loan funds and loan guarantee programs[1]. Nearly two-thirds of the programs provide links to angel or venture capital investors, and one-third offer in-house investment funds.

On average, clients remain in an incubator for approximately three years before graduating into the community, although start-up businesses in biotechnology and other industries with long research and development periods often stay longer. To help determine when it's time for a client to leave the incubator, most programs have set graduation or exit policies. Some of the most common reasons for a clients to leave the incubator are that they have outgrown the available space, have spent the maximum allowable time in the program, have achieved mutually agreed upon milestones or have failed to meet certain benchmarks of the program.

While incubators are designed to help entrepreneurs build successful business ventures, most programs require potential clients to do their homework before applying. According to incubator managers, the most successful clients come to the program with a well-developed business idea, a viable market, a desire to learn and a strong entrepreneurial drive. Only then can incubator staff help an entrepreneur develop his or her business and the skills necessary to make it successful. And research shows that incubator graduates do have a good chance of success. A 1997 study by the University of Michigan, et al., revealed that approximately 87 percent of graduates from the nation's mature incubation programs were still in business. At the time of the study, most of those firms had been in business at least five years, and many considerably longer.

Incubator companies also tend to stay in their communities after graduation, providing a stable source of well-paying jobs for local workers. Since 1980, incubator clients and graduates have created more than half a million jobs in North America. These jobs, in turn, spawn further economic growth; every 50 jobs created by an incubator client or graduate generate another 25 jobs in the community. In 2001 alone, North American incubators assisted more than 35,000 start-up companies that provided full-time employment for nearly 82,000 workers and generated annual earnings of more than $7 billion, which is welcome news for the many low- and moderate-income communities seeking to promote local economic growth.

While participating in an incubation program increases a start-up company's chances of success, creating a thriving new business remains challenging, especially during tough economic times. Many new businesses rely on a range of funding sources—including their local banks—to help them secure the money they need to start and grow their companies.

Whether it's a new incubator client that needs funds to help bring a promising new product to market or a soon-to-be incubator graduate that is looking to buy his own facility, these businesses provide potential funders with attractive opportunities for investments. Because of the screening procedures many incubators use to select clients and the training these companies receive while they are in the incubator, these businesses have a better-than-average chance of succeeding and bringing additional growth to the community.

Attachment # 3
Page 1 of 3

Inc.com

Why Incubate when You Can Accelerate?

"Accelerators," a new breed of private equity financiers who also serve as consultants and strategic advisers, aim to get start-ups to market as fast as possible.

From: Knowledge@Wharton | July 2000

Over the past several years, new companies have been bubbling up out of American business schools, corporations, and garages at a dizzying clip. In fact, a record 898,000 businesses opened their doors during 1998, according to the U.S. Small Business Administration. So, naturally, entrepreneurs and investors alike have come up with a way to cope with the tremendous pace of growth: They have decided to speed things up a bit.

Appropriately dubbed "accelerators," a relatively new breed of private equity financiers -- who also serve as business consultants, strategic advisers, and even confidants -- is helping fledgling companies get their products and services to market as quickly as possible. In many cases, these accelerators have condensed a process that would have been spread over five to seven years, into less -- often much less -- than one year.

"Speed has always been an extremely important element in investing," says Tucker Twitmyer, a managing director at Katalyst, a business accelerator based in Radnor, Pa. "Creating more value faster is a tremendous benefit to the entrepreneur as well as the investors. The key is making sure you create long-term, sustainable value because that's the name of the game. We're just trying to get there faster."

So What's the Rush?

Not long ago, companies seemed perfectly happy to be incubated rather than accelerated. During the late 1980s and early 1990s, small-business incubators provided cozy homes for early-stage ventures, providing a place to work along with some back-office touches such as a receptionist, a fax machine, and maybe a conference room for important meetings.

"Incubation was the traditional term, but the industry has grown far beyond that idea to the point where we're seeing financial backing being packaged together with marketing services, technology consulting, public relations, human resources support, and recruitment," says Arie Schinnar, a Wharton professor who has taken leave of absence to serve as a partner in E*Entity, a business accelerator that he created with the cofounders of Web advertising firm Flycast Communications, Richard L. Thompson, and Lawrence G. Braitman (see related story).

These days, investors and entrepreneurs, motivated by the land-rush mentality of the Internet, are scrambling to claim their turf before someone else beats them to it. An accelerator may be an individual, a small band of professionals with different areas of expertise, or a big consulting company -- firms such as McKinsey & Co.; Booz Allen & Hamilton, and Bain & Co. have recently jumped into the game.

Typically, an accelerator will trade its contacts in the professional and financial communities -- people such as accountants, lawyers, marketers -- for an equity share in the company. The payoff for acceleration is potentially huge.

"Now more than ever before, there is a tremendous opportunity to grow an enormous company in a much shorter time frame," says Twitmyer, of Katalyst, which also has its own venture capital fund. "And the advantages of doing so are hard to ignore." Twitmyer points to the meteoric rise of Breakaway Solutions -- an e-business solutions provider in Boston -- which went from concept to initial public offering in nine months and two days. The company was financed in part by venture capital heavyweight Internet Capital Group and was "accelerated" by Katalyst.

Jack Newberg, one of the founders of Pennsylvania Private Investors Group (one of the nation's first angel networks) has been a venture capitalist for more than 25 years and began serving as an accelerator long before the term came into vogue.

"It's extremely important to hurry a product to get to the market and grab your share of space because if you dawdle, someone will slip right in past you," he says. "That's a fact." Newberg holds out as an example Half.com, the online marketplace that he says had a "concept that could have easily been picked up by others" but that "quietly and effectively built its space." The company was recently purchased by eBay for some $300 million.

More than Money

Besides advocating speed, many accelerators stress the value of assistance that often goes far beyond the strengths of most entrepreneurs. "The whole concept of acceleration is not just providing real estate but providing mentors, consultants, and professional assistance with aspects of running a business to which many young entrepreneurs would have had little or no exposure," says Newberg, whose recent investments have included high-tech companies in Asia and Europe.

For entrepreneurs, such guidance can be critical. "I had no idea how to compensate people that I was bringing onto my team, and I didn't know the first thing about structuring a debt offering," says Ravi Hariprasad, founder of Boston-based CyberTrak Systems, which has developed a system for locating lost or misplaced laptop computers.

"To me, the ideal accelerator is not someone who is going to do the work for you -- because no one can match the passion, drive, and enthusiasm that you, as the entrepreneur, have for your concept," says Hariprasad, who dropped out of the University of Pennsylvania's medical school during his fourth year in order to pursue his business. "They're holding the flashlight while you're running. I think of an accelerator as an enabler. They'll work at your velocity and allow you to progress as fast as you're able to, but they're not going to drag you along at their speed."

Hariprasad touts the advantages of combining his vast network in the engineering community -- particularly at the Massachusetts Institute of Technology and Cornell University -- with the diverse entrepreneurial network of his accelerator, Paul Morin, a principal in Borghese, Morin & Co. "If the relationship is not symbiotic between the accelerator and the entrepreneur and the entrepreneur and the professionals and investors we bring together, it's not going last," says Morin, who was previously director of the Wharton Small Business Development Center.

Morin says that both accelerators and entrepreneurs must go to great lengths to ensure that they are making the right choice when deciding on such a close partnership. "The entrepreneurs must believe in you because they're really counting on you, and as an accelerator you have to believe in the company," he says. "When I evaluate a company, I look at the same things that an angel investor or a traditional venture capital firm would look at -- good management, a technology that is proprietary and defensible, and a large, growing market. And I always need to see an entrepreneur with an indomitable spirit -- someone who can will a venture to succeed."

Accelerators and entrepreneurs agree that the recent stock market volatility -- and particularly the beating taken by many technology-related companies during the second quarter of 2000 -- has taken some of the froth out of the private equity market but seems to have done little wide-scale damage. "For those of us who really believe in our companies, the stock market shakeout has been a great thing," says Katalyst's Twitmyer. "Solid companies are still getting funded, but the companies on the margins are struggling to attract investors, but that's not necessarily a negative development.

"Our criteria for investing our human capital and financial capital haven't changed as a result of the developments in the equity markets, nor will they," he says. "The companies that move rapidly to fill gaps are going to succeed."

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BOARD OF COUNTY COMMISSIONERS
INTER-OFFICE MEMORANDUM

To: Ben Pingree
County Administrators Office

From: Angela Soety
Legal Extern

Date: February 16, 2006

Subject: Small business accelerator program

Question Presented:

What are the legal concerns governing the use of County funding to establish an emerging small business accelerator for the purpose of encouraging local economic development?

In Sum:

Leon County may grant properly appropriated county funds to a private enterprise for the purpose of economic development.

In your initial email you stated that the County was considering the investment of appropriated county funds into a private small business "accelerator" for the purpose of stimulating local business development. In addition to local business development, the County would earn stock in the participating companies.

Section 10, Article VII, Florida Constitution, provides "neither the state nor any county, school district, municipality, special district, or agency of any of them, shall become a joint owner with, or stockholder of, or give, lend or use its taxing power or credit to aid any corporation, association, partnership or person." Const. Art VII, § 10. "The purpose of this provision was to keep the state out of private business, to insulate state funds against loans to individual corporations or associations and to withhold state's credit from entanglement in private enterprise." *Dade County, Bd. of Public Instruction v. Michigan Mut. Liability Co.*, 174 So.2d 3 (Fla. 1965). Therefore, whether the constitutional provision applies depends in part on whether there is a valid public purpose involved. Legislative declarations of public purpose are presumed to be valid. *State v. Housing Finance Authority of Polk County*, 376 So.2d 1158 (Fla. 1979). "For a county to properly budget for the expenditure of public funds (see ch. 129 F.S.), there must be some constitutional or statutory authorization; in the absence of such authorization, an expenditure cannot be made." AGO 081-13.

Section 125.045, Florida Statutes, "County economic development powers," represents the state's response to the need for private enterprise retention in Florida. The provision encourages the enhancement and expansion of economic activity in the State's counties by attracting and retaining manufacturing development, business enterprise management, and other activities conducive to economic growth. Fla. Stat. § 125.045. "[I]t is necessary and in the public interest to facilitate the growth and creation of business enterprises in the counties of the state." Fla. Stat. § 125.045(1).

Pursuant to this section, the Legislature has determined that economic development is a proper subject for the expenditure of public funds. Fla. Stat. § 125.045. The Legislature has wide discretion in the means with which to accomplish a public purpose and their determination will not be disturbed by the courts so long as that public purpose is valid. *State v. Housing Finance Authority of Polk County*, 376 So.2d 1158 (Fla. 1979).

As stated in Section 125.045(3), Florida Statutes, the governing body of a county may:

"expend public funds for economic development activities, including, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community."

For the purpose of attracting and retaining business enterprises, the use of public funds toward these economic goals constitutes a public purpose. Fla. Stat. § 125.045.

While the application of public funds is not limited to the economic development activities laid out in the provision, the section does caution that the powers granted to the governing body are those "not specifically prohibited by law which can be exercised by the governing body of a county." Fla. Stat. § 125.045(2). The statutory provision authorizes the expenditure of funds to private enterprises for the purpose of economic development; however, it does not contemplate the county becoming a joint stockholder of a private enterprise in violation of Article VII, Section 10, of the Florida Constitution.

WEST'S FLORIDA STATUTES ANNOTATED
TITLE XI. COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS (CHAPTERS 124- 164)
CHAPTER 125. COUNTY GOVERNMENT
PART I. COUNTY COMMISSIONERS: POWERS AND DUTIES

→125.045. County economic development powers

(1) The Legislature finds and declares that this state faces increasing competition from other states and other countries for the location and retention of private enterprises within its borders. Furthermore, the Legislature finds that there is a need to enhance and expand economic activity in the counties of this state by attracting and retaining manufacturing development, business enterprise management, and other activities conducive to economic promotion, in order to provide a stronger, more balanced, and stable economy in the state; to enhance and preserve purchasing power and employment opportunities for the residents of this state; and to improve the welfare and competitive position of the state. The Legislature declares that it is necessary and in the public interest to facilitate the growth and creation of business enterprises in the counties of the state.

(2) The governing body of a county may expend public funds to attract and retain business enterprises, and the use of public funds toward the achievement of such economic development goals constitutes a public purpose. The provisions of this chapter which confer powers and duties on the governing body of a county, including any powers not specifically prohibited by law which can be exercised by the governing body of a county, must be liberally construed in order to effectively carry out the purposes of this section.

(3) For the purposes of this section, it constitutes a public purpose to expend public funds for economic development activities, including, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community.

Current through Chapter 362 (End) of the 2005 Special 'B' Session of the Nineteenth Legislature

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END OF DOCUMENT

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Draft Small Business Enterprise (SBE) Component of the Purchasing and MWSBE Policy – The SBE Policy is anticipated to be incorporated as part of the Purchasing and Minority, Women and Small Business Enterprise (MWSBE) policy, which is anticipated to be presented to the Board in April. The following proposed policy language is specific only to the SBE component:

A. Small Business Enterprise (SBE)

   a. SBE Orientation - The County shall conduct periodic meetings to educate SBE's about the program and about general matters relating to participating in County procurement opportunities. SBEs shall be required to attend at least one such meeting prior to or within ninety (90) days after becoming Certified. The MWSBE Division may require SBEs to attend periodic follow-up meetings, but no more than once every two years. Failure to attend such meetings shall be grounds for decertification for such up to twelve (12) months, as determined appropriate by the MWSBE Division.

   b. Small Business Development –
      i. The County shall engage the Florida A&M University Small Business Development Center (SDBC) for SDBC-provided assistance to individuals and small businesses interested in beginning a small business for the first time or improving or expanding an existing small business, and who cannot afford the services of a private consultant.
      ii. SDBC services are anticipated to include:
         1) Completing a business needs assessment on all new clients to identify deficiencies and tailor appropriate training, counseling and technical assistance.
         2) Providing counseling, training and technical assistance in all aspects of small business management, the development of business plans, small business assistance for financial, marketing, productions, organization, engineering and technical issues and feasibility studies.
         3) Tracking the client's success throughout the training.
         4) Certifying the client, upon successful completion of the training and counseling, as a small business and referring them to the MWSBE Program for Certification and participation in Leon County purchasing and contracting opportunities.
         5) Completing a progress report and referral of the client to SBDC partners for subsequent levels of support and competitive procurement opportunities.
         6) Providing bonding assistance to small businesses and identify quality surety companies to participate in the bonding program.

c. SBE Graduation - A SBE that has participated in the SBE Program for a total of six years or for the completion of six contracts, whichever occurs first, shall be permanently graduated from the SBE Program and no longer eligible for Certification as a SBE. Graduation of an SBE shall not effect the contribution made by the SBE toward satisfaction of an Aspirational Target if the work was identified in a bid or RFP proposed to be performed by the SBE prior to the date of SBE Graduation and the bid or RFP opening date occurred prior to the SBE Graduation date.

d. Reserving Procurement Opportunities for Exclusive Competition Among SBEs - Procurement opportunities may be reserved for exclusive competition among SBEs when:
   i. At least three SBEs, with Certification in the relevant area, are available to compete for the procurement opportunity;
   ii. Permissible by law; and
   iii. Such limited competition has been recommended by the appropriate authority as stipulated below.

Criteria for Reserving Procurement Opportunities for Exclusive Competition Among SBEs			
Business Category	**Estimated Procurement Value (Estimated Contract Cost)**	**Minimum Number of Available SBEs, Certified in Procurement Opportunity Area**	**Authority that Recommends Reserving Procurement Opportunity for Exclusive Competition Among SBEs**
Construction - Prime Contractor	$100,000 or less	Three (3)	[1] Committee Concurrence (MWSBE Director, Purchasing Director and Project Director or Division Director responsible for the project/budgeted expense)
Professional Services	$50,000 or less	Three (3)	[1] Committee Concurrence (MWSBE Director, Purchasing Director and Project Director or Division Director responsible for the project/budgeted expense)
Other Services	$25,000 or less	Three (3)	[1] Committee Concurrence (MWSBE Director, Purchasing Director and Project Director or Division Director responsible for the project/budgeted expense)
Materials & Supplies	$25,000 or less	Three (3)	[1] Committee Concurrence (MWSBE Director, Purchasing Director, Project Director or Division Director responsible for the project/budgeted expense)
[1] Committee Concurrence – If consensus can not be reached, the Management Services Director shall make the final decision. Such agreement between the committee members can be gained via any reasonable means of communication, such as a face-to-meeting, over the phone or via e-mail. Documentation of such concurrence shall be retained with the procurement records.			

Small Business Enterprise Program

Goal:
To provide training and individualized technical assistance to small business enterprises (SBEs) seeking contracting opportunities with Leon County. SBEs must be owned and operated by qualifying residents of the four-county Capitol Region.

The Small Business Development Center at Florida A&M University will train, and subsequently certify, up to 150 small businesses per year in order to qualify them for the Leon County Small Business Enterprise Program.

Three primary components:

- Training courses and seminars-
  The SBE Training Program will consist of the following training events (as needed):
  - SBE Training Program Orientation
  - Seminars
    -Managing a Small Business
    -Business Plan Development
    -Financial Planning, Money Management Workshops
    -Taxes, Licenses and Certifications
    -Small Business Financing and Bonding Options
    -HR Development and Support Services
    -Marketing and Advertising
    -How to Do Business with Government/Pursuing Government Contracts

- Business Counseling-
  Counseling is provided by professional counselors who are available to answer questions, discuss ideas, solve problems and provide guidance on business related topics. Counseling is offered at the SBDC office and selected locations throughout the Center's service delivery areas. Special sessions will provide detailed information on Government Procurement, Minority Certification, and Economic Development Incentives. Additionally, SBEs may also take advantage of free, one-on-one counseling services offered by the Small Business Development Center Office and Institute on Urban Policy and Commerce at Florida A&M University.

  Industry-specific technical assistance-
  For SBEs requiring technical assistance to address industry-specific issues, The Florida small Business Development Center Network and the Small Business Resource Center have access to private sector experts capable of finding solutions to unique business problems.

Processes for referrals to partner small business service providers:

For Clients:

1. Walk-ins or referrals must first complete a Business Needs Assessment. The purpose is to get a sense of the prospect's knowledge areas, strengths, weaknesses, feasibility of their business idea, opportunities, threats, etc. Additionally, staff should consider other partners or programs that may be relevant to the project.
2. Staff inputs client information into program's tracking database.
3. Staff generates a Memo of Recommended Action for the client to the SBDC Director. Memo will describe client's status; outline strengths or areas of need, recommend training or technical assistance required (and schedule for attendance/participation), partner referrals, etc.
4. Certified Business Analysts (CBA) will set up appointment to conduct and complete the business plan.
5. CBA will finalize training calendar with client.
6. CBA will contacts partners to support business development.
7. For BRE, CBA will conduct site visit and economic development analysis
8. Follow-up correspondence and telephone calls.

Partner Referral:

1. Once client has completed required training and counseling per SBDC programming, CBA will review services matrix with the client to determine which partner(s) provide the next level of support.
2. CBA will provide client with referral information and transmit client progress reports to partner for review.
3. Client is responsible for meeting with partner provider(s).
4. CBA will follow-up with partner to determine clients' progress.

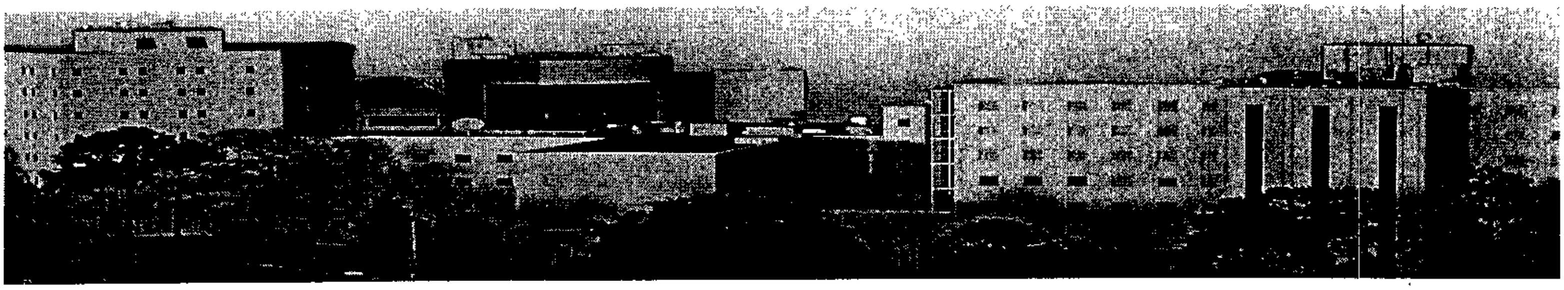
Partnerships:

The Small Business Development Center has established formal working relationships with many of the major business/economic development service providers in the region. The SBDC

- Capital City Chamber of Commerce
- Department of Management Services-Office of Supplier Diversity
- Florida A&M University-School of Business and Industry
- Florida Black Business Investment Board
- Gadsden County Chamber of College
- Institute on Urban Policy and Commerce (IUPC)
- North Florida Community College
- Small Business Development Center (SBDC)
- Tallahassee Community College and Corporate Solutions
- First Focus

Attachment # 7

Page 1 of 8



TMH Trauma Center Community/Economic Benefit Overview

SUNDAY **FREE AT LAST:** Man struggles after serving 35 years for TV theft /6A

COUPON

BEAUTIFUL DAY

One million gather at Live 8 in support of fight against poverty in Africa **Nation & World / 3A**

Can fireworks get you in this much trouble? **Local & State / 1B**

TALLAHASSEE DEMOCRAT

Sunday, July 3, 2005 www.TALLAHASSEE.com

EMERGENCY SERVICES

Big Bend has high trauma death rates

Report suggests centers open in Leon and Bay

burn victims, was the second-highest in the state in 2003, according to a new report. Wakulla County had the third-highest rate, followed by Gadsden County at fourth and Leon County at sixth.

The report, by doctors and other medical experts at the

Source: Tallahassee Democrat, July 3, 2005

A Sobering Study Creates Action

A study conducted by the University of South Florida for the Florida Legislature contained a startling statistic for the citizens of Leon County and the Big Bend. Five of six counties ranked with the highest mortality rates in the State of Florida are in the Big Bend.

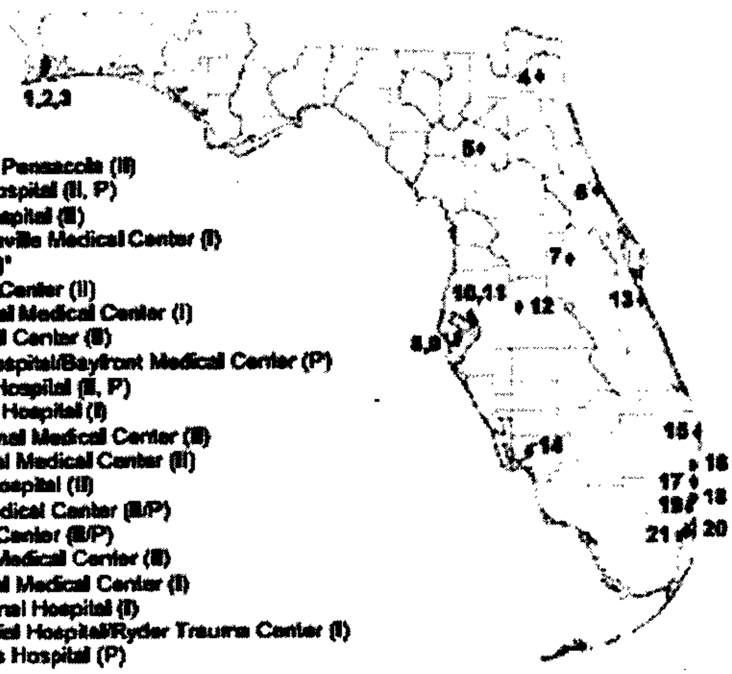
Rank	County	Mortality Rate
1	Hardee	14.29
2	**Jefferson**	**11.76**
3	**Wakulla**	**10.00**
4	**Gadsden**	**9.80**
5	**Calhoun**	**8.00**
6	**Leon**	**7.82**

The study concluded: **"The results indicate a statistically significantly better outcome for patients who presented with injuries in trauma centers. This is further validated by analysis of FARS data which demonstrated a 3.2 fold increase in mortality potential from motor vehicle injuries sustained in a county without a trauma center."**

The State of Florida created 19 trauma service areas. Jefferson, Wakulla, Gadsden, Calhoun and Leon counties are located in one of six areas without a trauma center. In its final findings and recommendations the study concludes: **"The findings indicate that additional trauma centers placed in Tallahassee and in Bay County would bring the triage rate for the state of Florida to the national average. This deployment should take priority based on the rate of injury generation and the motor vehicle fatality rate in these areas."**

A Map of State Designated Trauma Centers

FLORIDA TRAUMA CENTERS



1. Baptist Hospital Pensacola (II)
2. Sacred Heart Hospital (II, P)
3. West Florida Hospital (II)
4. Shands Jacksonville Medical Center (I)
5. Shands at UF (I)*
6. Halifax Medical Center (II)
7. Orlando Regional Medical Center (I)
8. Bayfront Medical Center (II)
9. All Children's Hospital/Bayfront Medical Center (P)
10. Saint Joseph's Hospital (II, P)
11. Tampa General Hospital (I)
12. Lakeland Regional Medical Center (II)
13. Holmes Regional Medical Center (II)
14. Lee Memorial Hospital (II)
15. Saint Mary's Medical Center (II/P)
16. Delray Medical Center (II/P)
17. North Broward Medical Center (II)
18. Broward General Medical Center (I)
19. Memorial Regional Hospital (I)
20. Jackson Memorial Hospital/Ryder Trauma Center (I)
21. Miami Children's Hospital (P)

I - Level One
II - Level Two
P - Pediatric

*Received provisional level I status in Oct. '04

Providing trauma services to our region offers a unique challenge to Tallahassee Memorial. Ours is the only region containing only one urban center to service the entire region. In that urban center only one hospital, Tallahassee Memorial, is positioned to be a trauma center. And, the region contains the highest number of rural counties of any trauma region in the state with twelve.

See the chart on the next page to understand the unique dynamics of our region.

Florida Trauma Statistics by Trauma Region

Trauma Region	2003 Population	2000-2003 Growth	Urban Counties	Rural Counties	Trauma Volume	# of Trauma Centers
Pensacola	934,092	6.09%	4	6	1,655	3
Tallahassee	530,127	5.39%	1	12	770	0
Jacksonville	1,948,237	8.07%	6	7	3,841	1
Orlando	3,275,362	10.04%	9	0	6,934	3
Tampa Bay	3,550,457	7.48%	8	1	8,531	5
Fort Myers	1,496,891	6.34%	4	5	2,678	1
Miami	5,336,342	4.26%	3	1	10,913	7

Within the Tallahassee region, we have the lowest number of urban counties (1 urban county compared to the next lowest with 3 urban counties), which is a strong indicator that there are significantly fewer hospitals with the scope of services, size of medical staff, and strength of technologies capable of supporting a trauma program. Couple this with the fact that our region also has by far more rural counties (12 rural counties compared to the next highest with 7 rural counties) speaks to the level of dependence this region has on a single referral facility for high acuity services - TMH.

The Costs of Trauma Center Preparedness

"Trauma patients arrive randomly at all hours of the day and night, often with complex and life-threatening injuries. To be prepared, hospitals must arrange for ten or more sub-specialist physicians to be available "24-7," and they must invest heavily in their infrastructures and other human resources. Few of these investments can be tagged to individual trauma patients and some cannot even be attributed to the trauma service. Trauma center hospitals, for example, must maintain spare capacity hospital-wide to accommodate occasional but inevitable spikes in demand for key assets, including durable medical equipment operating rooms, and ICU beds. In both theory and practice, the costs are substantial, and for various reasons they will grow more problematic over time."

(*The Costs of Trauma Center Preparedness, Final Draft Report*, May 15, 2002)

Currently there are 21 trauma centers in the state of Florida. According to a 2005 article in the South Florida Business Journal, *"In 2003, the cost for to prepare Florida's trauma centers was more than $96 million. Including reimbursement, their net loss was $93 million. Those numbers are from a study mandated by the 2004 Florida Legislature and conducted by the University of Florida and the University of South Florida on behalf of the Florida Department of Health.*

The highest cost of a trauma center, according to the study, is preparedness for "24/7" trauma services. At Tallahassee Memorial work has already begun to bring a trauma center online. Administrators have estimated the start-up costs at $1,484,160. These costs include:

- Medical Outreach $75,000
- Technology $50,000
- Minor Renovations $35,000
- Education $30,000
- Medical Equipment $276,000
- Trauma Services $500,000

Saving Lives Promotes Economic Growth

Tallahassee Memorial's vision is to become a recognized world class community health care system. A keen interest at TMH over the past few years has been reducing mortality rates. Now that trauma mortality numbers are known, administrators at TMH feel they must also focus on reducing trauma mortality as well.

The most important result of the reduction of trauma mortality is the saving of lives. In direct terms it means that once the trauma center is up and running, many of our neighbors and friends who would have died in an automobile accident, will instead live to celebrate another birthday, see a grandchild born, graduate from high school, or participate in another Springtime Tallahassee celebration.

Reduced trauma mortality also impacts local businesses by the retention of valuable employees. It also adds to the quality of life component in the recruitment of new businesses and employees to the region.

Bringing Jobs To Our Region

Many highly skilled medical professionals are required to provide quality care in a trauma center. Some of those professionals are already working at TMH. Others are yet to be recruited. On page six is a list of positions to be recruited for the trauma center. Some trauma center positions will be filled by internal candidates. However, even in a case where a position is filled by an internal candidate, a new person must be hired to replace their current position.

A Listing of New Trauma Center Positions

Fellowship Trained Traumatologist
Trauma Experienced ER Medical Director
Supporting General Surgeon
Trauma Program Manager
Traumatologist Clinical Assistant
Trauma Registrar
Transfer Center RN
Transfer Center RN
Transfer Center RN
Transfer Center RN
Transfer Center Operator
Transfer Center Operator
Transfer Center Operator
Transfer Center Operator
Transport EMS
Transport EMS
Transport EMS
Transport EMS
Transport EMS
Administrative/Clerical Support
Trauma Trained Coder
Trauma Orthopedic Surgeon (future)

The annual economic impact of these positions (excluding the future Trauma Orthopedic Surgeon) is at least an additional $1.37 million to the community's annual payroll.

Additionally, the trauma center will create a split role in its medical director position. Two physicians will provide training and education. One physician director will concentrate efforts inside the Bixler Emergency Center. We are seeking a internal medical director with significant experience in the clinical management and direction of a trauma center. The second physician director will communicate with hospitals and EMS departments throughout the region. The goal of the external medical director is to help enact regional programs that improve clinical skills and coordinate initial care for the trauma patient, as well as to develop a focus on trauma prevention in areas identified for high risk. This will be a critical role as we move forward to reduce trauma mortality in our region.

Conclusion

As you have seen, the development of a designated trauma center is an expensive proposition. For many hospitals the barrier to entry in providing trauma services is the finances required to start the trauma center. Tallahassee Memorial is unable to shoulder the burden of these costs on its own. We are grateful that the Leon County Commission is considering assisting with this community service.

Since 1973
Commercial Consultants Corporation
www.ccc-net.com
Reg. Real Estate Broker
Post Office Box 3886
Tallahassee, Florida 32315
Telephone (850) 386-5164
Fax (850) 386-9479

Florida Commercial Brokers Network

January 30, 2006

Honorable Bill Proctor
Chairman Leon County Commission
301 South Monroe Street
Tallahassee FL 32301

Dear ~~Chairman Proctor~~ Bill:

Capital Circle Commerce Park (CCCP) located on Capital Circle NW is in the process of becoming the primary warehouse distribution center for Leon County. We purchased the former abandoned Bayliner Boat manufacturing plant, along with 32 acres of land, nearly three years ago. This rusting vacant 80,000 square foot building, having been designated a "brown field" by Leon County, is in the process of a remarkable transformation.

Thus far we have completely renovated the existing facility with a new roof, siding, doors, pavement, etc. We have continued investing for the future adding two additional buildings for American Tire as well as Penske Trucks, our total investment now approaching $7,000,000.00

Freightliner Corporation has the potential of becoming a key participant in job formation in Leon County. Currently, the rather small Tallahassee branch of Freightliner Corporation at CCCP has five employees. Freightliner is currently considering doubling or perhaps tripling their current Full Time Equivalent Employees (FTE) in their Tallahassee branch to from ten to seventeen. The new employees could be hired over the next 18-24 months. These are good paying and not entry level jobs with benefits.

The expansion of the Tallahassee Freightliner branch will require a larger free standing facility within which to actualize the anticipated increased business. The current facility is too small and cannot accommodate the increased number of FTE employees.

The costs associated with the CCCP's redevelopment have been enormous. While the park is perfectly located and postured for growth, it has become necessary to acquire twenty-five additional acres to provide for buffers and natural areas. In addition, we were required to comply with the latest state and county rules and regulations concerning access, environmental issues, as well as significant storm water treatment facilities and more.

Page -2-
Honorable Bill Proctor
Chairman Leon County Commission
January 30, 2006

As this development has moved forward, we continue to receive significant increases in the costs of steel, concrete and other basic materials necessary in realizing additional growth within the park.

CCCP is requesting your consideration for a grant of $500,000 which would be used as a match to assist in the development of Freightliner's new facility which would accommodate the new employees in Tallahassee. This grant would be a significant factor in providing an affordable competitive rent currently available in other contiguous counties. In addition, this facility would provide essential truck and parts services to many private and public entities which certainly would include Leon County, the Leon County School Board, COT and more.

Capital Circle Commerce Park will continue growing while providing numerous benefits to Leon County and its citizens through job creation as well as revenue through increased taxes. We are currently working fervently to develop the Park, ultimately expecting to create as many as 125 local jobs within the next three years.

A much needed component of this new economic development growth could come in the form of a Technical Assistance grant of $100,000 to assist us with economic development services at CCCP. It is anticipated that this grant could assist in marketing, planning and permit fees.

A total grant of $600,000 from the Leon County Economic Development Initiative for expansion of the Tallahassee Freightliner operation ($500,000) and expansion of the Capital Circle Commerce Park for Technical Assistance ($100,000) is vital to continued growth of jobs and tax bases in this area of the County which so sorely needs your help.

Thank you in advance for your considerations.

Sincerely,

Terrance H Fregly
President

THF\et

CCCP\Proctor

FREIGHTLINER

STERLING TRUCKS

WESTERN STAR TRUCKS

January 30, 2006

Attachment # 8
Page 3 of 8

Honorable Bill Proctor
Chairman Leon County Commission
301 South Monroe Street
Tallahassee FL 32301

Dear Chairman Proctor:

Freightliner of Southern Alabama, Inc. has a location in Capital Circle Commerce Park (CCCP) located on Capital Circle NW (DBA: Freightliner, Sterling & Western Star of Tallahassee) and has the potential of becoming a key participant in job formation in Leon County. Currently, our rather small Tallahassee location at CCCP has seven employees. We are currently considering doubling or perhaps tripling our current Full Time Equivalent Employees (FTE) in our Tallahassee branch to from twelve to seventeen. The new employees would be hired over the next 6-24 months. These are good paying and not entry level jobs without benefits. Also a substantial amount of the business being conducted by Freightliner is from customers who are not domiciled in Tallahassee or Leon county, but is rather from traffic traveling along the interstate which represents captured sales tax otherwise missed by the City and County.

The expansion of the Tallahassee Freightliner branch will require a larger free standing facility within which to actualize the anticipated increased business. The current facility is too small and not efficiently laid out and cannot accommodate the increased number of FTE employees.

Freightliner is requesting your consideration for a grant of $500,000 which would be used as a match to assist in the development of Freightliner's new facility which would accommodate the new employees in Tallahassee. This grant would be a significant factor in providing an affordable competitive rent currently available in other contiguous counties. In addition, this facility would provide essential truck and parts services to many private and public entities which certainly would include Leon County, the Leon County School Board, COT and more.

ALABAMA
Freightliner, Sterling & Western Star of Montgomery
3140 Hayneville Road
Montgomery, AL 36108
334-263-1085
800-654-1085

Freightliner & Sterling of Dothan
1507 Reeves Street
Dothan, AL 36303
334-793-4455
800-239-8785

GEORGIA
Freightliner, Sterling & Western Star of Tifton
3346 Highway 41 South
Tifton, GA 31794
229-382-2822
888-282-4386

FLORIDA
Freightliner, Sterling & Western Star of Tallahassee
4755 Capital Circle, N.W.
Tallahassee, FL 32303
850-701-0163
866-355-7289

Page -2-
Honorable Bill Proctor
Chairman Leon County Commission
January 30, 2006

Capital Circle Commerce Park will continue growing while providing numerous benefits to Leon County and its citizens through job creation as well as revenue through increased taxes. We are currently working fervently to develop the Park, ultimately expecting to create as many as 125 local jobs within the next three years.

A much needed component of this new economic development growth could come in the form of a Technical Assistance grant of $100,000 to assist us with economic development services at CCCP. It is anticipated that this grant could assist in marketing, planning and permit fees.

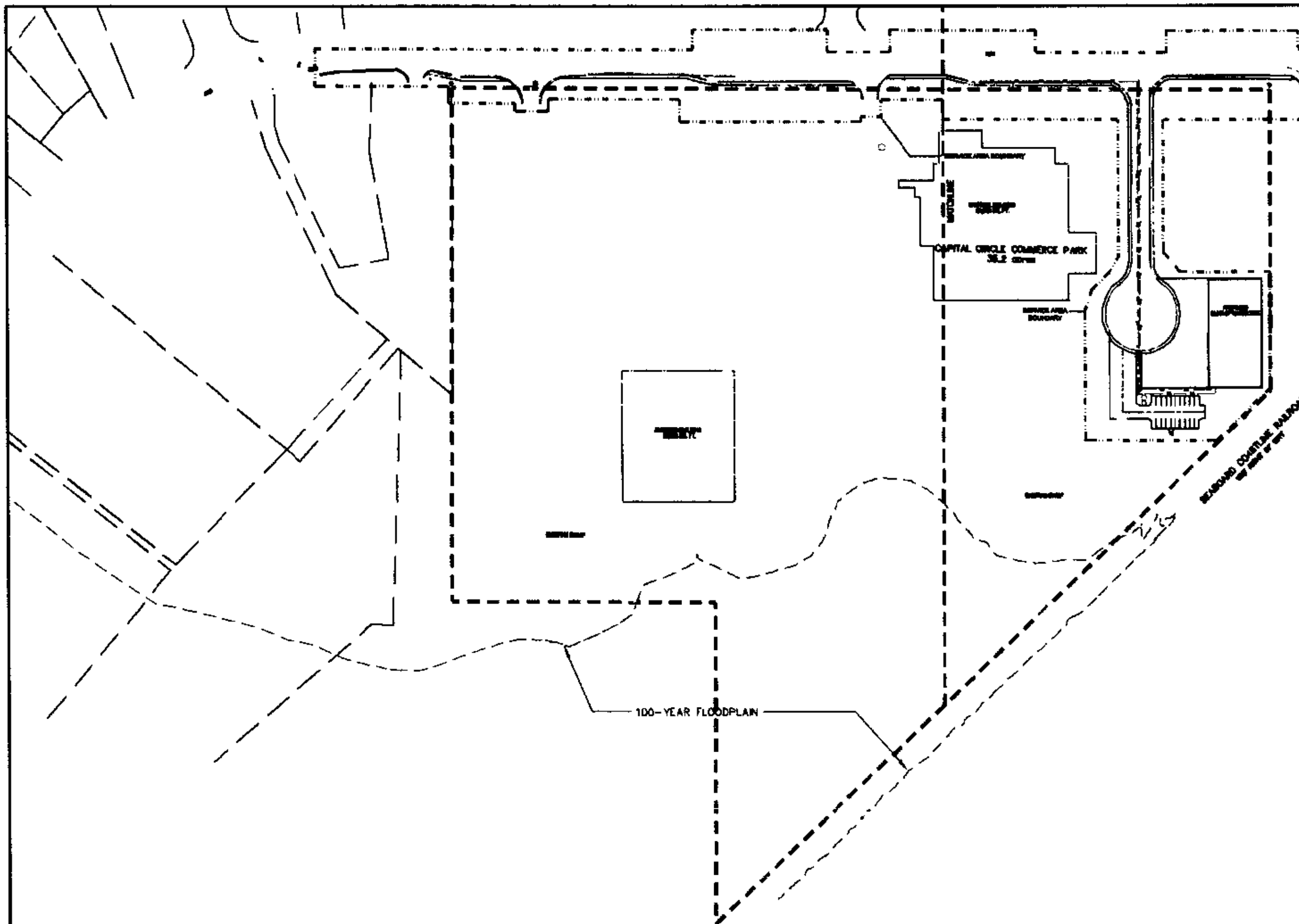
A total grant of $600,000 from the Leon County Economic Development Initiative for expansion of the Tallahassee Freightliner operation ($500,000) and expansion of the Capital Circle Commerce Park for Technical Assistance ($100,000) is vital to continued growth of jobs and tax bases in this area of the County which so sorely needs your help.

Thank you in advance for your considerations.

Sincerely,

/s/

Gary A. Imdieke
CFO



LEGEND:

- INDICATES PROPOSED ADDITIONAL PAVEMENT
- INDICATES EXISTING PAVEMENT TO BE MILLED AND RESURFACED
- INDICATES PROPOSED CONCRETE CONSTRUCTION
- SERVICE BOUNDARY AREA
- PROPOSED/POTABLE WATER LINE
- SANITARY SEWER LINE
- SITE BOUNDARY
- LOT LINE
- RIGHT OF WAY LINE
- PROPOSED STORMWATER CONVEYANCE

"PRELIMINARY"
NOT FOR CONSTRUCTION

VARNUM & ASSOCIATES, INC.

CIVIL ENGINEERING • LAND USE PLANNING
ENVIRONMENTAL ANALYSIS & PERMITTING
3556 TIMBERLANE SCHOOL ROAD, TALLAHASSEE, FLORIDA 32312
PHONE (850) 668-5211 • FAX (850) 668-3106
E-MAIL: VARNUM@VARNUM.COM
CERTIFICATE OF AUTHORIZATION NO.: 7860

DRAWN BY: DBT	DATE: 12-5-05	REVISIONS	CLIENT: TERRY FREGLY	SHEET TITLE: OVERALL PROJECT AREA MAP	PROJ. NO.: 3556.001
CHECKED BY: EWV	DATE: 12-5-05	DESCRIPTION / INT. / DATE			SEAL:
DESIGNED BY: DBT	CAD NAME: CDBG-PHASE1		PROJECT: CAPITAL CIRCLE COMMERCE PARK PHASE 1		SHEET NO.: 3
SCALE: 1"=200'	PLOT DATE: 12-6-05				

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8 of 5
8

Commercial Consultants Corporation
Reg. Real Estate Broker
Post Office Box 3886
Tallahassee, Florida 32315
Telephone: 850-386-5184
Fax: 850-386-9479

20 March 2006

Honorable William Proctor
Chairman
Leon County Commission
Leon County Courthouse
301 S. Monroe Street
Tallahassee, FL 32301-1853

Dear Chairman Proctor:

Capital Circle Commerce Park (CCCP) hereby requests to be placed on the agenda for the March 28, 2006 Leon County Economic Development Workshop. The purpose will be for our Economic Development Team to discuss the CCCP grant application for a Leon County Economic Development Initiative of $600,000.

The funds will be used to match our Job Creation Site Building ($500,000) and for Job Creation Technical Assistance ($100,000). All funds will be spent in the Capital Circle Commerce Park (CCCP) in Leon County to construct a 20,000 square foot building for the Leon County Freightliner Company and associated activities.

Thank you for your consideration.

Sincerely,

Joan Fregly

Joan Fregly

From: "Roger W. Leslie" <rleslie@rpinterests.com>
To: <pingreeb@leoncountyfl.gov>
Date: 3/17/2006 11:56:11 AM
Subject: Capital Circle Commerce Park Grant Request

Ben,

Thanks for taking the time to talk about the future of Capital Circle Commerce Park this morning. Per your request, what follows is a brief narrative containing background information on the park, its current posture and tremendous possibilities.

Late in March of 2002 I received an email with an attached flyer highlighting the availability of the abandoned 68,000 square foot former Bayliner boat manufacturing facility along with 28 acres in Leon county from Terry Fregly. Terry had no more than pressed the send button and he was on the phone asking me to come and see for myself what a deal it was. Having been Terry's partner for nearly twenty years, I knew that he seldom got that excited over a prospective real estate project without just cause and therefore a site visit was probably a good idea.

Upon my arrival, I quickly observed that while it looked disjointed, dated and dilapidated on the flyer, it actually looked worse in person. The rather large main building as well as an assemblage of out buildings were nothing much more than rusting hulks of steel. These buildings were surrounded by scrap metal, drums containing who knows what, old boat frames and a hodgepodge of external useless infrastructure that at one time served the boat manufacturer and had no other purpose. I was ready for a quick exit and get some lunch.

To say Terry Fregly was an animated character is an understatement to the extreme. Using the most colorful of adjectives, he quickly strode the entire site and its buildings all the while minimizing the many obstacles that were right in front of us and seeing a sorely need product for Leon County. Terry felt that we could grow, renew and refresh the entire site into a vibrant commercial development transforming a ecological liability into hub of new Leon county business activity and employment.

He was right.

Since June 27, 2002, following the purchase of this eyesore from the Brunswick Corporation, Terry and I have spent an additional $4,000,000. We have grown the park from its original 28 acres to nearly 58 acres. We have added a new 7,000 square foot building for Penske Trucks and recently completed a new 50,000 square foot distribution facility for American Tire. We have more than doubled the building size from 68,000 square feet of total unusable space to new and remodeled spaces exceeding 144,00 square feet. We have facilitated the development of nearly 70 Leon County jobs thus far.

It is very important to note that we are committing nearly twenty five acres as a preserved natural area and have created a water detention/retention system where NONE existed. Terry and I invested in a two year restricted discharge system that treats not only all water from all existing impervious surfaces but we constructed it for an additional capacity of 347,000 square feet of additional growth to build out the park. We believe we have turned around a potential environmental liability for Leon County.

One of our tenants, Freightliner of Southern Alabama, needs more space which is not currently available. We have been advised that absent our constructing a new facility for them on the north side of our park, their relocation could take them out of Leon County. This move would not only cost the existing jobs but the 10-12 new jobs intended to go along with the expanded operation.

We have proposed a new building of 15,200 square feet to go along with nearly 4 acres to accommodate Freightliner's current and future needs.

We have recently received the final approvals for a $750,000 CDBG -ED grant to widen and improve Capital Circle Parkway NW and enhance conveyable utility infrastructure. This grant will complete those very necessary components which will allow us to go forward with building expansion and job growth.

We are asking for grant assistance as the burden to clean up the park so far has proved to be a much larger investment than anyone could have imagined. We are asking for a grant of $500,000 to be applied to our budgeted total cost of $1,300,000 in construction costs (does not include land valued at $500,000 for four acres). In addition, we are requesting $100,000 in technical assistance funds to help defray additional surveying, permitting, engineering, signage, architectural and marketing costs.

Capital Circle Commerce Park has transformed a private/public liability to both the environment as well as to the citizens of Leon County into a source of growing tax rolls and employment. Just recently Leon county lost a solid employer located just across the street from the park to another county. We ask you for your help in retaining and growing jobs at the park.

Thank you in advance for your considerations.

Roger Leslie
Joan Fregly

Roger W. Leslie
Realty Partnership Interests
5230 SW 91st Drive, Suite C
Gainesville, Florida 32608
(352)377-6868 office
(646)219-1286 efax
(352)377-6811 Gainesville fax
(352)231-2800 cell
rleslie@rpinterests.com

CC: "'Joan Fregly'" <JFregly@ccc-net.com>, "'Alice Varney'" <AVarney@ccc-net.com>,

Board of County Commissioners
Agenda Request

Date of Meeting:	December 13, 2005
Date Submitted:	December 7, 2005
To:	Honorable Chairman and Members of the Board
From:	Parwez Alam, County Administrator Alan Rosenzweig, Director of Management and Budget
Subject:	Second and Final Public Hearing to Adopt a Resolution Authorizing Submission of the Community Development Block Grant - Economic Development Category Application.

Statement of Issue:
Conduct the second and final public hearing to adopt a Resolution (Attachment #1), authorizing submission of the Community Development Block Grant (CDBG) – Economic Development category application (Attachment #2).

Background:
Staff was contacted by a consulting firm representing Capital City Commerce Park, L.L.C. with a proposal to submit a Community Development Block Grant (CDBG) – Economic Development category application that would create 23 new jobs in Leon County. An agenda item went to the Board at their regular meeting of November 8, 2005 requesting permission to hold the two required public hearings on November 23, 2005 and December 123, 2005. The Board approved the request and the first hearing was conducted by staff on November 23, 2005. The Leon County Housing Authority, acting as the Citizens Advisory Task Force Committee pursuant to Rule 9B-43, met on December 1, 2005, and recommended the filing of the CDBG application.

Analysis:
The County is eligible to submit a Small Cities CDBG application in the Economic Development category for up to $750,000. This is a grant program managed by the Florida Department of Community Affairs (DCA) that focuses on the creation of jobs, primarily for low to moderate income residents of the area.

This category of CDBG can be requested concurrently with a CDBG application in another category, which the County currently has pending (a Housing CDBG). To qualify for this type of CDBG, a proposed development must be in the unincorporated part of the County and must create one new job for every $35,000 in CDBG funds expended. Fifty-one percent of the jobs created must be earmarked for low to moderate income residents. As part of the application process, two public hearings are required. The Board can authorize staff to conduct the first public hearing, and the second public hearing would be conducted by the Board at a regular meeting. To meet the advertising requirements, the first hearing, conducted by staff, occurred on November 23, 2005 at 10:00 a.m.

If funded, this grant would be used to provide infrastructure for a warehouse distribution center and will include water, sewer, sidewalks, and landscaping. Capital Circle Commerce Park, L.L.C., the "participating party" will create 23 new jobs, with 13 (57%) being reserved for low to moderate income persons.

Options:

1.

1. Conduct a second and final public hearing to adopt the Resolution authorizing the submission of the Community Development Block Grant (CDBG) – Economic Development category application.
2. Conduct a second and final public hearing and do not adopt the Resolution authorizing the submission of the Community Development Block Grant (CDBG) – Economic Development category application.
3. Board Direction.

Recommendation:
Options #1

Attachments:

1. Resolution authorizing submission of the Community Development Block Grant (CDBG) application
2. Community Development Block Grant (CDBG) application summary

PA/AR/DAL

Leon County Office of Management and Budget
Community development Block Grant – Economic Development category
Application narrative/public benefit

The purpose of this Economic Development project is to provide funding to Leon County that will provide infrastructure, allowing the development of a new business. An acceleration/deceleration lane and infrastructure will be constructed at the new Capital Circle Commerce Park located at 4775 Capital Circle NW, Tallahassee, FL 32303. The provision of this new acceleration/deceleration lane and infrastructure will have a positive economic effect for Leon County because it will enable the creation of new businesses, resulting in the creation of new jobs for Leon County. By utilizing CDBG funding, at least 51% of the new jobs created will be reserved for low to moderate income residents.

The private entity or 'Participating Party' involved in this project is Capital Circle Commerce Park, L.L.C. Mr. Terrance Fregly is the President/Owner of the business. Mr. Roger W. Leslie is the Investor/Manager of the business. The company will be creating 23 new jobs for Leon County and the State of Florida by developing Service Area #1 in the Park as a warehouse distribution center for Leon County and the Sunshine State. The availability of this new infrastructure is necessary for occupation.

The Park will create an initial twenty-three (23) new jobs. Thirteen (13) of these new jobs (57%) will be reserved for low and moderate-income (LMI) persons.

Funds from the CDBG-ED grant will be allocated for an acceleration/deceleration lane and for the construction of infrastructure that will serve the Capital Circle Commerce Park (Service Area #1). This following will be built through the use of CDBG funds:

1. Acceleration/Deceleration Lane

2. Infrastructure, including water and sanitary sewer facilities, sidewalks, and landscaping.

National Objective

Twenty-three (23) jobs will be provided to the State of Florida as a result of this project. The project will meet the national objective pursuant to Rules 9B-43.006(2)(b) and 9B-43.011(3) and (4), Florida Administrative Code, and 24 C.F.R. Section 570.483(b)(4) by dedicating a minimum of thirteen (57%) of the total twenty-three Full Time Equivalent jobs to Low and Moderate Income (LMI) Persons.

Proof of meeting the National Objective will be determined by production of Household Income Surveys. These surveys will be completed by each new employee at the time of employment by the business locating in the Capital Circle Commerce Park in Phase I. The forms will be filed with the DCA CDBG

Program before the close-out of the grant.

Attachment # 10
Page 1 of 1

444 Appleyard Drive
Tallahassee, Florida 32304-2895
850.201.6200 | www.tcc.fl.edu

March 22, 2006

Benjamin Pingree
Assistant to the County Administrator
Leon County Administration
Leon County Courthouse

Mr. Pingree,

I am writing you per our discussions and those with county officials over the past several weeks about funding the collaborative effort known as First Focus.

First Focus is an ongoing, cooperative approach by Tallahassee Community College, Workforce Plus, Lively Technical Center, the Tallahassee Economic Development Council, FAMU Small Business Development Center, local Chambers of Commerce, et al—each entity bringing different services and expertise to serve the unique needs of local small businesses.

The First Focus approach is superior to past efforts because it fosters teamwork through open communication between entities that previously operated separately, making the utilization of vast resources (now shared) and a unified focus on the same client a reality.

In order for the First Focus partners to operate effectively, we respectfully request the county commission appropriate $100,000 for business assistance activities. This appropriation will go *directly* to assisting businesses through training, grant writing, assessment, consulting and job creation. Through providing this training and other services to existing small business in the community we will improve the economic climate of Leon County. First Focus administrative costs will *not* be drawn from this appropriation; rather from matching funds through local, state and federal grants. The collaborative structure of First Focus increases the opportunities for grants of this nature.

In addition to the aforementioned functions, First Focus will coordinate the collection of data about existing county businesses through direct contact with local businesses and the use of database software (E-Synchronist). First Focus outreach specialists will gather and enter pertinent local business data using this software, as well as have the opportunity to identify needs of existing businesses and chart statistics. A recent First Focus success using this process was the pairing of Talla-Tech and Global CNC Solutions. The two businesses had a mutual need, yet didn't realize their shared opportunity until it was identified by using the software. As a result, a blossoming business relationship between the two will increase individual performance and return spending within the county.

If appropriated, TCC will administer the funding, with fiscal oversight collectively performed by the First Focus partners. Funds will be disseminated to a minimum of 50 businesses with needs that may have prevented them from receiving traditional state or local business assistance. By leveraging the $100,000, we anticipate receiving $500,000 in state and federal grants for continued local business assistance operations. A strong partnership with the county will increase the funding opportunities from government and private organizations.

We are excited to move forward in this endeavor, and feel confident that the county commitment to economic development will bolster our progress.

Regards,

Steven M. Owens

Steven M. Owens
Assistant Vice President

Attachment # 11
Page 1 of 4

LEON COUNTY
TALLAHASSEE
ECONOMIC DEVELOPMENT COUNCIL

EDC Partner Directory:
Enter company, contact nam

Site Selection | Statistics | Business Resources | Private Investors | Other

See If A Property Is In Leon's E-Zone

Florida Enterprise Zone Incentives in Leon County

The Florida Enterprise Zone program offers financial incentives to businesses located in designated areas found in urban and rural communities. These incentives are offered to encourage private investment in the zones as well as employment opportunities for the area's residents.


Darryl Jones, Chairman of the Enterprise Zone Development Agency

Enterprise Zone Information Matrix

ELIGIBILE BUSINESSES

Tax incentives are offered to all types of businesses that are located within a designated Enterprise Zone who employ zone residents, rehabilitate real property or purchase business equipment to be used in the zone. Tax credits are available to businesses that pay either the Florida Corporate Income Tax or the Florida Sales and Use Tax. Sales Tax refunds and sales tax exemptions are available if eligible purchases are made.

FINANCIAL INCENTIVES

- **Enterprise Zone Jobs Tax Credit** (Sales and Use Tax)
  Allows businesses located in an enterprise zone who collect and pay Florida Sales & Use tax, and create a new full-time job, a credit against their tax based on wages paid to new employees (in a full-time job) who have been employed by the business for at least 3 months and are residents of a Florida Enterprise Zone.

- **Enterprise Zone Jobs Tax Credit** (Corporate Income Tax)
  Allows businesses located in an enterprise zone who pay corporate income tax, and create a new full-time job, a corporate income tax credit for the wages paid to new employees (in a full-time job) who have been employed by the business for at least 3 months and are residents of a Florida Enterprise Zone.

- **Sales tax refund for business machinery and equipment used in an Enterprise Zone**
  A refund is available for sales taxes paid on the purchase of certain business property, (e.g. tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment), which is used exclusively in an Enterprise Zone for at least three years.

- **Sales tax refund for building materials used in an Enterprise Zone**
  A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an Enterprise Zone. This incentive is limited to owners, lessors, lessees of the real property that is rehabilitated within an Enterprise Zone.

- **Enterprise Zone Property Tax Credit** (Corporate Income Tax)
  New or expanded businesses located in an Enterprise Zone are allowed a credit on Florida corporate income tax equal to 96% of ad valorem taxes paid on the new or improved property (the assessment rate varies by county).

- **Community Contribution Tax Credit Program**
  Allows business anywhere in Florida a 50% credit on Florida corporate income tax, insurance premium tax, or sales tax refund for donations to local community development projects. Donations must be made to an eligible sponsor conducting an approved community development project. The annual amount of credit granted is limited to $200,000 per firm and $10,000,000 for the state.

For additional information contact Karen Hintz, Program Coordinator, Economic Development Council Tallahassee/Leon County, Inc. (850) 521-3111 or khintz@taledc.com

See If A Property Is In Leon's E-Zone

SPERRY & Associates Inc | Capital City Bank | MOO CONSU GRO

EFFECTIVE January 1, 2002	ENTERPRISE ZONE JOBS TAX CREDIT (Sales & Use Tax) *Section 212.096, Florida Statutes*	SALES TAX REFUND FOR BUSINESS MACHINERY AND EQUIPMENT USED IN AN ENTERPRISE ZONE *Section 212.08(5)(h), Florida Statutes*	SALES TAX REFUND FOR BUILDING MATERIALS USED IN AN ENTERPRISE ZONE *Section 212.08(5)(g), Florida Statutes*	SALES TAX EXEMPTION FOR ELECTRICAL ENERGY USED IN AN ENTERPRISE ZONE *Section 212.08(15), Florida Statutes*
What is the program?	· Allows businesses located in a Florida enterprise zone, who collect and pay Florida sales and use tax, and create a new full-time job, a credit against their tax based on wages paid to new employees **(in a full-time job)** who have been employed by the business for at least 3 months and are residents of a Florida enterprise zone (or are Welfare Transition Program participants **or a resident of a "Rural County" for businesses located in a "Rural Enterprise Zone"**).	· A refund is available for sales taxes paid on the purchase of certain business property, (e.g. tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment), **which is used *exclusively* in an enterprise zone for at least three years.**	· A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an enterprise zone. · This incentive is limited to owners, lessors, lessees of the real property that is rehabilitated within an enterprise zone	· A 50% sales tax exemption is available to qualified businesses located in an enterprise zone on the purchase of electrical energy. If 20% or more of the permanent, full-time employees are residents of a Florida enterprise zone. the exemption is 100% of sales tax. This exemption is only available if the municipality in which the business is located has passed an ordinance to exempt enterprise zone businesses from 50% of the municipal utility tax.
What are the advantages?	· This incentive provides a credit of 20% of wages paid to new eligible employees who are residents of a Florida enterprise zone. If 20% or more of the permanent, full-time employees are residents of a Florida enterprise zone, the credit is 30%. **"Rural Enterprise Zones"** · Businesses located within a "Rural EZ" will receive a credit of 30% paid to new eligible employees **(in a full-time job)** who are residents of a "Rural County". If 20% or more of the permanent, full-time employees are residents of a zone, the credit is 45%.	· This incentive reduces the cost of purchasing new and used qualified tangible personal property that is used in an enterprise zone.	·This incentive reduces the cost of rehabilitating real property that is located in an enterprise zone.	· The 50% or 100% exemption of state sales tax on utilities and the 50% abatement of municipal utility tax is available for up to five years.
What are the limitations?	· The credit is limited to the amount of tax due on each return. There is no refund or carry-forward for credit in excess of the tax due. · This credit is not available if the Enterprise Zone Jobs Tax Credit, (corporate tax), is taken. · The credit is limited to 24 months if the employee is employed for 24 months	· **Starting July 1, 2001, business equipment must have a sales price of at least $5,000 per unit.** · The maximum refund per application will be no more than $5,000 or 97% of the tax paid. If 20% or more of the permanent, full-time employees of the business are residents of a Florida enterprise zone, the refund will be no more than the lesser of $10,000 or 97% of the tax paid.	· The total amount of the sales tax refund must be at least $500, but no more than the lesser of $5,000 or 97% of the tax paid per parcel of property. If 20% or more of the permanent, full-time employees of the business are residents of a Florida enterprise zone the refund will be no more than the lesser of $10,000 or 97% of the tax paid per parcel	· The tax exemption is limited to municipalities that have passed an ordinance to reduce the municipal utility tax for enterprise zone businesses. If 20% or more of the business's employees are residents of an enterprise zone, the business will receive a larger abatement.
How do I receive the credit?	· Form DR-15ZC must be submitted to an Enterprise Zone Coordinator and DOR within 6 months after the new employee is hired · Within 10 working days of receiving a completed tax credit application, DOR will notify the business that the	· Form DR-26S and Form EZ-E must be certified by an Enterprise Zone Coordinator for the enterprise zone in which the business is located, and must be filed with the Department of Revenue within 6 months of when the business equipment is purchased or the tax due.	· Form DR-26S and Form EZ-M certified by an Enterprise Zone Coordinator must be filed with the Department of Revenue within 6 months of when the improvements are certified as being substantially complete or within 90 days after the property is first	· Form DR-15JEZ must be filed with an application certified by an Enterprise Zone Coordinator for the zone in which the business is located.

Attachment 11 Page 4 of 4

application has been approved.		subject to assessment.	
EFFECTIVE January 1, 2002	**ENTERPRISE ZONE JOBS TAX CREDIT (Corporate Income Tax)** *Section 220.181, Florida Statutes*	**ENTERPRISE ZONE PROPERTY TAX CREDIT (Corporate Income Tax)** *Section 220.182, Florida Statutes*	**COMMUNITY CONTRIBUTION TAX CREDIT PROGRAM (Corporate Income Tax or Sales Tax Refund)** *Section 220.183, Florida Statutes* *Section 212.08(5)(q), F. S.*
What is the program?	· Allows businesses located in an enterprise zone who pay corporate income tax, and create a new full-time job, a corporate income tax credit for the wages paid to new employees **(in a full-time job)** who have been employed by the business for at least 3 months and are residents of a Florida enterprise zone (or are Welfare Transition Program participants **or a resident of a "Rural County" for businesses located within a "Rural Enterprise Zone"**).	· New or expanded businesses located in an enterprise zone are allowed a credit on Florida corporate income tax equal to 96% of ad valorem taxes paid on the new or improved property (the assessment rate varies by county).	·Allows businesses anywhere in Florida a 50% credit on Florida corporate income tax, insurance premium tax, or **sales tax refund** for donations to local community development projects Donations must be made to an eligible sponsor conducting an approved community development project. The annual amount of credit granted is limited to $200,000 per firm and $10,000,000 for the state.
What are the advantages?	· This incentive provides a credit of 20% of wages paid to new eligible employees who are residents of a Florida enterprise zone. If 20% or more of the permanent, full-time employees are residents of a Florida enterprise zone, the credit is 30%. **"Rural Enterprise Zones"** Businesses located within a "Rural EZ" will receive a credit of 30% paid to new eligible employees **(in a full-time job)** who are residents of a "Rural County". If 20% or more of the permanent, full-time employees are residents of a zone, the credit is 45%. · A five-year carry-forward provision is available for unused portions of past credits.	· Any unused portion of the credit may be carried forward for five years. · The credit can be claimed for five years, up to a maximum of $50,000 annually, if 20% or more employees are enterprise zone residents; otherwise the credit is limited to $25,000 annually.	· For each dollar donated, businesses may receive a 55.5-cent reduction in Florida tax liability (50 cents from the credit, 5.5 cents from the deductibility of the donation). The donation may also be deducted from Federal taxable income. · A five-year carry-forward provision is available for any unused portion of the corporate income tax credit (sales tax refunds are available for up to three years after the first sales tax refund application is submitted).
What are the limitations?	· Firms must earn more than $5,000 to take advantage of the credit. · The Federal tax burden may increase since state tax liability is reduced. The amount of the credit also must be added back to Florida taxable income. · This credit is not available if the Credit Against Sales Tax for Job Creation is taken.	· Firms must earn more than $5,000 to take advantage of the credit. · The Federal tax burden may increase, since state tax liability is reduced. The amount of the credit must also be added back to Florida taxable income.	· IRS rules for the valuation of donated goods may require depreciation recapture; therefore, the deduction may be decreased. · By reducing the state tax liability, state taxes deducted from federal income are decreased; therefore, the federal tax burden may increase.
How do I receive the credit?	· Form F-1156Z, which requires a list of names and addresses of eligible employees, must be certified by an Enterprise Zone Coordinator and submitted with the business' corporate income tax return	· Businesses must file Form DR-456 with the county property appraiser before April 1 of the first year in which the new or expanded property is subject to assessment. A Zone Coordinator will certify Form F-1158Z and provide copies to the Department of Revenue Firms must include copies of receipts for applicable ad valorem taxes paid with tax returns and Form F-1158Z	· The sponsor submits a proposal to O.T.T.E.D. for approval and solicits donations from businesses. Businesses file form 8E-17TCA#01 with O T T.E D · Once the donation is approved, a copy of the approval letter must be submitted with the state tax return or application for a sales tax refund (Form DR26S) Project proposals must be recertified on an annual basis.

LEON COUNTY
TALLAHASSEE
ECONOMIC DEVELOPMENT COUNCIL

January 9, 2005

Mr. Benjamin Pingree
Leon County Courthouse
301 S. Monroe Street
Tallhassee, FL 32301

Dear Mr. Pingree,

The Economic Development Council of Tallahassee/Leon County, Inc. ("EDC") is pleased to enclose a list of the accomplishments of the Enterprise Zone Development Agency ("EZDA") for fiscal year 2004-2005.

As you are aware, the EZDA is a state and local partnership. It emphasizes a creative coalition of state and local government labor and community groups to encourage economic growth in the enterprise zones. The road to economic opportunity and community development starts with broad participation by all segments of the community.

Recognizing that the success of our business community is crucial to the community's healthy economy and quality of life, our EZDA continues to pursue creative efforts that address the needs of our people. The vision for change is a strategic map for growth and revitalization. Our plan sets goals and measures progress while assessing how new experiences and knowledge can be incorporated on an ongoing basis into a successful plan for revitalization.

Our community is becoming an area where business can thrive and opportunities exist. We trust that you will take a moment to review our list of marketing efforts and accomplishments for the year. We have also included our measurable goals as we look toward the future for our community.

Together we can create a community that can build on our legacy of educational and economic opportunities. We invite you to learn more about the Enterprise Zone and would encourage you to call the EDC with additional questions and/or comments.

Sincerely,

R. Bradley Day

R. Bradley Day, CEcD
Executive Director

Darryl Jones
Chairman
Enterprise Zone Development Authority

Attachment

P.O. Box 1639 100 N. Duval Street Tallahassee, FL 32302 | Phone: 850-224-8116 | Fax: 850-425-1056 | www.taledc.com |

PROJECT TOMORROW
TALLAHASSEE 2002-2006

EZ
enterprise zone

Enterprise Zone Development Agency
FY 2004-2005

Marketing Efforts

Promotional Brochure

- Since May 2005, 630 brochures have been distributed

Small Business Forum

- Small business development organizations joined forces to educate local companies and entrepreneurs on enterprise zones incentives

Advertising/Public Relations

- To include newspapers and electronic media

Accomplishments

- 28 incentive applications processed for a total amount of tax refunds or credits in the amount of $690,115
- 175 jobs created in the enterprise zone
- 945 EDC website hits for address verification

Kimberly Moore, CEO for Workforce Plus assists an EZ applicant at the November forum.

Measurable Goals

Increase the number of:

- Applicants
- Full-time jobs
- Public forums
- Web site visits

2005-2006
EZDA Board of Directors

Darryl Jones, *Chairman*
Anthony Viegbesie, *Vice Chairman*

Kenneth Barber
Cheryl Gonzalez
Waldo Kinsey III
Robert Mazur, Jr.
Kimberly Moore
Commissioner Ed DePuy
Calvin Ross
Emma Smith
Johanna Williams
Karen Hintz, *Administrator*

LEON COUNTY
TALLAHASSEE
ECONOMIC DEVELOPMENT COUNCIL

2005-2006
Economic Development Council

William Law, Jr., Chairman
Tripp Transou, Chairman Elect
Frank Jameson, Treasurer
Brad Day, Executive Director
Edward Murray, Jr., Immediate Past Chair

Attachment # 13
Page 1 of 3

Enterprise Florida

Incentives

Florida offers bottom-line advantages for long-term profitability. We understand the importance of a business climate that nurtures long term business profitability for all types of businesses, from corporate headquarters to manufacturing plants to service firms.

Florida offers incentives for:

- Targeted Industries
- Workforce Training
- Road Infrastructure
- Special Opportunities

Top

TARGETED INDUSTRY INCENTIVES:

Qualified Target Industry Tax Refund (QTI)
The Qualified Target Industry Tax Refund incentive is available for companies that create high wage jobs in targeted high value-added industries. This incentive includes refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. Pre-approved applicants who create jobs in Florida receive tax refunds of $3,000 per net new Florida full-time equivalent 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. The local community where the company locates contributes 20 percent of the total tax refund. There is a cap of $5 million per single qualified applicant in all years, and no more than 25 percent of the total refund approved may be taken in any single fiscal year. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.

High Impact Performance Incentive Grant (HIPI)
The High Impact Performance Incentive Grant is a negotiated incentive used to attract and grow major high impact facilities in Florida. Grants are provided to pre-approved applicants in certain high-impact sectors designated by the Governor's Office of Tourism, Trade and Economic Development. In order to participate in the program, a company must be in a designated high-impact sector; create at least 100 new full-time equivalent jobs (if a R&D facility, create at least 75 new full-time equivalent jobs) in Florida in a three-year period; and make a cumulative investment in the state of at least $100 million (if a R&D facility, make a cumulative investment of at least $75 million) in a three-year period. Once recommended by Enterprise Florida, Inc. (EFI) and approved by OTTED, the high impact business is awarded 50 percent of the eligible grant upon commencement of operations and the balance of the awarded grant once full employment and capital investment goals are met.

Qualified Defense Contractor Tax Refund (QDC)
Florida has committed to preserving and growing its high technology employment base-giving Florida defense contractors a competitive edge in consolidating defense contracts, acquiring new

Qualified Target Industry (QTI) Tax Refund Program

City of Clearwater

QUALIFIED TARGET INDUSTRY (QTI) TAX REFUND PROGRAM

S.288.106.F.S.

How the Program Works

This program provides tax refunds to pre-approved applicants for $3,000 per new job created and $6,000 in an Enterprise Zone, $2,500 bonus in a designated Brownfields area. Plus, there is an increased award per job for extremely high wages. If approved, the applicant may receive refunds on the taxes it pays including corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. There is a cap of $5 million per single qualified applicant in all years, and no more than 25% of the total refund approved may be taken in a single fiscal year. New or expanding business in selected targeted industries or corporate headquarters are eligible. The program requires an annual appropriation by the Legislature to execute payments.

Targeted Industries

Only businesses serving **multi-state and international** markets are targeted. Business must be able to locate to other states. Retail activities, utilities, mining and other extraction or processing businesses and activities regulated by the Division of Hotel and Restaurants of the Department of Business and Professional Regulation are statutorily excluded from consideration.

Effective 9/1/96 Targeted List

- Corporate headquarters
- Business services
- Research and development
- Security and commodity brokers
- Chemical and allied products
- Insurance carriers
- Rubber and misc. plastics
- Holding and other investment offices
- Primary metal industries
- Non-depository Credit Inst.
- Fabricated metal products
- Motion picture sound recording/reproducing studios
- Communications
- Electronic and other electric equipment
- Transportation equipment
- Apparel and other textiles
- Instruments and related products
- Lumber and wood products
- Printing and publishing
- Miscellaneous manufacturing
- Furniture and fixtures
- Wholesale distribution
- Paper and allied products

- Food and kindred products
- Stone, clay and glass
- Industrial machinery and equipment

Business Files Application State Approval Required Prior to Making Decision

This incentive has a **"but for"** clause. A company has to prove that they would have considered other locations but chose Florida, among other reasons, because of this incentive program. In order to participate in the program, a company **must apply to Enterprise Florida prior to making a decision to locate or expand in Florida.** All final decisions on applications are based upon all available information at that time. If a company has made public announcements, incurred costs or made commitments at their Florida location, the state deems them ineligible for the QTI program.

The application is a critical part of this program. It is the vehicle used by Enterprise Florida and the Governor's Office of Tourism, Trade and Economic Development (OTTED) in evaluating the business and the project. Projects will be evaluated based on wage level, economic impact, capital investment, long-term commitment to the state and community, and local support for the project. Thorough responses are of utmost importance.

Qualifications

In order to qualify for consideration under the program, an applicant must meet the following requirements:

- Be a target industry
- Demonstrate that the tax refund is necessary for the business to locate or expand in the community
- Create at least 10 new jobs and, if an expansion project, increase employment by at least 10 percent, **jobs must be created within a three-year period**
- Effective 3/01/03, the corporate average annual salary of all new hires must be at least $36,049 if wages 150% of state, county or Metropolitan Statistical Area, $47,021, additional $1,000 award per new full-time equivalent job; if 200%, $62,694, additional $2,000 award per each full-time new job
- Show that the jobs make a significant economic contribution to the area economy
- Provide a city resolution recommending the applicant for the incentive and committing the community to provide a local match equaling 20% of the tax refund

CITY OF TALLAHASSEE/LEON COUNTY TARGETED BUSINESS PILOT PROGRAM WITHIN THE CORPORATE LIMITS OF TALLAHASSEE

ADOPTED OCTOBER 10, 2001(CITY)
NOVEMBER 27, 2001 (COUNTY)

City of Tallahassee Economic Development Department
City Hall, 300 South Adams Street
Tallahassee, FL 32301
850-891-8886

Approved by: ____________
On 4/2/02

Section I

Program Summary

City of Tallahassee/Leon County Within The Corporate Limits of Tallahassee

The Targeted Business Pilot Program (TBPP) is an initiative to induce business growth that is beneficial to our City and County. It is designed to help implement the City and County's long-term vision for economically viable and environmentally sustainable growth. The TBPP offers incentives to new and existing businesses that create value-added jobs within the City of Tallahassee and Leon County. The program seeks to reward businesses that will diversify the economy, are suited to the City and County'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; that build environmentally sensitive projects; that do business with other local businesses; and that practice good corporate citizenship. Funds awarded under this program would be used to reimburse 1) up to 100% of the cost of development fees and 2) a portion of the capital investment of the business project based on ad valorem taxes paid. The amount of funding would be based on a scoring system evaluated by a review committee with final approval and award granted by the City and County Commissions, respectively. The program is being implemented as a three-year pilot program that will be evaluated on an annual basis.

An outline of the TBPP is presented below.

I. ELIGIBILITY – New and Existing Businesses

Companies which are Target Industries of the Economic Development Council (e.g., value-added jobs that will diversify the economy and are suited to the City and County's business mix—refer to Attachment #1).

II. INCENTIVES/USE OF FUNDS

a. Reimbursement *of up to* 100% of ***all eligible City of Tallahassee/Leon County development fees***
b. Reimbursement *of up to* 100% of an amount equivalent to the City ad valorem taxes paid on land, improvements, and tangible personal property for up to 10 years—***as a means to reimburse a part of the capital investment cost required to relocate or expand a business*** and reimbursement of the County ad valorem taxes equal to the amount reimbursed by the City. Expansion projects would qualify only for the incremental increase in ad valorem taxes.

III. APPLICATION PROCESS/PAYMENT METHOD

a. A business submits a preliminary application to determine eligibility when development/building permits are filed. For projects already under construction, the preliminary application must be filed prior to receipt of the first certificate of occupancy for the building.

b. If the preliminary application is approved, a Reimbursement Agreement with the City and County is executed to finalize the inducement and performance requirements.

c. Twelve months after receiving its Certificate of Occupancy, the business can file its first application for reimbursement.

d. Reimbursement of development fees (up to 100%) are paid in lump sum.

e. Annual payments of the funds that are equivalent to the City ad valorem taxes paid (up to 100%) and an equal dollar amount from the County will be made one year in arrears over a period of time up to ten years (refer to Attachment #2, Business Profile Scoring Sheet). The amount of award is subject to reduction if performance measures are not met.

f. Annual applicant performance reports are submitted to the City of Tallahassee and Leon County.

IV. SCORING SYSTEM/AWARD APPROVAL

a. 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 evidence that they are a strong, growing company in which the City and County should invest.

b. A business profile score for the application is determined on a rating system (Reference Attachment #2—Business Profile Scoring System) that gives points to the following categories:

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

c. Additionally, the Economic Development Council will prepare an economic impact analysis to determine whether the project shows a return on investment to the community.

d. A committee made up of representatives from City staff and the Economic Development Council, as well as the Treasurer-Clerk and County Administrator, will score the applications and forward its recommendation to the City and County Commissions.

e. The City and County Commissions, individually, will make a final determination on the award of inducements under this program for their respective jurisdictions.

f. The program is a three-year pilot program with annual evaluations. This will provide an opportunity to eliminate the program if it proves ineffective or to modify it to improve results based on experience in the Tallahassee market.

Most Asked Questions

1) What if a business expects to have 20 jobs in two years, but only 10 jobs after one year?

The business could submit a Reimbursement Application after the first year and would be scored based on having 10 jobs. When they submit after the second year, they would be scored based on 20 jobs. As an alternative, the business could choose to not submit its first application until after all 20 jobs are in place.

2) What if a business expects to have 20 jobs after two years, but actually hires 30?

The business could request an amendment to their Preliminary Application which would have to be approved by the City and County Commissions.

3) What if a company builds a spec building with no tenant known for several months after receipt of a Certificate of Occupancy?

The company should submit a Preliminary Application prior to receipt of the first Certificate of Occupancy with the amount of capital investment, and any other known information. The City will hold the Application and set aside for potential reimbursement the development fees that have been paid. Once the tenant is known, the company will complete the Preliminary Application. The company will be given up to two years from the date of the first Certificate of Occupancy to find qualified tenants and provide the requested information.

4) What if a business hires numerous employees just before filing the Reimbursement Application? Should they be counted?

For reimbursement, scoring is based on full time, permanent positions on the date of the application. If recently added positions are temporary, they should not be counted by the Review Committee. If any of the positions that the Committee counted as permanent are eliminated shortly after reimbursement has been approved, they should be treated as temporary the next year.

5) What if a business requests confidentiality?

Any written information that is provided to or from a City or County employee, including meeting notes, is subject to Florida's public records laws. A business may request that specific information such as employee Social Security numbers, home addresses, etc., only be provided to the Economic Development Council. This request must be sent to the City Attorney's Office.

6) What about new businesses with no past history?

Businesses must provide with their application audited financial statements for the previous two years to evidence that they are a strong, growing company in which the City and County should invest. Therefore, the business or a parent company or partner of the business must have been in business for at least two years prior to application.

From: "McCraw Jr, Richard" <mccrawr@talgov.com>
To: "Brad Day (E-mail)" <rbday@taledc.com>, "Parker, Michael" <parkerm@talgov.com>, "Pitt II, Wade L" <pittw@talgov.com>, "Tedder, Wayne" <tedderw@talgov.com>, "Williams, Dianna" <williamd@talgov.com>, "Herndon, Gary" <herndong@talgov.com>, "Pingree, Ben" <pingreeb@mail.co.leon.fl.us>
Date: 12/9/2005 12:55:32 PM
Subject: Targeted Business Pilot Program - Fringe Benefits Management Company CY 2004 Reimbursement Application Review, December 13th

Dear Review Committee Members:

I am still in the process of preparing the review package for the 2nd Targeted Business Pilot Program Reimbursement Application for Fringe Benefits Management Company (FBMC). I have completed the review and believe all the conditions have been met to reimburse FBMC for 60 percent of the City-equivalent of CY 2004 ad valorem taxes. However, I am still trying to prepare the package in a way that is easy to review and understand. I will have it to you on Monday, December 12th.

In CY 2004, FBMC paid $17,180 in City ad valorem property taxes and $5,291.14 in City tangible personal property taxes (ad valorem based). Based on discounts for early payments, I have calculated the 60 percent reimbursement to be:

City ad valorem property taxes:	$9,484.57
City tangible personal property taxes:	$3,047.70
Total:	$12,532.27

If approved by the Review Committee, this is the amount in ad valorem taxes both the City and County will reimburse to FBMC (for a total reimbursement of $25,064.54. I will include the reimbursement calculations in the review package.

I apologize for the delay in getting the package to you but I am still working in the best way to present the information that is easy to read and understand.

If you have any questions please call or e-mail me.

Thanks,

Rick
891-8685

Fringe Benefits Management Company
2004 Targeted Business Pilot Program Reimbursement Application
Summary and Staff Recommendation

December 12, 2005

Background

In September 2002, the Fringe Benefits Management Company (FBMC) entered into an agreement with both the City of Tallahassee and Leon County under the Targeted Business Pilot Program (TBPP). In the agreement, FBMC agreed to:

a. Develop the property in a manner that exceeds minimal standards for environmental sensitivity;
b. Hire 19 new, full-time employees, for a total of 208 employees;
c. Invest over $5.0 million in construction and equipment costs;
d. Pay an average salary for the new positions that is above the average salary for Leon County, with more than 20 percent of those new positions being paid salaries that equal or exceed the average salary for Leon County;
e. Purchase at least 25 percent of its major supplies from local providers; and
f. Continue to demonstrate good corporate citizenship.

In return for meeting these conditions, the City and County agreed to:

a. Reimburse up to 60 percent of eligible development fees paid by FBMC;
b. Reimburse up to 60 percent of the ad valorem taxes assessed by the City and an equal amount assessed by the County and paid by FBMC for calendar years 2003 through 2008.

To receive these reimbursements, FBMC is required to submit a reimbursement application to the City. The application is reviewed and approved by a committee comprised of the President of the EDC, the Directors of Economic Development, Growth Management, Accounting Services and Planning, the Treasurer-Clerk and the County Administrator. The FBMC must achieve a minimal score of 40 points under the Business Profile Scoring System described in the TBPP Policies and Procedures.

Analysis

The FBMC has submitted their second reimbursement under the agreement. Staff reviewed the application and made the following recommendations:

a. Develop the property in a manner that exceeds minimal standards for environmental sensitivity. Prior to entering the agreement with the City, Growth Management reviewed the design/construction plans and determined the design exceeded all required minimal criteria. No further action is required. Number of points – 10.

b. Hire 19 new, full-time employees, for a total of 208 employees. As part of the first reimbursement application, FBMC provided documentation indicating that 22 new, full-time employees had been hired. The City will need to monitor the positions to ensure they are filled through the review period. Number of points – 10.
c. Invest over $5.0 million in construction and equipment costs. As part of the first reimbursement application, FBMC provided documentation indicating that they had made a capital investment of $5,114,184 in the new building and equipment. No further action is required. Number of points – 15.
d. Pay an average salary for the new positions that is above the average salary for Leon County, with more than 20 percent of those new positions being paid salaries that equal or exceed the average salary for Leon County. In CY 2004, the average salary for Leon County was $31,642. The FBMC submitted documentation indicating the average salary for the 22 new, full-time employees at the end of 2004 was $33,340. Out of the 22 new, full-time employees, 13 (59.09 percent) earned a salary that exceeded the average salary for Leon County in 2004. This condition has been met for 2004. Number of points – 10.
e. Purchase at least 25 percent of its major supplies from local providers. The FBMC submitted documentation indicating the company had purchased $224,300 in office supplies during 2004. Of this amount, $142,956, or 63.74 percent, was spent with Service Office Supply, a local vendor. This condition has been met for 2004. Number of points – 5.
f. Continue to demonstrate good corporate citizenship. The application includes specific actions undertaken by FBMC during 2004 that demonstrate good corporate citizenship. Staff recommends approval by the review committee. Total number of points – 5.

Based on staff review, the FBMC Reimbursement Application scored a total of 55 points and is eligible to receive reimbursement of up to 60 percent of 2004 City equivalent ad valorem taxes paid to the City and County.

<u>Recommendation</u>

Staff is recommending reimbursement of the following 2004 taxes from both the City and County:

Ad Valorem Property Taxes:	$9,484.57
Ad Valorem Tangible Personal Property Taxes:	$3,047.70

In addition staff is recommending reimbursement of $2,620.44 in 2003 Ad Valorem Tangible Personal Property Tax by both the City and County. Staff inadvertently omitted this tax during the review of the 1st FBMC reimbursement application in November 2004.