

**Board of County Commissioners
Workshop**

Date of Meeting: November 8, 2005
Date Submitted: November 2, 2005
To: Honorable Chairman and Members of the Board
From: Parwez Alam, County Administrator *PA*
Vincent Long, Assistant County Administrator *VL*
Subject: Workshop on Innovation Park including LCRDA Response to Consultant's Priority Recommendations.

Statement of Issue:

This workshop item presents the Board with the Leon County Research and Development Authority's (LCRDA) response to the report and "priority recommendations" from the Innovation Park Consultants. This item requests that the Board accept the LCRDA's response and direct staff to prepare a resolution to expand the LCRDA from 9 to 12 members (Attachment #1).

Background:

During their regular meeting on June 14, 2005, the Board of County Commissioners approved an agreement with George Henry George Partners (Consultant) to perform an assessment of Innovation Park for a sum of \$25,000. The assessment was to include a) a review Innovation Park's current practices, b) a review of the operations of other successful research parks across Florida and nationwide, and c) a set of recommendations on how to further improve success at Innovation Park. During a workshop on September 30, 2005, the Consultants presented their assessment report to the Board, including a series of "priority recommendations" for Park improvement (Attachment #2).

On October 11, 2005, the Board ratified the following actions taken during their September 30, 2005, Workshop on Innovation Park Priority Recommendations (Attachment #3):

- Accept the Consultant's Assessment Report and Strategic Recommendations.
- Schedule a Workshop on Innovation Park for November 8, 2005 from 12:00 to 1:30 p.m.
- Request the LCRDA's preparation of an action plan for the implementation of each of the Consultant's "Section I" recommendations, for presentation to the Board at their November 8th Workshop on Innovation Park with direction to staff to coordinate this process.
- Include in the November 8th workshop item: A) additional information regarding a cash-flow analysis of Innovation Park that was distributed by the Park's marketing firm, Herrle Communications, and B) the option to expand the LCRDA membership to include three new representatives from FSU (1), FAMU (1), and TCC (1), respectively.

Per the Board's direction, staff requested a written response from the LCRDA for this workshop (Attachment #4). The LCRDA's response was received on October 26, 2005 (Attachment #1).

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The Analysis Section, below, presents the Board with an overview of the LCRDA's response to the Consultant's priority recommendations for further improvement of Innovation Park. This section also provides the Board with additional information regarding previous Innovation Park financial projections as well as a request to expand the membership of the LCRDA from 9 to 12 members.

Analysis:

LCRDA "Action Plan" Regarding Consultant's Recommendations:

The Consultant's assessment of Innovation Park included a series of recommendations intended to further stimulate positive development at Innovation Park. As further detailed in their final report (Attachment #2), the Consultant's "priority recommendations" covered an array of issues collapsed into six general categories. The LCRDA's written response to the Board addressed each of the Consultant's recommendations by category. The following section presents an overview of the LCRDA's "Action Plan" that responds to each of the Consultant's recommendations (for a full description of the LCRDA's action plan, please refer to Attachment #1):

Category #1: Organization, governance and staffing improvements:

Consultant Recommendation: Prepare a new consensus mission statement for Innovation Park.

LCRDA Response: Agreed. The new mission statement is Attachment #1, page #6 of 12.

Consultant Recommendation: Restructure the LCRDA (expanded University membership).

LCRDA Response: Not Agreed. While acknowledging the importance of board diversity, the LCRDA believes that the current membership (9 total members) is sufficient.

Consultant Recommendation: Refocus LCRDA's activities (less focus on real estate management).

LCRDA Response: Agreed. The approved Strategic Plan refocuses LCRDA governing Board on policies and procedures, not real estate management.

Consultant Recommendation: Create small Executive Committee for real estate transactions.

LCRDA Response: Agreed. LCRDA will create such a committee for this purpose.

Consultant Recommendation: Tighten County/LCRDA partnership (closer oversight of by BoCC).

LCRDA Response: Agreed. LCRDA seeks establishment of procedures and processes to strengthen partnership between Board and LCRDA.

Consultant Recommendation: Strengthen LCRDA senior staff (Enhance Park marketing role).

LCRDA Response: Agreed. LCRDA is internally restructuring administrative staff duties.

Category #2: Achieving the optimum university participation in the Park:

Consultant Recommendation: Improve anchor university tenancy within the Park.

LCRDA Response: Agreed. LCRDA is finalizing negotiations with FSU regarding building ownership deal as well as increasing university participation at the Park.

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Consultant Recommendation: Increase promotion of university assets at the Park.

LCRDA Response: Agreed. LCRDA working with universities to further achieve this goal.

Consultant Recommendation: Encourage joint research proposals by universities.

LCRDA Response: Agreed. Portion of LCRDA marketing plan targets promotion of interaction between research tenants. Issue also addressed in strategic plan.

Consultant Recommendation: "Enlist" university faculty in marketing the Park.

LCRDA Response: Agreed. LCRDA will create an advisory committee for this purpose.

Category #3: Generating small technology business tenants (Create business incubator):

Consultant Recommendation: Create a business incubator within the Park.

LCRDA Response: Agreed. As addressed in their Strategic Plan, the LCRDA is seeking partnerships and grants to finance and build an incubator at the Park.

Consultant Recommendation: Consider LCRDA/BoCC "match" funding for the incubator.

LCRDA Response: Agreed. LCRDA plans on identification and application for public and private match funding.

Consultant Recommendation: Harvest university technology firms (those with \$1 million+ sales).

LCRDA Response: Agreed. LCRDA to coordinate with FSU Moran Institute, Chambers of Commerce and other groups toward this goal.

Consultant Recommendation: Create available multi-tenant "speculative" space at the Park.

LCRDA Response: Agreed. LCRDA committed to building space for provision to small companies that expand beyond incubation status.

Consultant Recommendation: Clearly define "allowable" uses for businesses at the Park.

LCRDA Response: Agreed. LCRDA to research allowable use policies at similar Florida research and development parks for application at Innovation Park.

Consultant Recommendation: Create seed or "angel" funding/investment system.

LCRDA Response: Agreed. LCRDA seeks to organize investors for this purpose.

Category #4: Accessing creative real estate strategies:

Consultant Recommendation: Create tenant improvement grants.

LCRDA Response: Agreed. LCRDA will seek funding for this purpose.

Consultant Recommendation: Submit an RFP for nationally recognized research park developer.

LCRDA Response: Agreed. LCRDA's approved strategic plan includes market and feasibility study for third party development of retail and lodging uses at the Park.

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Category #5: Improving the physical Park and its access routes:

- Consultant Recommendation:* Achieve effective and attractive "wayfinding" signage.
LCRDA Response: Agreed. A master plan for this purpose was approved in 2004 and the design and purchase of the first phase of this plan is now under contract.
- Consultant Recommendation:* Create quality tenant and employee services/amenities on-site.
LCRDA Response: Agreed. LCRDA plan includes conducting a market and feasibility study for third party development of retail and lodging uses at the Park.
- Consultant Recommendation:* Improve quality of visual environment at the Park.
LCRDA Response: Agreed. LCRDA will adopt a 5 year Capital Improvement Program for building and infrastructure improvements and will contact City regarding the road condition.
- Consultant Recommendation:* Improve the transportation corridors accessing the Park.
LCRDA Response: Agreed. Through series of ongoing initiatives, the LCRDA is active in seeking improvement of the transportation corridor to the Park.
- Consultant Recommendation:* New construction at the Park's main entrance.
LCRDA Response: Agreed. LCRDA involved in planning projects to improve Park entrance.

Category #6: Marketing the Park:

- Consultant Recommendation:* Make the marketing of the Park a primary staff function.
LCRDA Response: Agreed. LCRDA to include as part of their review of administrative duties and responsibilities.
- Consultant Recommendation:* Improve tenant relations.
LCRDA Response: Agreed. LCRDA to expand its focus on improved tenant relations and administration of the tenants at organization and individual level.
- Consultant Recommendation:* Discontinue outside public relations services contract.
LCRDA Response: Agreed In Part. LCRDA agrees to review this issue at the end of the contract term with their current public relations/marketing firm.
- Consultant Recommendation:* Implement business incubator/technology commercialization program.
LCRDA Response: Agreed. LCRDA will work partner with universities and business community toward implementation of this objective.
- Consultant Recommendation:* Improve relationships with local/regional/corporate marketing firms.
LCRDA Response: Agreed. LCRDA will continue to coordinate with and financially support the EDC, as well as review/improve their internal (executive) marketing functions.

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As detailed above, the LCRDA has agreed to each of the Consultant's recommendations, except for one (expansion of the LCRDA governing board to include three additional "university" members). Once fully implemented, it is anticipated that the LCRDA's "action plan" regarding these recommendations will result in the further strengthening of operations at, and success of, Innovation Park. It is important to note that the response from Innovation Park includes their newly approved mission statement and strategic plan (Attachment #1, pages #6-10 of 12). At this time, staff is recommending that the Board accept the report from the LCRDA and request that the LCRDA provide the Board with a written update regarding their progress in implementing this action plan no later than May 31, 2006 (Option #1 on Page #6).

"Cash Flow" Analysis Previously Submitted by the LCRDA:

During their September 30th workshop, the Board expressed concern regarding a cash flow projection that was disseminated by Innovation Park staff in 2003. Specifically, the Board's concern related to the difference between the "healthier" financial prospectuses of the Park, as reflected in a 2003 cash-flow analysis and the Park's more modest June 2005 projection. As detailed in Attachment #1, Page #11 of 12, the February 2003 analysis predicted that the Park should experience a fund balance of nearly \$17.8 million by 2015. However, the June 2005 analysis detailed that the Park would only have an estimated \$4.1 million fund balance by 2014 (Attachment #1, Page #12 of 12).

The LCRDA addressed this projected reduction of the Park's fund balance, totaling approximately \$13 million, as part of their report to the Board (Attachment #1, Page #1 of 12). The Park's Executive Director, Linda Nichol森, provided six primary reasons for the reduction of Innovation Park's projected fund balance in the 2005 cash-flow analysis, as compared to the 2003 projection. According to the Park, these factors range from a projected reduction of investment income (negative impact of \$2.6 million) to a reduction in overall lease revenues for buildings now being leased to the state at a discounted rate (negative impact of \$2.4 million). The Park has also estimated that the pending "building ownership" deal with FSU will negatively impact the Authority's cash flow by over an estimated, cumulative \$1 million over the next ten years.

Expanded Membership of the LCRDA Board:

The Consultant's "first priority" recommendation to expand the membership of the LCRDA from nine (9) to twelve (12) members (to include one additional representative from FSU, FAMU and TCC, respectively) can only be approved by the Board. This recommendation is based upon the Consultant's finding that an increased "university" presence on the LCRDA governing body would likely result in a greater university participation at Innovation Park (a key determinant of research park success). The Consultant's finding was that the limited number of university representatives on the LCRDA's current governing board (3 out of a total 9 members) had a negative impact upon engendering local university support of operations and development at Innovation Park.

To expand the membership of the LCRDA governing board, the Board of County Commissioners would only need to adopt a new resolution expanding the membership of this body. As presented in

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their "action report," the LCRDA is not supportive of such an expansion. While acknowledging the importance of diversity in experience on their governing board, the LCRDA has opined that the authority is adequately sized with its current nine members. However, based upon the Consultant's recommendation, as well as input from the universities gained during the assessment process, staff is recommending that the Board approve a resolution expanding the membership of the LCRDA from 9 to 12 members. This recommendation would include adding one (1) new representative from FSU, FAMU and TCC, respectively. Based upon the Board's direction, staff would prepare this resolution for adoption at an upcoming regular meeting of the Board (Option #2, below).

Options:

1. Accept the LCRDA's response to the Consultant's Report, with related "Action Plan" for further improvements at the Park, and request that the LCRDA provide a progress report to the Board regarding the action plan's implementation by May 31, 2006.
2. Direct staff to prepare a resolution to expand the LCRDA membership to include one (1) additional representative from FSU, one (1) additional representative from FAMU and one (1) additional representative from TCC.
3. Do not accept the LCRDA's response to the Consultant's Report, with related "Action Plan"
4. Board direction.

Recommendation:

Options #1 and #2.

Attachments:

1. October 26, 2005 letter from Linda Nichol森, Innovation Park Executive Director, including LCRDA's response to the Board, LCRDA's "Action Plan" and Cash Flow analysis.
2. Consultant's Assessment Report and Strategy Recommendations for Innovation Park.
3. October 11, 2005 Agenda Item: "Ratification of Board Actions Taken at the September 20, 2005 Workshop on Innovation Park Priority Recommendations (including workshop item).
4. September 26, 2005 letter from Ben Pingree regarding Board request for Innovation Park Action Plan in response to Consultant's assessment report and recommendations.