

Blueprint Intergovernmental Agency Board of Directors Workshop Item

TITLE: Workshop on the Office of Economic Vitality's Programs, Actions and Implementation of the Economic Development Strategic/Work Plan

Date: September 20, 2018

Requested By: Blueprint Board of Directors

Contact: Office of Economic Vitality

Type of Item: Workshop

STATEMENT OF ISSUE:

The Blueprint Intergovernmental Agency Board of Directors (IA Board) provided direction on June 21, 2018 to schedule a workshop to discuss the progress of the Tallahassee-Leon County Office of Economic Vitality (OEV), its programs, actions, the implementation of the Economic Development Strategic Plan and next steps to move OEV toward the implementation of the 2020 sales tax program (Attachment #1). In addition, at the June 21, 2018 meeting, the IA Board directed staff to work with FSU and the City of Tallahassee to bring back funding strategies for the Tallahassee International Airport and Convention Center economic development capital projects.

This workshop item addresses the following:

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|---|-----------|
| I. Advancement of Economic Development Priorities in Tallahassee-Leon County since the Launch of the Office of Economic Vitality | 2 |
| II. Alignment of the Office of Economic Vitality's Efforts to Maximize Business Vitality and Global Competitiveness | 7 |
| A. Economic Development Strategic/Work Plan | 7 |
| B. Optimization of Committee Structures to Maximize Private Sector Partnerships | 9 |
| C. Team Restructure | 12 |
| D. Engaging, Educating, Equipping and Empowering Minority, Women, and Small Business Enterprises | 14 |
| E. Targeted Industries: Focusing on Global Competitiveness in Applied Sciences (Magnetic Technologies) | 16 |
| III. Funding Implementation: Economic Development Sales Tax Program | 19 |
| A. FY 2020 – FY 2024 Sales Tax Revenues Estimates, specifically regarding the 12% Dedicated to Economic Development | 19 |

B. Blueprint 2020 Economic Development Capital Projects	20
C. Economic Development Proposals in the Interlocal Agreement	23
D. Fiscal Year 2019 Operating Budget Summary	30
E. Fiscal Year 2020 – FY 2024 Preliminary Draft Operating and Capital Projects, Business Incentives, and Grants Budget Summary	32
IV. Next Steps	35

I. Advancement of Economic Development Priorities in Tallahassee-Leon County since the Launch of the Office of Economic Vitality

The referendum to extend the Blueprint 2020 program was approved by voters in November 2014, five years prior to the 2019 conclusion of the Blueprint 2000 program, so that projects could be planned and designed early, and the benefits of the program in terms of economic activity and community enhancement, could begin as soon as sales tax extension revenues begin to be received in 2020.

Recognizing the need for investing in and cultivating the evolving economic landscape through a sales tax initiative, on February 29, 2016 the IA Board directed the County Administrator and City Manager to establish the Tallahassee-Leon County Office of Economic Vitality by consolidating the City and County's economic development offices within the Blueprint structure and under the direction of the Department of Planning, Land Management, and Community Enhancement (PLACE). In addition, OEV was designated as the economic development organization of record for Tallahassee and Leon County effective March 1, 2016. This new office was modeled in alignment with the proven Blueprint organizational structure. Subsequently, in May 2016, the County and City Commissions, respectively, directed their Minority, Women Small Business Enterprise Programs to be consolidated under OEV. This operational consolidation followed the unanimous recommendation of the MWSBE Programs Evaluation Citizen Committee and has since occurred.

Since inception, OEV, under the leadership and guidance of the IA Board, has taken significant action to strategically advance economic development efforts in Tallahassee-Leon County, as summarized below. For a full list of performance metrics, per fiscal year, tracked by OEV please see Attachment #2.

- Adoption and implementation of the community's first-ever comprehensive Economic Development Strategic Plan.

Result: Completed nearly 25% of the initial actions within the first two years.

- Facilitated the creation of 173 jobs and 4 company expansions by working with Danfoss (120 new jobs), Senior Life Insurance Company (30 jobs), MIS 2000 (3 jobs), and Proof Brewing Company (20 new jobs). These projects represent \$18.36 million in capital investment.

Result: Economic impact of \$155 million to the Tallahassee-Leon County community from these projects.

Office of Economic Vitality Impact
2016 to Present

100+ BUSINESS CONSULTATIONS
+ 4 LEADS GENERATED
+ 3 EXPANSIONS
+ 2 RECRUITMENTS

173 JOBS
\$18M+ CAPITAL INVESTMENT

TOTAL ECONOMIC IMPACT:
\$155.5M+

- Engaged in a data-driven Target Industry Study to fully leverage the community's unique assets and strengths.

Result: Identified four targeted industries: applied science & innovation, manufacturing, healthcare, and professional services/information technology.

- Built the Economic Data Center that tracks and publicizes over 85 different indicators for the Tallahassee MSA and Leon County, including ongoing and proposed major commercial and residential developments.

Result: Provides a regular and consistent snapshot of the performance and health of the local economy by highlighting 13 key local economic indicators on a quarterly basis.

- Launched the CapitalLOOP business retention and expansion program to improve the customer experience and provide a more holistic approach to driving economic vitality in Florida's Capital.

Result: Engaged in 100+ face to face business consultations which generated four company location/expansion leads.

- Created a dashboard to gauge the economic competitiveness of Florida's Capital community amongst comparative communities.

Result: Measures economic performance and success around five indicators of economically competitive communities: business vitality, talent, civic quality, entrepreneurial/business environment, and innovative capacity.

- Participated in the Cost of Living Index with the Council for Community and Economic Research.
Result: Allows OEV to make accurate cost of living comparisons between Tallahassee-Leon County and any of the 263 other participating urban areas across the United States. This information will continue to be important with business recruitment efforts to help build a case that Tallahassee-Leon County is a desirable community for investment.
- Developed an interactive GIS map to show resources/incentives that may be available to businesses based on their location.
Result: Allows companies to easily search resources available to them.
- Increased MWSBE certifications and recertification's by 25%.
Result: Established partnerships with Leon County Sheriff and private entities to increase certification benefits and procurement opportunities for MWBEs.
- Created the Florida's Capital for Business (#FLCapital4Biz) campaign to leverage the benefits of two major research universities and the state capital, and continue to strengthen Tallahassee-Leon County's reputation as a business friendly community.
Result: Increase in Since May 2018, #FLCapital4Biz has achieved over 1,000 social media interactions and 183 total social media shares. Overall, the hashtag has a social media reach of 25,500+. Additionally, the newsletter subscribership has increased 21.2% since May 2018.
- Created local investment programs, Urban Vitality Job Creation Pilot Program and Workforce Development grant, that provide Tallahassee-Leon County businesses with critical resources to help train and build their workforce, implement new approaches to leveraging existing assets, improve job opportunities in underserved areas of the community, and increase economic vitality.
Result: Provides \$125,000 to help train and build the workforce, implements new approaches to leveraging existing assets, improves job opportunities in underserved areas of the community, and increases economic vitality.
- Introduced Tallahassee-Leon County to the global marketplace as a competitive location to grow business by leading a team of four North-Central Florida communities to prepare a successful bid to host the 8th Americas Competitiveness Exchange.
Result: Partnered with the International Trade Administration to host bi-monthly office hours at OEV to connect local businesses to the global market through international trade and export. The objective of this partnership is to support local businesses seeking to become "export ready" for the global economy. In addition, the representatives from Belize have developed a program, featured

on the tour, based on the National High Magnetic Field Laboratory's SciGirls program to organize and plan STEM outreach activities in their communities.

- Launched MWSBE Industry Academies to engage and educate MWSBEs in collaboration with key partners.
Result: Educated and trained over 100 certified minority and women businesses.
- Established the OEV Magnetic Technologies Taskforce (with private and public partners) to collaborate with stakeholders and conduct business intelligence to identify potential businesses that may benefit from a location close to the National High Magnetic Field Laboratory and other research centers within Florida State University, Florida A&M University and the College of Engineering.
Result: Strategically establishing an industry cluster in applied science and advance manufacturing to capitalize on this resource, where Tallahassee-Leon County is globally competitive by onboarding a Business Development Manager within OEV. This marks the first-time economic development efforts have dedicated one position to solely focus on applied science, specifically magnetic technology. In addition, OEV has contracted with Research on Investment, Inc., to assist with business attraction services to target companies whose products rely on applied science and, specifically, on magnetic technologies.
- Held the first Training Our Talent event, an annual training series with a professional expert to help improve employee relations and talent development for business within Tallahassee-Leon County.
Result: Engaged over 60 people at the event with positive feedback from participates, with one stating: "Surprisingly excellent training AND audience participation made it work together. Thank you all for pulling it together and making it happen. Looking forward to the next one."
- Completed 11 economic impact studies, in consultation with Florida State University Center for Economic Research, aligned with large developments and growing businesses and jobs.
Result: Allows decision makers to gauge the impact that business expansions/locations and major developments may have on the local economy.

Each of these results completed directly supports the mission of OEV which states that,

“Tallahassee-Leon County is the model to which other communities look in orchestrating new and existing programs into an optimal infrastructure and collaborative ecosystem for fostering idea generation, business formation and sustainable growth.”

Supported by this strong mission statement, a clear vision statement was developed to seize on the synergy of the three completed studies (strategic plan, target industry, marketing plan), and the soon to be completed Disparity Study that serve as a solid foundation for growing local industries, leveraging private and public resources, and aligning co-created resources toward increased economic vitality. This vision is to

“Elevate Tallahassee-Leon County’s profile to promote and support our diverse and vibrant economy.”

This workshop item discusses the progress of OEV, its programs, actions, and the implementation of the Economic Development Strategic Plan as well as outlines the key next steps and objectives to move OEV forward in its implementation of the Blueprint 2020 sales tax program.



II. Alignment of the Office of Economic Vitality's Efforts In Order to Maximize Business Vitality and Global Competitiveness

A. Economic Development Strategic/Work Plan for Tallahassee-Leon County

On October 27, 2016 the IA Board approved the Economic Development Strategic Plan for Tallahassee-Leon County, the first-ever long-term plan of its kind for the community. The strategic plan, which reflects the IA Board's desire to invest in and cultivate the evolving economic development landscape, calls for the community to position itself for economic opportunity by bringing together all of its assets, resources, and stakeholder organizations to overcome existing challenges and work collaboratively towards a common objective. To support the strategic plan's strategies and tactics, and to ensure programmatic and performance metrics, a Work Plan and associated timeline was also developed (Attachment #3). This Work Plan is continuously updated to include additional key actions items, such as those recommended within the Target Industry Study and Marketing Plan.

The effectiveness of any economic development entity is predicated upon its ability to identify clear goals, decide on priorities within the goals, and develop measurable strategies for achieving them. The most successful economic development entities are always adapting to ever-changing market conditions, which is why the Work Plan is an amendable document that allows for routine pauses to analyze the work being performed and what, if any, modifications are needed to maintain economically competitive and business friendly environment.

As shown below, the strategic plan is designed to address and support each of the six cornerstone initiatives (Business Formation, Technology Transfer & Commercialization, Business Retention & Expansion, Business Recruitment, The Creative Economy, and Talent Pipeline) using three cross-cutting strategies, marketing and communications; engagement, collaboration, and alignment; and allocation of resources. Central to each initiative is collaboration with partners, transparency, and accountability to maintain credibility of the plan and ensure community assets are being optimized.



Staff has further augmented the strategies and tactics to ensure the voices, values, and ongoing efforts of community partners were reflected and maximized for greater depth, effectiveness, and efficiency in the development of the work plan. As noted previously, amendments and modifications are made to recognize the preliminary work that is required to fulfill the immediate goals and set realistic timelines. Though the plan is intended to serve as a guide for implementing the community's economic development actions for the next five years, it is also designed to be flexible to proactively identify and respond to changing market forces.

The initial Work Plan began with 86 actions within the Strategic Plan of which 19 (nearly 25% of the initial Work Plan) have been completed within the first two years. Recently, the Work Plan has been expanded to include 67 new actions, for a total of 153, with the adoption of the Target Industry Study and Marketing Plan, as detailed in Attachment #3. This expansion has resulted in a 44% increase in economic development actions, programs, and services within the last six months, all of which have been approved by the IA Board. Currently, staff is implementing 49 ongoing actions. In the next three years, OEV will be embarking on the remaining actions specifically recommended in the Target Industry Study, such as launching efforts focused on applied sciences and manufacturing and associated marketing actions. As stated previously, the Work Plan is designed to be flexible to proactively identify and respond to changing market forces. Once the IA Board receives the Disparity Study and adopts its findings, the key action statements will be added to the Work Plan. The detailed Work Plan and implementation timeline can be found in Attachment #3. In summary, during the first two years OEV has completed 19 actions, is currently managing 49 ongoing actions, and will begin another 41 actions in FY 2019.

Continuing over the next five years, Work Plan actions will advance from the implementation phase through various levels of maturity and augmentation and will continue to support the mission and vision of OEV. Again, Attachment #3 provides the anticipated timeline for implementation of key components, which directly corresponds to sections and elements of the IA Board adopted Strategic Plan for Economic Development, Target Industry Study, and Marketing Plan.

The components needed to have a strong business attraction program continue to come together as targeted industries have been identified, key industry relationships are formed, and the implementation of the marketing plan gets underway. As part of the attraction efforts, OEV is focused on building a cluster of magnetic technology companies around the considerable, unique assets in our community. In addition, the basic approaches pursued in Year 1 to invigorate business formation, the incubator ecosystem, tech transfer, and the talent pipeline will gradually expand as experience, expertise, stakeholder support and resources grow. An example that illustrates this point is that the Disparity Study, once completed, will provide information that will support the

development of additional aspects of the Minority, Women, and Small Business Enterprise programs, and related Business Recruitment and Retention efforts.

As noted previously, the Work Plan sets forth actions that bring together all partners to produce sustainable, long-term economic vitality. Every agenda item brought to the IA Board for consideration identifies the Strategic/Work Plan goals, actions, and strategies outlined in the attached documents, in order to continuously demonstrate that OEV is committed to its mission and vision. Once the IA Board receives the Disparity Study and adopts its findings, the key action statements will be added to the Work Plan.

Action Item #1: Accept the update on the Economic Development Strategic/Work Plan for Tallahassee-Leon County toward ongoing economic growth actions.

B. Optimization of OEV of Vitality's Committee Structure to Maximize Private Sector Partnerships

Currently, OEV engages five committees and two taskforces to provide insight and guidance regarding the implementation of the Strategic/Work plan as well as the Target Industry Study. These committees and their objective are outlined below. For a full list of the committee membership, see Attachment #4.

- Economic Vitality Leadership Council (EVLC): This seven member council provides insight and guidance focused on increasing Tallahassee-Leon County's competitiveness across the six economic development actions and four target industries, implementing the Strategic/Work Plan, encouraging collaboration across all sectors of the community and discussing enhancements to improve competitiveness. The members include representation from the following sectors: major employers; institutions of higher education; entrepreneurial business; financial; economic development; talent development; and one at-large member. Members of this committee do not consider or approve funding for economic development projects or programs.
- Economic Vitality Competitiveness Committee (EVCC): This 36 member Committee encourages knowledge and collaboration across all sectors as well as serve on the taskforces as needed. Originally recommended at 23 members, this committee was expanded to include 13 additional members at the request of several community groups. Members of this committee do not consider or approve funding for economic development projects or programs.
- Competitive Projects Cabinet (CPC): This three member committee meets as necessary to review competitive economic development projects. As stated in the

- incentive policy, members of this committee approve incentives under \$500,000 and provide the IA Board a recommendation of incentives over \$500,000.
- Minority Women and Small Business (MWSBE) Citizen Advisory Committee: This 12 member committee's objective is to advise the staff on matters related to the Minority, Women and Small Business Enterprises Program and recommend policy alternatives. Members of this committee do not consider or approve funding for projects or programs.
 - Blueprint Citizen Advisory Committee (CAC): This 14 member committee serves in an advisory capacity to the IA Board and meets five times a year to review project work plans and receive updates on the status of active projects, actions, and programs funded by the local infrastructure sales surtax, including the Blueprint Infrastructure Program and the Office of Economic Vitality.

At the September 19, 2017 meeting, the IA Board requested after the first year of operation that staff evaluate each of the committees and bring back any recommendations for changes, if necessary. Since the establishment of these committees, staff has worked closely with the members of EVLC to consult on the implementation of the Strategic/Work plan, target industry study, and the establishment of the Magnetic Taskforce. This committee has met seven times in the course of the year and the leadership provided by the seven member committee has been invaluable to OEV. Moving forward, staff is setting quarterly meetings (as included in Agenda Item #4 of IA Board's meeting) to align with CAC meetings, where the EVLC will receive reports on financial incentives, marketing, programmatic implementation of the Strategic/Work plan and any other actions/activities that need to be discussed to improve Florida's Capital community's economic competitiveness and business friendly environment.

With the completion of the Target Industry Study, staff is recommending that the Economic Vitality Competitive Committee be transitioned to targeted and strategic taskforces with specific objectives and timelines to increase competitiveness, enhance programmatic services, and support industries. It should be noted that the 36-member EVCC was created prior to the completion of the Target Industry Study. The EVCC has convened three times over the last year to discuss two key topics: economic competitiveness and the entrepreneurial ecosystem. Currently only 33% of members represent businesses in target industries and the Magnetic Technologies Taskforce does not include any members of the EVCC. Finally, staff regularly interacts with a majority of the EVCC members through service on other committee such as the Blueprint Citizen Advisory Committee, workforce development actions, monthly partnership meetings, and other City/County events.

Recommendation: Transition the EVCC and pivot toward the creation and implementation of nimble and strategic taskforces with specific objectives and timelines that will convene in accordance with the Work Plan. These taskforces can be established in three ways 1) by staff for the implementation of the recommendations with the strategic plan or target industry; 2) at the recommendation of the EVLC or; 3) at the direction of the IA Board.

Each taskforce will be comprised of business leaders, workforce development professionals, and key stakeholders. Similar to the Magnetic Technologies Taskforce, staff will identify a group of individuals to consult with the EVLC and report on activities to the IA Board. These taskforces will be convened on an as needed basis, meet until objectives are met, and will report on activities to the EVLC.

To actively engage stakeholders and business leaders across the broader community, and as recommended by the EVLC, staff will be developing/partnering on events that are open to the public to continue to promote economic vitality in Tallahassee-Leon County. These events are intended to include an annual summit to celebrate Economic Development Week (in May), the Training Our Talent series which is focused on developing talent in the workplace, and continued participation and promotion of National Small Business Week, Minority Enterprise Development Week, Leon Works Expo, and Entrepreneurial Month.

Currently, staff is managing two existing taskforce/workgroups:

- *Magnetic Technologies*: This private/public Taskforce has been convening for one year and is designed to provide guidance and input on growing the cluster of research and businesses in the magnetic technologies industries. Currently, there are seven members representing the private sector and higher education institutes. This taskforce has been instrumental in launching the efforts of the applied science and advanced manufacturing cluster initiative. More information on these efforts, can be found in Agenda Item #10 of the IA Board's September 20, 2018 meeting agenda.
- *Leon Works*: Staff is working with the Leon Works Workgroup, which now includes regional partners, to implement changes to the expo such as strategic regional alignment of target industries and a regional focus. These changes also include schools and business exhibitors in order to build a more robust talent pipeline of workers in the skilled careers.

The proposed taskforce workgroups outlined below would support the needs and actions identified in the Strategic Plan and Target Industry Study and would solicit feedback to enhance economic competitiveness. Taskforces related to the MWSBEs Programs will be examined upon the completion of the Disparity Study, anticipated to be brought to the IA Board at the December 13, 2018 meeting.

- *Manufacturing*: The primary objective is to competitively position Florida's Capital region as an attractive place to grow manufacturing, with emerging opportunities tied to its deep base of knowledge assets and innovation, and that complements the efforts of the Magnetic Technologies Taskforce. Expected outcomes include identifying industry verticals that are suitable for Florida's Capital Region's assets, supporting local workforce development to enhance opportunities for growth, meeting worker replacement demand in the industry, and promoting exports and trade development among the business community. Staff anticipates launching the task force in 2019 which will convene at regular intervals until taskforce objectives are met.

- *Data Taskforce:* The primary objective is to meet periodically with local data analysts to discuss current economic topics and on-going research activities and methods. Prospective membership may include data analysts from: FSU Center for Economic Forecasting and Analysis, Florida Chamber Foundation, Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, Florida Legislature, Office of Economic & Demographic Research, Apalachee Regional Planning Council, CareerSource Capital Region, and First Franklin Financial Services.

By transitioning the EVCC and establishing strategic and targeted taskforces, OEV will be able to maximize private and public sector partnerships and focus resources toward increasing economic competitiveness. This transition was also recommended by the EVLC at their September 12, 2018 meeting.

Action Item #2: Direct staff to transition the Economic Vitality Competitiveness Committee to targeted and strategic taskforces, to include Magnetic Technologies, Leon Works Expo, Manufacturing and Data, as needed, to provide specific feedback on competitiveness within the target industries and amend agreements, if necessary.

C. Team Restructure

In 2016, the IA Board established OEV as an organization with three separate divisions: Engagement and Operations, Research and Business Analytics, and Minority, Women and Small Business. This alignment was developed prior to the completion of a Strategic/Work plan, Target Industry Study, and the Disparity Study and has served OEV well during its first two and a half years.



As stated previously, the most successful economic development entities continuously adapt to ever-changing market conditions, allowing for routine pauses to analyze the work being performed and what, if any, modifications are needed to maintain a customer-centric focus. According to the International Economic Development Council (IEDC), a high-performing economic development organization fulfills its mission by following internal best practices such as: relationship building, adaptability, responsiveness and integrity. The IEDC's Economic Development Research Partners Program found that organizationally, high-performing economic development organization, tend to share eight success factors:

1. Customer-driven;
2. Align with a strong strategic plan;
3. Measure results and make adjustments accordingly;
4. Serve as creative risk-takers;
5. Build strong alliances and networks across sectors;
6. Earn the trust and respect of their communities and stakeholders;
7. Highly efficient with funding and resources, and
8. Invest in their people with professional development opportunities.

To that end, OEV is streamlining its functional and operational structural beginning in Fiscal Year 2019 to best optimize the shared human and technical resources, better integrate marketing, data collection and utilization, and cross-unit coordination of projects and actions. This restructuring will also greatly improve communication and promote a distinct competitive advantage in achieving economic development goals as set forth in the Strategic Plan within resources approved by the IA Board in the FY 2019 budget.



The Division of Business Vitality and Intelligence combines the functions of two divisions to increase functional efficiencies as it will manage all project activity (attraction and expansion), international trade development, entrepreneurial engagement within targeted industries, policy research, business analytics, coordination of economic impact studies, and implementation of all marketing, social media, newsletters, and event coordination. This new division manages the majority of OEV's 49 ongoing actions and begin executing an additional 41 ongoing actions in FY 2019. This division also manages the prospect leads necessary to meet OEV job creation goals and promotes Tallahassee-Leon County as a business generator.

The MWSBE Division will remain a standalone unit. This division manages public/private procurement opportunities, business outreach, entrepreneurial engagement (outside of the targeted industries), the disadvantaged business program, and related educational opportunities.

This restructure will be implemented in Fiscal Year 2019 to optimize the shared human and technical resources, the integration of marketing, collection and utilization of data, and the coordination of projects and actions, as may be approved by the IA Board during the budget public hearing, also on September 20, 2018.

Action Item #3: Accept the OEV restructuring plan in order to optimize the shared human and technical resources.

D. Engaging, Educating, Equipping and Empowering Minority, Women, and Small Business Enterprises

Per OEV's Work Plan, the Minority, Women and Small Business Enterprise (MWSBE) program continues to expand procurement opportunities for MWSBEs with public and private partners, build capacity for MWSBEs through non-traditional business financing, and capacity building through resource partners. MWSBE programs continue to inform its certified businesses of capacity building, networking and procurement opportunities available through partnerships, local governments, and Blueprint. Certification guarantees the "Four Es"--*engage, educate, equip* and ultimately *empower* and thereby enjoy greater opportunities within the economic development ecosystem. Staff has been completely engaged with businesses (both MWSBEs and non-MWSBEs) through advisement and consultations on all bid responses for the City of Tallahassee, Leon County and Blueprint. Additionally, our partnerships are thriving because of the collaborations that exists in both programming and through activities to increase capacity for our shared constituency--the local business community.

In 2017, MWSBE's Industry Academy courses were launched, as required by the Strategic/Work Plan, have been well received by MWSBEs and have engaged in more than 100 business consultations. CareerSource, FAMU Small Business Development Center, Wells Fargo Bank, City of Tallahassee Procurement Services, and Blueprint all facilitated academies to provide the education and the tools certified MWSBEs require. This upcoming year will focus entirely on

navigating the procurement processes of the City of Tallahassee, Leon County, Blueprint and the partnering agencies through MOUs (such as Leon County Sheriff's Office). Staff is working on MOUs with Tallahassee Memorial Hospital and FAMU. Both the City and County procurement departments will work in cooperation with OEV to host these academies. To ensure the full participation of all MWSBEs, staff is making participation a requirement of certification and re-certification.

MWSBE analyses of bid responses, as required from the City of Tallahassee Procurement and Leon County Purchasing, were valued at 23 projects for \$16.8 million and eight projects for \$29.2 million dollars, respectively. In addition, the Division has recertified 155 business and increased new certifications by 90% since 2016. Staff continues engage MWSBEs throughout the region to demonstrate that certification has benefits.

In addition, staff is fully engaged in the Disparity Study and it is anticipated that it will be completed by November 1 and on the IA Board's agenda on December 13, 2018. The Disparity Study is charged with fortifying the MWSBE program through consolidating the program's policies and providing recommendations that will mitigate economic segregation in Tallahassee and Leon County through the efforts of the MWSBE program. During the course of the study, MGT of America (MGT) conducted policy/stakeholder interviews with local government representatives. The consultants have also attended the MWSBE Advisory Committee meeting and received comments about the Disparity Study. The consultants and staff are continuing to ensure that the Disparity Study meets all of its anticipated goals. Staff also worked closely with MGT to respond to the Harvard Study on economic inequality and economic segregation in Tallahassee-Leon County. Attachment #5 provides a draft response to the observations and is considered tentative, pending the completion of the Disparity Study as presented to the IA Board on March 1, 2018. The draft response by MGT included the following:

- Review of the Harvard Study regarding implications of perceived economic segregation on data that will be collected and analyzed to identify and guide potential areas of inquiry that will be subject to in-depth research during the Disparity Study.
- Guides and directs the data and information collected and analyzed by MGT in the Disparity Study to answer to what extent, if any, there is discrimination and disparate treatment in the marketplace.
- Examines causal or underlying factors impacting the utilization and availability of small, minority-, and women-owned businesses in the marketplace.

The consolidation of the former City of Tallahassee and Leon County MWSBE offices has had a positive impact on businesses, specifically with certifications and procurement opportunities. The completion of the Disparity Study is the final step in completing the consolidation of the City and County programs through the recommendation of one policy for the MWSBE program. Furthermore, the Disparity Study will recommend new aspirational targets for the City of Tallahassee, Leon County and Blueprint procurement categories. As stated previously, the Disparity Study is anticipated to be on the IA Board's agenda for December 13, 2018. Once the

IA Board receives the Disparity Study and adopts its findings, the key action statements will be added to the Work Plan.

Staff within the MWSBE Division continues to expand procurement opportunities for public and private partners, build capacity for MWSBEs through non-traditional business financing, and capacity building through resource partners while continuously reviewing best practices amongst other like programs to demonstrate that certification has benefits. Moreover, the MWSBE Division is a key driver to amplify utilization of OEV incentives to stimulate job growth and economic empowerment in minority communities.

E. Target Industries: Focusing on Global Competitiveness in Applied Sciences (Magnetic Technologies)

During the March 1, 2018 meeting, the Target Industry Study was approved by the IA Board. Attachment #6 is the executive summary of the study and a full copy can be found on OEV's website. The Study identified four target industry sectors that advance private sector job creation by facilitating the attraction and expansion of companies that are well matched with Tallahassee-Leon County strengths and assets. Over time, these efforts will ensure Tallahassee-Leon County's economy is more diverse, more resilient, and creates more employment opportunities for all of its residents. It is important to note that all of the identified industries and subsectors advance private sector industry growth, diversify the regional economy, and make the community more resilient to economic downturns and government policy changes.

Table #1: Target Industries and Key Highlights

Targeted Industry	Key Highlights
Applied Science & Innovation	Identified maximizing world-class research and resources at Florida A&M University and Florida State University.
Manufacturing & Transportation/Logistics	Selected for capturing the economic benefits of innovation by producing the resulting products and to provide skilled jobs opportunities for residents.
Professional Services & Technology	Chosen to nurture a growing information and communications technology cluster and ensure that businesses have access to legal, accounting, and other services as they innovate and grow.
Health Care	Identified leveraging Tallahassee-Leon County as a regional hub to provide a sound career ladder of jobs, and to integrate research and development with the provision to continuously improve patient care.

The in-depth analysis of Tallahassee-Leon County's assets and opportunities in entrepreneurship and target industries equips staff with specific, measurable, attainable, and relevant strategies and tactics to continue building on local initiatives designed to increase economic vitality and competitiveness in Florida's Capital for Business. In addition, the acceptance of the four target industries allowed for the alignment of new and current incentive programs, which are designed to accommodate target industries identified by the State of

Florida. Staff has already championed several key components that directly support the actions outlined in the Target Industry Study.

Since the adoption of the Study, staff has implemented the following:

- On boarding a Business Development Manager within OEV to support the development for the Applied Sciences/Innovation and Manufacturing target industry. This marks the first-time economic development efforts have dedicated one position to focus solely on applied science, specifically magnetic technology.
- Developed a marketing plan to promote Tallahassee-Leon County as the Magnetic Capital of World as well as an emerging manufacturing and transportation/logistics destination to support magnetic technologies. These efforts are made possible due to the infrastructure advancements funded by the one cent infrastructure sales surtax, Tallahassee International Airport, multiple research and development/business parks, as well as major manufacturers.

Throughout the next three years, staff will focus on the following outputs:

- Pursuing business attraction efforts (by contracting with Research on Investment for a three year period) and utilizing the Magnetic Technologies Task Force, as further discussed in Agenda Item #11 of the September 20, 2018 IA Board Agenda. That item the IA Board's approval to develop an inventory of quality sites to strengthen its current inventory of available properties suitable for companies, which is called for in the Strategic Plan. The ultimate goal is to identify high-quality strategic sites that support Tallahassee-Leon County's target industries and well position those sites.
- Implementing 13 actions in the Work Plan specifically for the applied science and manufacturing target industries.
- Building a series of testimonials that seeks to alter the perception that the presence of state government and two universities in Tallahassee-Leon County is a disadvantage to business growth. The core message will be the identification and subsequent promotion of the myriad of opportunities that exist in the community that support the growth and development of private industry.
- Aligning CapitalLOOP visits to Target Industries and utilize those visits to identify activity that is occurring, but largely hidden, within companies, and use that information to supplement current data analysis.

Marketing is a powerful tool for economic developers that can be used to attract, retain, and expand businesses, improve a community's image both inside and outside the community, and promote policies and programs designed to enhance economic vitality. On June 21, 2018, the IA Board approved the funding and implementation of OEV's Marketing Plan. In the economic development discipline, marketing and communications are broad terms used to define the breadth and depth of activities that must take place to convey a community's economic competitiveness. To that end, and in accordance with the Strategic Plan, OEV's Marketing Plan seeks to maximize resources to better position and promote Tallahassee-Leon County as a business generator, and as Florida's Capital for Business (#FLCapital4Biz).

Over the summer, staff has been working to advance OEV marketing efforts for FY 2019, including meeting with Enterprise Florida representatives to discuss ways to maximize the impact of the marketing plan. Tallahassee-Leon County has an opportunity to redefine its image in the minds of those who currently know the community best – its internal audiences – and to create a fresh perspective among business prospects on what the area has to offer. To continue earning the opportunity to vie for competitive projects that add to the tax base and strengthen the business mix locally, the community must positively position itself to its external audience (such as C-level decision makers, site selectors, and business leaders) from an economic development perspective. Therefore, staff is currently evaluating an opportunity to join the Team Florida marketing partnership, which is a coalition of state economic development, utility, and business leaders that promote Florida's business advantages and creates awareness among site consultants and corporate decision makers both domestically and internationally.

Staff is currently in the process of redesigning OEV's website, which as built prior to the completion of the Strategic Plan, Target Industry Study, and Marketing Plan. It is anticipated that the new site will be ready to launch in early 2019. Staff will continue to update the IA Board on marketing actions, activities and results in quarterly status reports. More information regarding staff communications and marketing efforts over the last four months is detailed in Agenda Item #3 of the IA Board's September 20, 2018 meeting agenda.



III. Funding Implementation of the 2020 Economic Development Sales Tax Program

A. Projected Sales Tax Revenue Projections

Based upon the Interlocal Agreement establishing the Blueprint 2020 program, and also consistent with the terms of the Blueprint 2000 program, the City of Tallahassee and Leon County will each receive 10 percent (20 percent total) of annual one cent sales tax revenues. The Blueprint Intergovernmental Agency will receive 12 percent of annual sales tax revenues to administer the Blueprint Economic Development program. Leon County will receive two percent of sales tax revenues to administer the Livable Infrastructure for Everyone (L.I.F.E.) projects. The remaining 66 percent of annual one cent sales tax revenues will fund the Blueprint Infrastructure program.

Table #2 Allocation of 2020 Sales Tax Extension Revenues, as adopted on April 22, 2014

Entity/Program	Share of Total Proceeds
City of Tallahassee	10%
Leon County	10%
L.I.F.E. Projects	2%
Blueprint 2020 Economic Development Program*	12%
Blueprint 2020 Infrastructure Program*	66%
Total	100%

*Includes project costs and operating expenses

Total Forecasted Revenues

In 2017, Blueprint staff began coordinating with City of Tallahassee and Leon County budget directors to update the sales tax revenue forecasts for the Blueprint 2020 program. Based on actual sales tax receipts, staff has updated revenue forecasts for the one cent sales tax consistent with methodology agreed to by both the City and County budget offices. Accordingly, and beginning in FY 2019, an annual growth rate of 3% has been applied to the forecasted sales tax revenues through FY 2024. Consistent with Blueprint Intergovernmental Agency budget practice and in coordination with City and County budget directors, the Blueprint program budget is developed based on 95% of forecasted revenues. Using this methodology, Table #3 provides the Blueprint program forecasted sales tax revenues for FY2019- 2024.

Table #3 FY 2020- 2024 Projected Blueprint 2020 Program Revenues

Program	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Infrastructure Projects (66% of total revenues)	\$22.1M	\$30.2M	\$31.1M	\$32M	\$33M
Economic Development (12% of total revenues)	\$4.0M	\$5.5M	\$5.6M	\$5.8M	\$6M

B. Blueprint 2020 Economic Development Capital Projects

The Interlocal Agreement that established the Blueprint 2020 Economic Development program allocates \$34.1 million to complete two capital projects; improvements to the Tallahassee International Airport (Airport) and construction of a Convention Center. Attachment #7 details the project description for each of these projects.

Tallahassee International Airport

As stated in the Interlocal Agreement, up to \$14.1 million has been identified for the International Airport Growth and Development Project (Parts 1 and 2), which will be utilized to upgrade existing hangar facilities, provide the necessary utility infrastructure to construct additional hangars and develop 1,000 acres of Airport property for lease. In addition, funding would be used to create an international passenger processing facility, support international user fee expenses and provide additional training support to Airport staff in accordance with Tallahassee International Airport's 20-year Growth and Development Plan. Per the direction of the IA Board on June 21, 2018, staff worked closely with Airport to discuss funding strategies. On August 31, 2018, Airport staff formally requested that the IA Board allocated funds be dispersed on annual basis in order to maximize leveraging opportunities (Attachment #8). This amounts to \$528,750 in Fiscal Year 2020 (only nine months of revenue will be collected during FY 2020) and \$705,000 in subsequent years until the entire \$14.1 million is allocated. This request has been built into the FY 2020 – 2024 OEV capital budget discussed on page 32 of this workshop item. Importantly, and in accordance with the guidelines presented in the Interlocal Agreement establishing the sales tax, future expenditures for this project are subject to approval by the IA Board at the time of consideration.

Convention Center

As stated in the Interlocal Agreement, up to \$20 million has been identified for a new Convention Center to be built by Florida State University (FSU) as a part of the development of the FSU Arena District on the Tucker Civic Center site. On June 6, 2018, FSU submitted a letter to the IA Board requesting both the Convention Center and Airport Gateway roadway project be included in the initial round of funding priorities (Attachment #9). Per the direction of the IA Board on June 21, 2018, staff worked closely with FSU to develop funding strategies and requested additional information related to the convention center facility details and operations (Attachment #10).

In 2011, the CRA completed the HVS study and the analysis indicated that market conditions showed support for an 115,000 square foot convention center. In 2013, FSU introduced a vision for the "The Madison Mile" (later referred to as the Arena District) development and was presented to the Leon County Sales Tax Committee as economic development project. The focus was placed on development opportunities around the Civic Center expanding west along Madison Street and Gaines Street toward Doak Campbell Stadium, which included an 85,000 square foot convention center. In 2018, FSU announced a Letter of Intent with Development Ventures Group ("DeVen") to serve as the master developer of the multi-phased Arena District project. According to FSU, the initial phase of the Arena District will incorporate a multi-faceted convention facility integrating the exposition space within the Donald Tucker Civic Center, small and mid-sized rooms within Turnbull Conference Center, and mid-size to large convention

spaces within the new convention building. FSU and DeVen intend to build a full service convention center and hotel to complement the various meeting facilities, and establish Florida's capital city as a destination for state and regional conferences. However, the exact size of the convention center facility and hotel have not yet been established.

To that end and in order to ensure its full economic benefit to the community before any sales tax proceeds are invested in this project, staff presented metrics and other important operational details to FSU for the convention center facility and hotel to include the following components (Attachment #11):

- Capacity to generate county-wide conventions/conferences and events to support multiple existing hotels, restaurants, and attractions. This should include a major ballroom providing at least 25,000 square feet of meeting space (that can be subdivided into four or more meeting rooms and up to four additional rooms totaling 20,000 square feet).
- Full service conference hotel that includes at least one restaurant, valet parking, gift shop, dry cleaning, swimming pool(s) and sauna(s), well-equipped fitness center, and high-speed internet access.
- Adequate parking facilities shall be identified to support the proposed hotel, convention center, Civic Center, and other Arena District uses.
- Identify a unified marketing, sales, and operational structure for the convention center facilities to ensure a seamless booking process for meeting planners and convention experience for visitors.
- Agree on cost-sharing in regards to potential operating shortfalls for the newly constructed meeting space.

FSU agreed with staff that the metrics and other important operational details above are appropriate and mutually agreed that the viability and feasibility of them will need to be substantiated in an updated market/feasibility/operational studies (Attachments #12 and #13). Currently, FSU is seeking a commitment from IA Board regarding the timing to disburse funds once the study is performed, the need is substantiated, agreements are reached and construction is set to begin. When a timeline for the commitment of funds has been affirmed, FSU intends to spend the next several months on a market/feasibility/operational study, given the changes in the market since the last master plan study for this area was completed in 2013, and plans to collaborate with staff on the same. Both FSU and Blueprint/OEV agree to collaborate on the scope of the study for viability and feasibility of a new convention center. The study will be funded by FSU.

FSU is requesting that the IA Board include the convention center project in the initial round of funding priorities. A bond would be required since \$20 million is not available to directly fund this project in any fiscal year. Staff has affirmed with Blueprint Agency's bonding counsel that there is sufficient capacity in FY 2021 (calendar year 2020) to bond up to \$20 million for the convention center within the economic development portion of the sales tax program. The estimated annual impact to cover debt service would be \$1.49 million annually over 19 years for an estimated total payout of \$28.2 million. Bonding the convention center would have additional

impact of \$8.2 million or \$490,000 annually on the OEV budget. This timeline (as early as calendar year 2020) aligns with FSU's stated objective. More detail regarding OEV's Preliminary Draft FY 2020-FY 2024 budget can be found on page 32 of the workshop item. Additionally, once the IA receives the analysis regarding the study outcomes and determination of project details, the process to issue a bond takes three to six months from initiation to bond issuance.

While this item does not represent final action on this project, the consideration of bond financing for this project by the IA Board certainly warrants the general assent of all parties related to the basic requirements and timing of the project for the purposes of moving forward. Any commitment by the IA Board to fund this project (up to \$20M) during the 2020 calendar year (or subsequently), is contingent upon the IA Board's final approval of new conference center's square feet to be constructed and related matters, as detailed above.

Therefore, staff recommends that the IA Board authorize staff to commence the bond financing process for the issuance of up to \$20 million toward the convention center as early as October 2020 (FY 2021), subject to the IA Board's final approval of the scope, size, and operations plan for the hotel and convention center. Moreover, staff is seeking IA Board's approval to continue to participate with FSU in the market and feasibility analysis for the hotel and convention center. Specifically, both FSU and Blueprint/OEV agree to collaborate on the scope of the study for viability and feasibility of a new convention center. The study will be funded by FSU. This study will affirm the convention center facility details and operations terms based on the agreed metrics and other important operational details as discussed previously. Once completed, this information will be presented to the IA Board at a future meeting to consider the final determination of the project scope, timing of the disbursement of funds of up to \$20 million, and execution of necessary agreements to effectuate project.

The next steps for this process are listed below:

- Continue engagement and collaboration with FSU throughout their master plan and market analysis for the Arena District to finalize the convention center facility details and operations terms based on the agreed metrics and other important operational details.
- Present findings and staff recommendations to IA Board to consider timing and final determination of the project scope, timing of the disbursement of funds of up to \$20 million, and execution of necessary agreements to effectuate project commencement.

Action #4 Item: Authorize staff to commence the bond financing process for the issuance of up to \$20 million toward the convention center as early as October 2020 (FY 2021), subject to the IA Board's final approval of the scope, size, and operations plan for the hotel and convention center.

Action #5 Item: Direct staff to continue to participate with FSU in the market and feasibility analysis for the hotel and convention center and be brought back to the IA Board upon completion with staff recommendations.

C. Economic Development Proposals within the Interlocal Agreement

This section specifically addresses those economic development proposals specifically within the Interlocal Agreement, aimed at supporting and nurturing the Tallahassee-Leon County business and entrepreneurial environment. These proposals were recommended by the Leon County Sales Tax Committee to be evaluated for the utilization of the infrastructure sales tax proceeds in accordance with Part V Section 6 of the Interlocal Agreement. Staff has analyzed the proposals A-H identified in Exhibit II, Section b, Item 4 of the Interlocal Agreement. The table below explains how well these projects align with the Strategic Plan Cornerstones and each proposal is further described below with a supporting recommendation. Attachment #14 details the proposal description for each of these proposals.

In the analysis below, staff discusses new efforts that have been undertaken in the local economic ecosystem since 2014 and then provides a recommendation for each specific proposal. Each of the eight proposals and associated recommendations were discussed and endorsed by the EVLC during their September 12, 2018.

Table #4: Economic Development Proposal and Alignment to Strategic Plan Cornerstones

Interlocal Agreement	Strategic Plan Cornerstones					
Economic Development Proposals for Evaluations	Business Formation	Tech Transfer & Comm.	Business Retention & Expansion	Business Recruitment	Creative Economy	Talent Pipeline
A. Entrepreneurial Development Fund	X	X	X	X		X
B. Minority & Women Business Investment	X		X	X		
C. Technology & Innovation Incubators	X	X	X	X		
D. Business Retention, Expansion & Attraction <i>Done: Implemented by OEV</i>		X	X	X		X
E. Economic Opportunity Rapid Response <i>In development by OEV</i>			X	X		X
F. Quantum Leaps & Signature Festivals <i>Done. Implemented by Tourism</i>					X	
G. South Monroe/Adams Corridor Catalyst	X		X	X	X	
H. Raising the Ship Talent Development <i>Done. Implemented by OEV and Career Pathways Council</i>						X

Proposal A: The ***Entrepreneurial Development Fund*** proposes a way to provide a source of funding to enhance present and develop new entrepreneurial support programs. On March 2, 2018, the Incubation and Accelerator Study, performed by Business Cluster Development in partnership with Camoin Associates, was accepted by the IA Board. This study reviewed and analyzed the local business formation landscape and entrepreneurial resources, in order to provide (1) an objective understanding of the landscape, and (2) recommendations on improvements to the entrepreneurial support programs, which include incubators and accelerators (Attachment #15). One recommended action in the study is the development of a competitive grant program to implement future mentoring/training programs and expand incubation/acceleration programs.

Recommendation: Continue to evaluate the funding of this proposal and refer to the EVLC for recommendations and ultimately to the IA Board for consideration as part of the development of the FY 2020 budget process.

Proposal B: The ***Minority & Women Business Investment Fund*** proposes microloans to help minority and women owned small business and entrepreneurs. The objective of microloans is to offer loans at favorable terms to help low income, as well as those challenged by credit issues, to become more self-sufficient. The community has pushed for a local small business driven economy and according to the Incubator and Acceleration study, access to local capital is a problem that continues to hinder growth by local startup businesses. This initiative could also keep businesses in close touch with local capital funding institutions. Recently, the FAMU Federal Credit Union partnered with the Department of Economic Opportunity to administer the Black Business Loan Program. The Credit Union was awarded \$1.1 million for the program that provides alternative lending opportunities and technical assistance to black entrepreneurs that cannot obtain capital through conventional lending institutions but could otherwise compete successfully in the private sector. In addition, Apalachee Regional Planning Council (ARPC) operates a revolving loan program, financed by the U.S. Department of Commerce Economic Development Administration (EDA), to provide a source of capital for businesses in this region, which is designed to fill capital gaps and promote job creation. The average loan is \$25,000 for terms not exceeding five years, and fixed asset loans are made for periods not exceeding ten years. ARPC's loan portfolio is \$550,000 and is consistently fully utilized. In order to expand the program, the Economic Development Administration and the United States Department of Agriculture (USDA) require local matches.

Recommendation: Evaluate partnerships with FAMU Federal Credit Union and ARPC in order to maximize the investment of microloans to help minority and women owned small businesses and entrepreneurs. Staff also recommends that FAMU Small Business Development Center be engaged in the evaluation of these partnership opportunities. Once this evaluation is complete, it will be referred to the EVLC for recommendations and ultimately to the IA Board for consideration as part of the development of the FY 2020 budget process.

Proposal C: ***Technology & Innovation Incubators*** would fund the support of existing incubation programs and/or start new ones. Since 2014, there have been several advancements

in the community's incubator landscape, most notably Domi Station and Kitchenshare. These advancements have been evaluated as part of the Incubation and Accelerator Study as well as identified strengths, weaknesses, opportunities, and threats impacting the entrepreneurial ecosystem. This study recommends strategies and tactics that leverage opportunities for continued success, and address challenges to accelerating the growth of startups and early stage businesses in Tallahassee-Leon County.

Currently, the landscape amongst incubators is facing rapid development. Leon County Research and Development Authority (LCRDA), Domi Station, and Tallahassee Community College are all pursuing expansions or seeking to establish new programs. Therefore, staff is recommending that all request of funds regarding the construction of new and/or expanding incubator facilities be evaluated by staff and referred to the ELVC or CPC, before being brought back to the IA Board for consideration. Any formalized agreements will be required prior to the financing or disbursement of any sales tax funds for projects and will be based on availability of funding.

Recommendation: Direct staff to evaluate any future funding requests regarding the construction of new and/or expanding incubator facilities and refer to the ELVC or CPC before being brought to the IA Board for consideration.

To that end, this summer the LCRDA submitted a grant proposal to the U.S. Department of Commerce's Economic Development Agency (EDA) to fund \$8.5 million out of a \$17 million incubator project to support moving university and entrepreneurial intellectual property into the marketplace. This grant opportunity is unique as it provides a greater leverage rate than other EDA grants since it is specifically for communities impacted by disasters in 2017. Specifically, this grant provides investment assistance to help communities and regions devise and implement long-term economic recovery strategies through a variety of non-construction and construction projects to address economic challenges.

LCRDA's incubator project seeks to address economic challenges in the Tallahassee-Leon County region by closing the gaps identified in the Incubator and Accelerator Study, including: (1) incubation for companies at the startup stage of the life cycle; (2) expertise in the form of mentoring and subject matter experts, (3) access to specialized resources at FSU and FAMU, including core labs and faculty; (4) shortage of experienced management talent; and (5) access to capital. It should be noted, that the proposed project's programs, unique spaces, and equipment does not currently exist in the region.

The initial proposal was accepted by the EDA and LCRDA has until September 30, 2018 to submit a formal application for the project accompanied by facility details and the required 1:1 local cash match. LCRDA has requested \$2 million from the IA Board (Attachment #16). It is anticipated that a formal announcement on the award will be late 2018.

This incubator project is designed to assist individuals with business acumen, attract serial entrepreneurs that license technology, and entice venture capital to the area by offering

innovations to enhance their portfolio company's technology. LCRDA is proposing a 40,000 square foot high-tech incubator that will include wet labs, tissue and bio-culture room, engineering/light manufacturing spaces, an innovation lab for prototype development and smaller manufacturing, as well as offices and supporting amenities. In addition, LCRDA built a management plan to ensure self-sustainability of operating expenses and the pro forma shows that the incubator will achieve this goal in Year 2. Specific details are in Attachment #16.

FSU has pledged \$2.5 million toward this proposal. LCRDA is currently seeking the remaining matching funds (approximately \$6 million) from OEV, FAMU, and the State of Florida (specifically DEO). FAMU has submitted a letter of support and is exploring funding options. LCRDA is also in contact with DEO regarding matching funds as well. It should be noted that there is some urgency related to competing for and ultimately receiving construction funds from EDA, which is due on September 30, 2018. At the time of writing this item, LCRDA was still awaiting word from FAMU and DEO on the request for matching funds.

Should the IA Board wish to support the \$2 million request, these funds would specifically be for the construction of the 40,000 high-tech incubator facility, as detailed in Attachment #16, and not for operating costs. Based on the request letter, it is anticipated that the project will start in January 2019 with construction commencing by June 2019, if LCRDA is awarded the grant; however, funding from the economic development portion of the infrastructure sales tax will not begin until January 1, 2020. The EDA is asking that all matching funds be available at the start of construction, which according to the LCRDA will begin in June 2019. Should the IA Board wish to allocate \$2 million toward the LCRDA incubator project, funding capacity is available between cash and bonding options in FY 2020 and FY 2021. For information on the availability of funds in the OEV Capital Budget for FY 2020 – 2024, see page 32 of the workshop item.

In light of this funding request and that this projects fills gaps identified in the Incubator and Accelerator Study discussed above, staff recommends issuing a letter of support for the 40,000 square foot high-tech incubator (as presented in the LCRDA proposal) as required for the EDA grant process and pledge \$2 million to support this project. Should LCRDA be successful in obtaining the EDA grant, staff will bring an agenda item to the IA Board at the February 28, 2018 meeting, to discuss the funding strategy, next steps, and formalize any and all agreements prior to the financing or disbursement of any sales tax funds for this project to ensure that LCRDA has the funds available at the time of construction as required by the EDA.

Should the size, scope, total cost, or cost per square foot of the LCRDA Incubator project deviate from the target as presented in their proposal, the IA Board reserves the right to reevaluate the funding commitment.

Recommendation: Direct staff to issue a letter of support for the 40,000 square foot high-tech incubator as presented in the LCRDA proposal and pledge \$2 million to support this project. Should LCRDA be awarded the grant, direct staff to bring an agenda item on February 28, 2019 identifying the next steps, funding strategy to meet the grant

requirements, and any necessary agreements to formalize the IA Board's participation in the project.

Proposal D: The ***Business Retention, Expansion & Attraction Fund*** proposes to provide the community a toolkit to grow local businesses and attract companies that pay higher than average wages. As discussed previously in this workshop item, staff has already implemented the CapitalLOOP program, a business retention and expansion program with over 100 business consultations to date. This proposal was brought to the EVLC and to the IA Board for approval in March 2017. In addition, Attachment #17 details the incentive programs available in the Investment Toolkit for all eligible expanding businesses. It should be noted that staff continuously researches and tracks industry standards and listens to business needs in order to best position all resources for promoting Tallahassee – Leon County as Florida's Capital for Business.

Recommendation: No further action needs be taken on this proposal as it is already being implemented by staff.

Proposal E: The ***Economic Opportunity Rapid Response*** proposal would provide resources to quickly leverage and close gaps between state incentives and project needs. The Economic Development Strategic Plan also calls for the establishment of a quick action closing fund to serve as “deal-closing” fund to award cash grants to major relocation projects. Closing fund awards would be paid out after the business has made a substantial capital investment to the project and should only be used to win competitive projects that have significant return on investment. Toward this effort, staff recently developed the Elevate Florida's Capital Fund (“the Elevate Fund”), a local funding initiative designed to recognize the vital role ecosystem partners play in the economic development landscape and equip them with funds to execute actions that directly support the community's strategic economic development and align to the target industries. The Elevate Fund utilizes a three-prong approach to promote economic vitality in Tallahassee-Leon County: workforce development, partnership opportunities, and physical assets. Staff is currently in the process of researching and evaluating the development of a third grant, which is a proposed to provide incentives associated with developing physical assets to facilitate and enhance economic vitality and competitiveness in Florida's Capital community. Implementation of this grant is dependent on the availability of funds in the sales tax economic development program.

Recommendation: Continue to evaluate the establishment of a fund associated with developing physical assets to facilitate and enhance economic vitality and competitiveness in Florida's Capital, refer to the ELVC or CPC for recommendations, and ultimately to the IA Board for consideration.

Proposal F: The ***Quantum Leaps & Signature Festival*** is a proposal that seeks to grow and support Tallahassee-Leon County as a cultural destination through festivals and arts by providing grants for festivals that draw tourists, grants to support new and expanding cultural offerings & grants to propel cultural organizations to a new level of sustainability. This proposal aligns with The Creative Economy Cornerstone and supports Goal I from the Strategic Plan.

Currently, the Leon County Division of Tourism (Tourism) manages grant funding programs designed specifically to grow and support Tallahassee as a cultural destination. Since 2014, approximately \$1.53 million has been allocated by Tourism to support the Special and Signature Event grant programs and another \$450,000 will be allocated in FY 2019. The Signature Event Grant Program was established in 2015 to support existing large festivals such as Springtime Tallahassee, Red Hills International Horse Trials, and Market Days, to name a few. A newly created designation of Emerging Signature Events was also established in 2017 to support new or expanding festivals such as Word of South, Florida Jazz and Blues Festival, and LeMoyne Chain of Parks. The grant programs are an annual competitive process reviewed and approved by the Tourist Development Council (TDC). The grant program is designed to ensure transparency, the greatest return on investment of the public dollars, and the greatest economic impact to the community. The Council and Culture and Arts also provides funding to many of these organizations through the allocation of 1¼ cents of tourism development funds, which is approximately \$1.42 million in FY 2019. In FY 2018, the Community Redevelopment Agency (CRA) allocated a total \$135,000 in grant funding for Downtown promotional/special events (\$35,000) as well as large events (\$100,000) which supported events such as Springtime Tallahassee and Word of South; however the FY 2019 budget reduces that amount to \$75,000. In addition, the CRA FY 2019 Budget includes funding (\$50,000) for the Greater Frenchtown/Southside District Promotional/Special Event Grant Program.

Recommendation: No further action needs be taken on this proposal, as it is already being implemented by the Leon County Division of Tourism.

Proposal G: The **South Monroe/Adams Corridor Catalysts** proposal would provide aesthetic and community funding along with the Monroe-Adams Street Corridor Action Plan. Private sector has shown a strong promising future due to initial public investment through infrastructure upgrades such as Cascades Park and the extension of the Capital Trail as well as the Monroe-Adams Corridor Placemaking project, which is a Blueprint 2020 infrastructure project. This proposal also intends to support the Florida A&M University Small Business Development Center on the Southside over a ten-year period and the FAMU Urban Agriculture Project. It should be noted that since 2014, several improvements have made and/or are in progress in the South Monroe/South Adams corridor. This includes the completion of FAMU Way and Lake Anita, Capital Cascades Crossing Pedestrian Bridge, #IHeartTally KCCI project, opening of Happy Motoring Company, as well as the relocation of the Proof Brewing Company and renovation of the old Graphateria Building for the Catalina Coffee Roastery.

Recommendation: Funding of the South Monroe/Adams Corridor Catalysts proposal continue to be evaluated and refer to the EVLC for recommendations and ultimately to the IA Board for its future consideration as part of the development of the FY 2020 budget process.

Proposal H: Raising the Ship Talent Development proposal seeks to provide funding for an in-depth assessment of job seekers, estimated employment needs, capital funding for a Southeast Regional Center of Excellence and pragmatic funding to support a Socially

Responsible Enterprise. In the last two years, CareerSource Capital Region, local businesses, educational providers and economic development entities embarked on a partnership that seeks to develop the thriving talent market, by seeking to transform the way the area learns about careers that are available in the region. The Career Pathways project has transformed the way our community learns careers and training in the region. Students, parents, teachers and career seekers are able to explore career paths and learn about training opportunities. This Career Pathways project is chaired by Kim Moore, VP of Workforce Development at TCC and staff currently serves on the council. This collaborative effort seeks to proactively adapt to the changing needs of career seekers, and employers in the Capital Region.

In addition, the IA Board recently adopted the workforce development program of the Elevate Fund addresses requests for workforce training grants that address gaps between existing workforce development/training programs and the identified needs of local businesses seeking to expand their workforce. Through this initiative, OEV seeks to catalyze programs that support shifting market needs and unanticipated opportunities for growth within Tallahassee-Leon County's target industries, and effectively address one or more of the following the economic development priorities within the Strategic Plan. The Elevate Workforce Program recognizes the vital role ecosystem partners play in the economic development landscape and equips them with funds to execute programs that directly support the community's first-ever long-term plan for strategic economic development, specifically within the talent pipeline. In order to develop this program, staff met with workforce partners and presented to the EVLC for recommendations and input. This program was subsequently approved by the IA Board on March 1, 2018. In addition, staff is also hosting the Training Our Talent events with professional experts to help improve employee relations and talent development for business within Tallahassee-Leon County.

Recommendation: No further action needs to be taken on the Raising the Ship Talent Development proposal.

It should be noted, staff continuously engages in all aspects of the development of a talent pipeline and evaluates opportunities as they arise and align with the Strategic/Work Plan and Target Industry Study. Opportunities to strengthen talent development in our community will be evaluated and referred to the EVLC for consideration and ultimately to the IA Board for consideration.

Summary: This analysis presents the IA Board a process to evaluate and fully address each of the economic development proposals within the Interlocal Agreement aimed at supporting and nurturing local Tallahassee-Leon County business growth. Throughout this evaluation process staff has determined that three economic development proposals have already been implemented and need no additional action at this time. In addition, a fourth proposal is currently in development by staff. As mentioned previously, the above eight proposals and associated recommendations were discussed and endorsed by the EVLC during their September 12, 2018 meeting. Therefore, staff is recommending that five proposals continue to be evaluated and brought to the EVLC for recommendations, and ultimately to the IA Board for consideration.

Action Item #6: Direct staff to continue to evaluate the following economic development proposals required by the Interlocal Agreement, with guidance from the EVLC, and to the IA Board for consideration:

- **Consideration of Entrepreneurial Development Fund (Proposal A) as recommended in the Incubation and Accelerator Study.**
- **Collaborate with the FAMU Small Business Development Center to evaluate partnerships with FAMU Federal Credit Union and Apalachee Regional Planning Council to maximize the investment of microloans to help minority and women owned small businesses and entrepreneurs (Proposal B).**
- **Identify the criteria and process to evaluate future funding requests regarding the construction or expansion of incubator facilities.**
- **Continue to evaluate the establishment of a fund associated with developing physical assets that will facilitate and enhance economic vitality and competitiveness in Florida's Capital (Proposal E).**
- **Evaluate the South Monroe/Adams Corridor Catalyst proposal (Proposal G).**

Action Item #7: Direct staff to take no further action on the following proposals: Business Retention, Expansion and Attraction (Proposal D), Quantum Leaps & Signature Festivals (Proposal F), and Raising the Ship Talent Development (Proposal H).

Action Item #8: Direct staff to issue a letter of support for the 40,000 square foot high-tech incubator as presented in the LCRDA proposal and pledge \$2 million to support this project; Should LCRDA be awarded the grant, direct staff to bring back an agenda item on February 28, 2019 identifying the next steps, funding strategy to meet the grant requirements, and any necessary agreements to formalize the IA's participation in the project.

D. Fiscal Year 2019 Operating Budget Summary

The proposed FY 2019 Office of Economic Vitality budget is \$1.26 million and represents a 1.3% overall decrease from the FY 2018 adopted budget. Funding is included for all division activities such as business vitality, research, and minority, women, and small business enterprise programs. In accordance with the terms of the First Addendum to the Second Amended and Restated Interlocal Agreement, as approved July 13, 2016, funding for the OEV is split evenly between the City and County. Funding for the OEV is generated within the Leon County and City of Tallahassee annual budgets, respectively, until FY 2020 when funding shall be derived from the local option sales tax extension proceeds. The detailed budget is provided in Attachment #18 and the analysis is below.

Personnel Services

Personnel Services budget is \$1.07 million. This represents a decrease of \$47,678, or 4.26%, from FY 2018 adopted budget. The decrease in salaries is a result of adjustments made for personnel changes that occurred during the current fiscal year. Pay adjustments for City or County employees will be approved consistent with the final budget of jurisdiction in which the employee's benefits are provided. The proposed FY 2019 Operating Budget for OEV reflects an increase of 3%, but will be adjusted according to action by the City and County, respectively.

Operating Expenses

OEV's operating expense budget for FY 2019 is \$194,079 and represents an 18.8% increase over the FY 2018 adopted budget. Funding is included for all division activities such as business vitality, research, and minority, women, and small business enterprise programs. There are two reasons for this increase: \$10,000 in professional services for the Training Our Talent Series and \$22,703 in allocated costs for human resources, accounting and purchasing. The first Training Our Talent event was held on July 12, 2018 with over 60 people in attendance and received positive feedback from attendees. More information on this event can be found in Agenda Item #3 of the IA Board's September 20, 2018 meeting. Funding in the amount of \$10,000 establishes an annual training series with professional expert to help improve employee relations and talent development for businesses within Tallahassee-Leon County. In addition, the City has allocated costs to OEV for human resources, accounting and purchasing in the amount of \$22,703 to cover administrative overhead costs incurred by the City.

Business Recruitment and Incentive Budget

In FY 2017, the County and the City appropriated \$1 million (\$500,000 each) to support the Business Recruitment and Incentive (BRI) Fund to leverage and maximize job creation opportunities and other opportunities related to the implementation of the strategic/work plan through FY 2020. Current BRI funds are sufficient to implement these programs for the next budget year with approximately \$837,000 allocated through the end of FY 2019. BRI budget details are included as Attachment #19.

Summary FY 2019 OEV Operating Budget

In summary, the proposed FY 2019 Operating Budget is \$1.26 million for the Office of Economic Vitality, a decrease of 1.3%, and accomplishes the following:

- Provides funding for health and retirement costs and merit based salary increases
- Dedicated staff to advance the applied sciences and manufacturing targeted sectors.
- Continuous economic indicator monitoring utilizing state of the art software and establishment of the new Training Our Talent engagement program.

Staff continues to research and track industry standards and listen to business needs in order to best position all resources for promoting Tallahassee – Leon County as Florida's Capital for Business.

E. Fiscal Year 2020 – 2024 Preliminary Draft Operating, Capital Projects, Business Incentives and Grant Budget Summary

The FY 2020-2024 Preliminary Draft Budget summary provides guidance for the implementation of the 2020 sales tax program as it relates to personnel, operating, shared, capital improvement projects, business incentives and grants, and reserves as outlined in Table #5.

Importantly, the 2020-2024 Preliminary Draft Budget gives a high level overview of the operating budget increases that OEV will experience during the first year of implementation for the economic development sales tax. Beginning in FY 2020, OEV will be allocating funding toward share costs with the Blueprint Infrastructure Program for administration, communications, legal, rent, and office equipment. These shared costs were not previously included in OEV's budget.

It is important to note that in the spring of 2016 when the City and the County consolidated their MWSBE offices under the OEV, it was agreed that the IA Board may wish to consider utilizing future economic development sales tax proceeds to fund the MWSBE program. Currently, the MWSBE Division represents approximately 33% of the OEV personnel and operating budget. The Preliminary Draft FY 2020-2024 budget, currently includes funding the MWSBE program from the economic development portion of the sales tax proceeds; following the IA Board's approval of the Disparity Study and its recommendation, staff will bring an agenda item seeking additional guidance regarding MWSBE funding as part of the FY 2020 budget development process.

Table #5: Preliminary Draft FY 2020-2024 OEV Budget Summary

Revenue	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
12% of Sales Tax Proceeds	\$ 4,033,400	\$ 5,498,900	\$ 5,663,900	\$ 5,833,700	\$ 6,008,700
County and City Funding First Three months in FY 2020	\$ 386,024	\$ -	\$ -	\$ -	\$ -
Expenditures	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personnel and Operating ¹	\$ 2,001,811	\$ 2,217,454	\$ 2,265,731	\$ 2,315,457	\$ 2,366,675
Tallahassee International Airport	\$ 528,000	\$ 705,000	\$ 705,000	\$ 705,000	\$ 705,000
FSU Convention Center	TBD	TBD	TBD	TBD	TBD
Business Incentives and Grants ¹	\$ 544,705	\$ 470,131	\$ 609,294	\$ 505,536	\$ 1,012,870
<i>Total</i>	\$ 3,074,516	\$ 3,392,585	\$ 3,580,025	\$ 3,525,993	\$ 4,084,545
Remaining Funds	\$ 1,333,622	\$ 2,106,316	\$ 2,083,875	\$ 2,307,707	\$ 1,924,155
5% of Revenue in Reserves	\$ 201,670	\$ 274,945	\$ 283,195	\$ 291,685	\$ 300,435
Fund Balance	\$ 1,131,952	\$ 1,831,371	\$ 1,800,680	\$ 2,016,022	\$ 1,623,720

1. Includes funding for all current project incentive obligations including the Target Business Program (TBP). OEV has approximately \$2 million in TBP obligations through FY 2029.

It should be noted that 5% of revenues are being placed in a reserve fund that may be leveraged for future economic development incentives and future initiatives/actions needed to implement Work Plan currently available in the Investment Toolkit to eligible expanding business. In addition, the fund balance demonstrates that funding is available for the anticipated debt service costs associated with the Convention Center project once further details regarding the convention center facility and operations have been addressed.

The proposed expenditures include funding allocations for economic development program capital projects, business incentives, and grants in the amount of \$1.07 million in FY 2020. Funding allocations for business incentives is based on current project obligations including the Target Business Program (TBP). Currently, OEV has approximately \$2 million in TBP obligations through FY 2029, which is included in this preliminary draft budget. Approximately \$125,000 for grant programs previously approved by the IA Board such as Elevate Florida Workforce Development and Sponsorship Grant Programs is included. In regards the capital improvement projects, as requested by the Airport staff, funding has been allocated on an annual basis.

As discussed on page 20, FSU is requesting that the IA Board include the convention center project in the initial round of funding priorities. To do so, a bond would be required since there is not \$20 million available to directly fund this project in any fiscal year. Staff has affirmed with Blueprint Agency's bonding counsel that there is sufficient capacity in FY 2021 (calendar year 2020) to bond up to \$20 million for the convention center within the economic development portion of the sales tax program. The estimated annual impact to cover debt service would be \$1.49 million annually over 19 years for an estimated total payout of \$28.2 million. Bonding the convention center would have an additional impact of \$8.2 million or \$490,000 annually on the OEV budget. As discussed previously, staff recommends the IA Board authorize staff to commence the bond financing process for the issuance of up to \$20 million toward the convention center as early as October 2020 (FY 2021), subject to final approval of the scope, size, and operations plan for the hotel and convention center. Once completed, this information will be presented to the IA Board at a future meeting to consider the final determination of the project scope, timing of the disbursement of funds, and execution of necessary agreements to effectuate project commencement.

As discussed on page 25, LCRDA is requesting \$2 million in funding to support their incubator project. FSU has committed \$2.5 million. In addition, FAMU has submitted a letter of support and is exploring funding options. LCRDA is also in contact with DEO regarding matching funds as well. At the time of writing this item, LCRDA has not yet satisfied the local matching requirements. Should the IA Board wish to support the \$2 million request, these funds would specifically be for the construction of the 40,000 high-tech incubator facility, as detailed in Attachment #16, and not for operating costs. Based on the funding request letter, it is anticipated that project will start in January 2019 with construction to commence in June 2019, if LCRDA is awarded the grant; however, funding from the economic development portion of the infrastructure sales tax will not begin until January 1, 2020.

In light of this funding request filling gaps Incubator and Accelerator Study discussed above, staff recommends issuing a letter of support for the 40,000 square foot high-tech incubator (as presented in the LCRDA proposal) as required as part of the EDA grant process and pledge \$2 million to support this project. Should LCRDA be successful in obtaining the EDA grant, staff will bring an agenda item to the IA Board on February 28, 2019, to discuss the funding strategy, next steps, and formalize any and all agreements prior to the financing or disbursement of any sales tax funds for this project. However, should the size, scope, total cost, or cost per square foot of the LCRDA Incubator project deviate from the target as presented in their proposal, the IA Board reserves the right to reevaluate the funding commitment.

As mentioned previously, staff will be working throughout the next year to evaluate the budgetary needs of OEV to continue to implement the Work Plan, increase economic competitiveness of the region, and best position Tallahassee-Leon County as Florida's Capital for Business. Staff will also continue to evaluate funding requests for the LCRDA incubator, Airport, economic development proposals, current and future business incentives, and actions being undertaken as part of the implementation of the Work Plan. Staff will bring to the IA Board a proposed FY 2020-2024 Operating and Capital Projects, Business Incentives and Grants as part of the proposal FY 2020 budget process.

Action Item #10: Accept the OEV Preliminary Draft FY 2020-2024 Budget Summary.

IV. CONCLUSION AND NEXT STEPS

This workshop item highlights the progress of OEV, its programs, actions, and the implementation of the Economic Development Strategic Plan as well as outlining the key next steps and objectives to move OEV forward in its implementation of the Blueprint 2020 sales tax program. Most significant, is the positive economic impact that OEV has had on Tallahassee-Leon County since 2016, which is depicted in the graphic on the right. Over the last two years, OEV has completed 19 actions with nearly 50 ongoing actions being implemented. In the next three years, OEV will be embarking on the remaining actions recommended in the Target Industry Study, such as launching efforts aimed at applied sciences and manufacturing and the accompanying marketing actions. In addition, OEV will continue to work with stakeholders, business leaders and economic ecosystem partners to increase Tallahassee-Leon County's economic competitiveness and promote the area as a business generator.



Below is an outline of next steps over the coming 18 months as OEV begins to move toward the implementation of the 2020 economic development program utilizing funding from the

infrastructure sales tax. All project activities and actions described below are subject to change based on direction received from the IA Board in the workshop or at any time in the future.

December 13, 2018: Disparity Study is the final step in completing the consolidation of the City and County programs through the recommendation of one policy for the MWSBE program. Furthermore, the Disparity Study will recommend new aspirational targets for the City of Tallahassee, Leon County and Blueprint projects. Once the IA Board receives the Disparity Study and adopts its findings, the key action statements will be added to the Work Plan.

February 28, 2019: Should LCRDA receive the EDA grant, staff will present funding strategies and next steps regarding the LCRDA's high-tech incubator project to formalize any and all agreements prior to the financing or disbursement of any sales tax funds to ensure LCRDA has the funds available at the time of construction, as required by the EDA.

June 27, 2019: Present the evaluation and EVLC recommendations for the economic development proposals (A, B, E, and G) for IA Board's part of the development of FY 2020 budget process.

Summer/Fall 2019: Present the findings of the updated market analysis for the FSU Arena District, associated hotel and convention center in order to discuss the final determination and timing of funding.

September 5, 2019: Adoption of the FY 2020 budget.

January 1, 2020: Blueprint 2020 program begins collecting funding.

EVLC Actions: During the September 12, 2018 meeting, the EVLC recommended that the IA Board accept the options within this workshop item.

OPTIONS:

1. Accept the update on the Economic Development Strategic/Work Plan for Tallahassee-Leon County toward ongoing economic growth actions.
2. Direct staff to transition the Economic Vitality Competitiveness Committee to targeted and strategic taskforces, to include Magnetic Technologies, Leon Works Expo, Manufacturing and Data, to provide specific feedback on competitiveness within the target industries and amend agreements, if necessary.
3. Accept the OEV restructuring plan in order to optimize the shared human and technical resources.
4. Authorize staff to commence the bond financing process for the issuance of up to \$20 million toward the convention center as early as October 2020 (FY 2021), subject to the

IA's final approval of the scope, size, and operations plan for the hotel and convention center.

5. Direct staff to continue to participate with FSU in the market and feasibility analysis for the hotel and convention center and be brought back to the IA Board upon completion with staff recommendations.
6. Direct staff to continue to evaluate the following economic development proposals required by the Interlocal Agreement, with guidance from the EVLC, and to the IA Board for consideration:
 - a. Consideration of Entrepreneurial Development Fund (Proposal A) as recommended in the Incubation and Accelerator Study.
 - b. Collaborate with the FAMU Small Business Development Center to evaluate partnerships with FAMU Federal Credit Union and Apalachee Regional Planning Council to maximize the investment of microloans to help minority and women owned small businesses and entrepreneurs (Proposal B).
 - c. Identify the criteria and process to evaluate future funding requests regarding the construction or expansion of incubator facilities.
 - d. Continue to evaluate the establishment of a fund associated with developing physical assets that will facilitate and enhance economic vitality and competitiveness in Florida's Capital (Proposal E).
 - e. Evaluate the South Monroe/Adams Corridor Catalyst proposal (Proposal G).
7. Direct staff to take no further action on the following proposals: Business Retention, Expansion and Attraction (Proposal D), Quantum Leaps & Signature Festivals (Proposal F), and Raising the Ship Talent Development (Proposal H).
8. Direct staff to issue a letter of support for the 40,000 square foot high-tech incubator as presented in the LCRDA proposal and pledge \$2 million to support this project; Should LCRDA be awarded the grant, direct staff to bring an agenda item on February 28, 2019 identifying the next steps, funding strategy to meet the grant requirements, and any necessary agreements to formalize the IA Board's participation in the project.
9. Accept the OEV Preliminary Draft FY 2020-2024 Budget Summary.
10. Board direction.

RECOMMENDED ACTIONS:

Options #1-9.

Attachments:

1. Tallahassee-Leon County Economic Development Strategic Plan Executive Summary
Link to entire study: <http://oevforbusiness.org/wp-content/uploads/2016/10/Strategic-Plan-Tallahassee-Leon-County-Economic-Development.pdf>

2. Office of Economic Vitality Performance Metrics
3. Office of Economic Vitality Work Plan and Timeline
4. Office of Economic Vitality Committees and Membership
5. Review of the Economic Segregation Research
6. Target Industry Report Executive Summary
Link to the entire study: <http://oevforbusiness.org/wp-content/uploads/2018/02/Target-Industry-Study.pdf>
7. Interlocal Agreement: Economic Development Capital Projects Descriptions
8. August 31, 2018 Tallahassee International Airport Request for Funding Letter
9. June 6, 2018 Florida State University Letter Regarding Convention Center Funding
10. July 9, 2018 PLACE email to FSU to Request Details on Convention Center Facility
11. August 22, 2018 PLACE letter to FSU to Request Details on Convention Center Facility
12. September 4, 2018 FSU Letter to PLACE Responding to Request for Details on Convention Center Facility
13. September 6, 2018 FSU email to PLACE on Convention Center Facility
14. Interlocal Agreement: Economic Development Program Proposals Descriptions
15. Incubation and Accelerator Study as included in the Target Industry Study
16. August 29, 2018 Leon County Research and Development Authority Request for Funding Letter
17. Office of Economic Vitality Investment Toolkit
18. Office of Economic Vitality's FY 2019 Proposed Budget
19. Business Recruitment and Incentive Fund



Tallahassee-Leon County Office of
ECONOMIC VITALITY

Grow. Innovate. Experience.



ECONOMIC DEVELOPMENT STRATEGIC PLAN

October 12, 2016

Prepared by:



VISIONFIRST ADVISORS

STRATEGY | ACTION | RESULTS

A SUBSIDIARY OF BUTLER SNOW LLP

Preface

Recognizing the need to invest in and cultivate the evolving economic development landscape, Tallahassee – Leon County, the County and City Commissions approved a voter referendum which made it the second community in Florida to include economic development as part of a sales tax initiative. Along with the funding comes a new framework for economic development that will shape the community’s future business environment and sustain long term economic vitality.

Tallahassee-Leon County is asset rich with a myriad of supporting organizations, partners, community stakeholders and planning bodies each with its own set of approaches that often directly and indirectly influence economic development. The strategic plan on the following pages focuses on aligning those resources to better optimize what the area affords and providing opportunity for all.

Notably, this plan would not be as robust without the more than 1,100 citizens and leaders who have provided input to VisionFirst Advisors about the future of economic development. The feedback, combined with research and our team’s combined 90 plus years of economic development experience has all been integrated into the goals, objectives, strategies and tactics on the following pages. To that end, the plan serves as the guidepost for the community and carried out by the newly created Office of Economic Vitality (OEV). It will enable the OEV staff to initiate a new and comprehensive strategic direction to truly transform the face of economic development in the community. It is not just a plan to fund programs.

As the plan is rolled out, it is imperative that all understand it is a “crawl, walk, run” approach that is designed to parallel the ramp up of the OEV. The challenge will be moving quickly to implement immediate strategies and tactics while at the same time developing a system and process that supports a holistic approach to economic development – something that has never been done in the community. The plan provides a structure for continued feedback from stakeholders to support economic development competitiveness providing greater alignment of resources and maximizing efficiencies.

It is important to note that the strategies delivered in this report are designed to accommodate ever-changing market conditions and political cycles. It is a plan that should be implemented with a laser-like focus and without hesitation to bring together all partners, stakeholders and organizations under a common purpose for the betterment of the community.

We understand the task ahead of you and know it will not be easy, as few meaningful undertakings are. But we are optimistic about this new focus on economic development in Tallahassee-Leon County – our hometown. The community is fortunate to have leadership engaged, wanting to build a vibrant economy for generations to come. We look forward to being involved in the implementation and appreciate your selection of VisionFirst Advisors to assist you in this endeavor.



Gray Swoope
President & CEO, VisionFirst Advisors

Executive Summary

Tallahassee-Leon County is ready.

Like few communities we have encountered in more than 30 years of economic development experience, the community has aligned its resources to create the infrastructure necessary to support economic growth. Needed assets and partner organizations exist, and the challenges identified are surmountable. Now is the time for considered action and leadership.

Using this plan as a springboard, it is imperative for the community to position itself for economic opportunity bringing together all of its assets, resources and stakeholder organizations to overcome existing challenges, working collaboratively towards a common objective.

Tallahassee-Leon County is noted for its strong infrastructure, culture, natural resources, diversity and the presence of a vibrant creative class. Among its many assets, it has an international airport, two world-class universities and college, a significant public–sector presence along with an involved private-sector business base. Despite unique advantages, the area holds the perception of being unfriendly to business, isolated, economically segregated and with high crime rates. Maybe even more daunting to those challenges is a lack of a unified vision about what a successful economic development strategy looks like for Tallahassee-Leon County.

Engaged in the process there exists a very vocal set of stakeholders with their own definition of economic development that is seen through the lens of their organization’s objectives. As a result, the community’s past economic development efforts appeared disjointed and with little indication of success. Tallahassee-Leon County has become a community that has seen tactical success with little strategic progress.

Citizen Engagement

To provide support for future economic growth, in 2014 Tallahassee-Leon County residents voted overwhelmingly to approve a one cent sales tax which devotes 12 percent to economic development, estimated to produce \$90.7 million over the next 20 years. Understanding the enormity of the opportunity for transformational change to occur in economic development, created by the dedication of 12 percent of sales tax revenue, and to support, sustain and propel collective economic development efforts, a new model and approach to economic development was required. In addition to citizens’ vote, City and County Commissioners pledged that they would provide opportunities for citizen input in setting up the economic development administrative structure, strategies, programing, projects, initiatives, et.al.

Leadership Guidance

On February 29, 2016 the Intergovernmental Agency (IA) directed the County Administrator and City Manager to establish the Tallahassee-Leon County Office of Economic Vitality through a consolidation of the City and County economic development offices within the IA structure and under the Department of Planning, Land Management, and Community Enhancement (PLACE). The Office of Economic Vitality brings together all the programs and divisions that support the long-term economic health of the community under one manager. These programs and divisions include: Minority/Women and Small business Enterprise, Research, and Business Analytics. Both the City and County Commissions are committed to working collaboratively with the community’s economic

development partners to achieve mutual goals. A point each emphasized be addressed in this Strategic Plan.

Research & The Voice of the Community

A key step in the development of this Strategic Plan was the process of listening to the voice of the community. In all, over 1,100 individuals participated in some way to provide feedback, input and ideas for the Plan. Fifty in-person interviews and seven facilitated discussions – personally reaching more than 400 people – were held to gather key stakeholder input from local leaders, community advocates and business executives. In addition, a community survey was developed with the OEV staff to gather input from residents on where they would like to see the city/county focus its economic development efforts over the next five years, types of industries that should be recruited as well as suggestions on retaining talent and developing entrepreneurs. More than 700 residents provided input using the survey. The same survey was provided at a breakout session at the Tallahassee Chamber of Commerce Conference and garnered an additional 150 responses.

Some of the key takeaways from these interviews, groups meetings and the survey were:

- Overall, residents are supportive of expanded growth in industry but believe in strong support for local entrepreneurs and maintaining the quality of life.
- Over half of the survey respondents feel either positive or extremely positive about the recruitment and growth of new industry and businesses to the community with the majority supporting the growth of home-grown/local entrepreneurial businesses and almost two-thirds wanting to see the growth of advanced manufacturing in the area.
- In addition to a preference to support entrepreneurialism, most want economic development to maintain the balance between quality of life and the types of businesses that it chooses to grow, expand and recruit with just over half wanting to see Tallahassee-Leon County home to new, larger companies beyond universities, non-profits and state government.
- In addition to the many positive assets identified through the conversations, a number of challenges and opportunities were identified that need to be addressed:
 - a. Presence of institutionalized silos.
 - b. Lack of a common definition and lack of shared vision for economic development in Tallahassee-Leon County.
 - c. Limited access to capital for business formation.
 - d. Reliance on public sector (government and universities); opportunity for diversification of the economy.
 - e. Need to integrate business leadership into the economic development process.
 - f. Opportunity to better leverage technology and research assets as a draw for private-sector businesses.
 - g. As the Airport progresses with its master plan improvements, the opportunity exists to better leverage it as an economic development tool.

Finally, VisionFirst Advisors also conducted high-level research comparing Leon County to five other counties with certain similarities making comparisons across population, the talent pipeline, employment and industry and living and travel trends. All of this information was assimilated, reviewed and considered giving context as VisionFirst outlined a strategic course of action.

Defining Economic Development in Tallahassee-Leon County

It is important to establish a common understanding of what economic development means in Tallahassee-Leon County. Only by uniting all of the stakeholders under one common understanding will the community be able to marshal the strength of the area's assets focused toward a single objective. A more specific and unifying definition of economic development for the community that should be carried forward is:

A coordinated course of action across all local assets and resources to facilitate the development, attraction and cultivation of innovative businesses and associated job creation to position the economy for sustained, directed growth raising the quality of living for the citizens of Tallahassee-Leon County.

In addition to those activities associated with traditional economic development, this definition is broad enough to take into consideration opportunities for economic expansion by better leveraging cultural, natural and arts assets to foster an ecosystem that initiates and nurtures new home-grown, innovative and inclusive businesses.

Coming Together to Achieve a Common Purpose

In the past, the lack of a consistent definition of economic development led stakeholder organizations to define the community's efforts in a way intended to advance each organization's mission. All the organizations and stakeholders interviewed have well-intended purposes but without an agreed-upon strategic direction. Efforts are diffused and fragmented, and the city and county have become ineffective in delivering an economic development program with desired outcomes.

The need exists for an overarching imperative that will inspire others to partner with the OEV for the community's success and economic growth. With a plan of this scope, and OEV's small staff, the ability to implement all strategies and to sustain recommended programs is impossible. The organization must collaborate across the economic development ecosystem to leverage the strengths and assets others bring to the table. Most importantly, the OEV must build mechanisms that will assist these ecosystem assets and resources to work with one another to arrive at a common destination.

A single core purpose – which resonates with OEV staff, with city, county and state leadership, and with stakeholders who have a role in the economic picture of Tallahassee-Leon County, as well as with the broader community – is needed to focus the collective efforts and to provide a clear course of action, milestones and a means of knowing when the community has arrived at its destination. It must define actions that will be transformational to the community, and it must be authentic to Tallahassee-Leon County. VisionFirst suggests the following aspirational core purpose:

We grow innovation! Tallahassee-Leon County is the model to which other communities look in orchestrating new and existing programs into an optimal infrastructure and collaborative ecosystem for fostering idea generation, business formation and sustainable growth.

- Business Recruitment
 - Talent Development
 - The Creative Economy
- II. Goal Two recognizes the need to better position and promote Tallahassee-Leon County as a business generator, an ideal location to start and grow a business. Associated strategies are recommended to develop a business brand for the community and to communicate its benefits to key audiences.
- III. Goal Three looks both to better identify, understand and marshal all available assets, organizations and resources towards common economic growth objectives and to outline a model that encourages collaboration among the many entities impacting the economic development.
- IV. Goal Four looks at long-term, fiscally responsible allocation of resources to achieve today's goals as well as to provide a foundation for future growth. This goal considers the need for transparent and accountable allocation of resources, setting aside funds for shifting market needs and unanticipated opportunities for growth as well as prudent investments that expand and sustain the ecosystem.

Each of the goals, along with associated strategies, tactics and measures are represented as action plans with space indicated for assignment of OEV staff and/or other organizations that might play a role in the execution of each strategy.

Tallahassee-Leon County is ready - but without purposeful, measured action and intentional collaboration, desired economic growth and diversification will continue to elude the community. The proposed strategies that follow provide a starting point for such purposeful action.

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Business Vitality and Intelligence

Metrics	FY 2016* *March - September	FY 2017	FY 2018 Year to Date
# Jobs created ¹	-	33	150
\$ Capital investment	-	-	\$18.5 million
# Business consultations ²	22	37	55
# Economic impact studies performed	-	8	2
# Proposals submitted	1	5	5
# Speaking engagements	19	40	36

1)The job creates number is based on the projects that were managed by OEV staff. In 2017, Senior Life Insurance Company (30) and MIS 3000 (3 jobs) opened locations in Tallahassee-Leon County. In 2018, Danfoss (120 jobs) and Proof Brewing Company (30 jobs) expanded.

2)The CapitalLOOP program which tracks business consultations and assistance was launched on March 1, 2017 in accordance with the Strategic Plan.

Minority, Women, and Small Business Enterprises Division

Metrics	FY 2016* *June - September	FY 2017	FY 2018 Year to Date
# Business consultations	NA	NA	38
# Business referrals for assistance	NA	NA	130
# MWBE certified businesses	145	170	208
# Certification applications received	NA	NA	91
# Speaking engagement	NA	8	21
# Industry Academies	-	2	8
# Industry Academy attendees	-	40	100

* Metrics not tracked through B2GNow FY 2016-FY2017. In response to the Strategic Plan, MWSBE works to ensure all activities and services are impactful for certified MWSBEs by spurring job creation and capacity building.

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TALLAHASSEE-LEON COUNTY OFFICE OF ECONOMIC VITALITY
WORK PLAN: Key Actions/Objectives Detailed in the Strategic Plan, Target Industry Study and as Directed
by the Blueprint Intergovernmental Agency Board of Directors

Latest Revision: August 2018

Page 1 of 12

GOAL #1 Implement a new collaborative economic development program of work that stimulates economic expansion in the city/county across all unique opportunities for growth.

A. BUSINESS FORMATION

1. *FORMALIZE AND GIVE CONTINUITY TO THE WAY ENTREPRENEURIALISM IS DEFINED IN TALLAHASSEE-LEON COUNTY AND HOW ENTREPRENEURS ARE TRAINED AND PREPARED TO ENTER EXISTING PROGRAMS FOR GREATER SUCCESS.*
 - a. Partner with community and national leaders in the entrepreneurial space to develop the foundation blocks needed for a successful entrepreneurship program.
 - b. Develop spin-off segments to the cornerstones program – based on interest level – of the course that would focus on niche markets, such as the solopreneur, social entrepreneurship, creative economy, as well as additional opportunities for the minority and women-owned business community. Partner with existing resources in the community, such as JMI.
 - c. Develop a spin-off entrepreneurial program that would target high school students. Work with Leon County Public Schools, local charter schools and JA (who has already begun a similar program).
 - d. Perform an incubator/accelerator organization and program analysis to identify any opportunities for improvement
2. *PARTNER WITH LOCAL FINANCIAL INSTITUTIONS TO DEVELOP A SECURED FUNDING PROGRAM FOR ENTREPRENEURS SEEKING CAPITAL.*
 - a. Create a Community Investment Corporation which would manage a loan guarantee program partnering with financial institutions that can tolerate the increased risk associated with a portfolio of small business loans.
 - b. Establish a competitive, performance-based grant program to support the creation of a robust mentoring and subject matter expert program that provides long-term mentoring and establishes linkages outside Tallahassee-Leon County to expand the pool of mentors and access to subject matter experts.
3. *ENHANCE THE EXISTING MINORITY AND WOMEN-OWNED PROGRAM AND DEVELOP A MICROSITE TO PROVIDE EASE OF ACCESS TO COMPETITIVE SOLICITATIONS OR BID OPPORTUNITIES FOR MWSBES.*
 - a. Build a robust microsite that offers a one-stop-shop for minority and women owned small businesses to find competitive bid opportunities and solicitations.
 - b. Encourage local businesses to post/link to bid opportunities and solicitations on the website.
4. *DEVELOP A SUITE OF WORKSHOPS AND TRAININGS, LEVERAGING EXISTING RESOURCES, TO HELP SUSTAIN THE COMPETITIVE AND ECONOMIC VIABILITY OF SMALL BUSINESS OWNED BY MINORITIES, WOMEN, AND OTHER UNDERREPRESENTED BUSINESS OWNERS.*
 - a. Build out existing suite of trainings and workshops that provide step-by-step instructions on how to access government bid opportunities at the local, state and national level.
 - b. Utilizing the information developed in the workshops, develop online trainings for MWSBES to maximize participation.

5. *MINIMIZE THE DIFFERENCES IN CERTIFICATION PROGRAMS AT THE LOCAL, UNIVERSITY, AND STATE LEVEL.*
 - a. Utilizing the results of the new disparity study, streamline the application process of the existing Minority, Women & Small Business program to align certification with existing programs.
6. *ENGAGE IN A DISPARITY STUDY TO PROVIDE A LEGALLY DEFENSIBLE QUALITATIVE AND QUANTITATIVE ANALYSIS AND GUIDANCE ON THE CONSOLIDATION OF LEON COUNTY AND THE CITY OF TALLAHASSEE MINORITY, WOMEN, AND SMALL BUSINESS PROGRAMS.*
 - a. Release, negotiate, and award the request for proposal for the disparity study.
 - b. Conduct the disparity study analysis and engage stakeholders and vendors during the process.
 - c. Present disparity study findings and recommendations for the MWSBE programmatic work to the IA for consideration.
 - d. Implement the findings from the disparity study.
7. *COLLABORATE WITH ALLIANCE FOR ENTREPRENEURIAL RESOURCES TO CREATE A BUSINESS PLAN FOR A BUSINESS INCUBATOR IN ORDER TO CLEARLY DEFINE A PROGRAM THAT WOULD ADDRESS THE SPECIFIC NEEDS OF ENTREPRENEURS AND THE LANDSCAPE IN TALLAHASSEE-LEON COUNTY AS WELL AS LEVERAGE THE AVAILABLE ASSETS AND RESOURCES.*
8. *FACILITATE STRONGER TIES BETWEEN FSU AND FAMU AND TALLAHASSEE-LEON COUNTY'S ENTREPRENEURIAL ECOSYSTEM.*
 - a. Work with FSU and FAMU to create opportunities for entrepreneurs to access core labs and faculty.
 - b. Create a "concierge" to facilitate access and help establish a stronger culture of collaboration.
9. *BUILD MANAGEMENT SKILLS AMONG ENTREPRENEURS, AND ATTRACT MANAGEMENT TALENT.*
 - a. Build business management skills among the entrepreneurs that are starting businesses.
 - b. Attract management talent from outside Tallahassee-Leon County whose interests lie in joining a founding team or a more established entrepreneurial company.
10. *EXPAND THE NUMBER OF EDUCATED, QUALIFIED ANGEL INVESTORS IN TALLAHASSEE-LEON COUNTY, AND ESTABLISH LINKAGES WITH FUNDING SOURCES OUTSIDE OF THE COMMUNITY.*
 - a. Encourage entrepreneur support programs to strengthen their connections with the Tallahassee Florida Angel Nexus and angel groups throughout Florida to ensure that startups have access to capital.
 - b. Encourage entrepreneur support programs to establish strong connections with venture capital firms that would be aligned with the types of business clients in their programs.
11. *INTEGRATE APPLIED SCIENCE & INNOVATION R&D AND COMMERCIALIZATION WITH ENTREPRENEURIAL NEEDS AND RESOURCES.*
12. *PARTNER WITH BOTH FAMU AND FSU RESEARCH FOUNDATIONS TO SUPPORT COMMERCIALIZATION OF UNIVERSITY RESEARCH.*
 - a. Renew focus on the FAMU College of Pharmacy as a source of research and innovation.
 - b. Pursue U.S. Economic Development Administration's Office of Entrepreneurship i6 Challenge grants.

13. *CONNECT TALLAHASSEE-LEON COUNTY INNOVATORS WITH ENTREPRENEURIAL RESOURCES TO ENSURE ENTREPRENEURSHIP IS REPRESENTED IN ALL OF THE PROFESSIONAL SERVICES SECTORS, ENABLING BUSINESS FORMATION IN LEGAL, FINANCIAL SERVICES, ACCOUNTING AND BOOKKEEPING, AND OTHER ESSENTIAL SERVICES.*
14. *MARKET EMERGING PROFESSIONAL SERVICES & TECH OPPORTUNITIES AROUND ENTREPRENEURSHIP TO NEW PRACTITIONERS AND EXISTING FIRMS.*

B. TECHNOLOGY TRANSFER & COMMERCIALIZATION

1. *ESTABLISH A COLLABORATIVE PARTNERSHIP WITH THE LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY (LCRDA), FLORIDA STATE UNIVERSITY (FSU), AND FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY (FAMU) TO LEVERAGE RESOURCES AND ASSETS FOR DEVELOPING A TECHNOLOGY CLUSTER CENTERED ON THE NATIONAL HIGH MAGNETIC FIELD LABORATORY (MAGLAB) TO RECRUIT INDUSTRY AND TALENT.*
 - a. Form an advisory group called the Magnetic Technologies Task Force to be chaired by a private business leader (who will also serve on the Economic Vitality Leadership Council) with knowledge in the industry.
 - b. Working with all the stakeholders, conduct business intelligence to identify potential customers for magnetic technologies which may benefit from a location close to the MagLab.
 - c. LRCDA should work with OEV to develop a menu of financial and non-financial incentives to support private sector investment at Innovation Park.
 - d. OEV should work with FSU and MagLab users to define/refine selling points of the resources and research.
 - e. OEV should consider adding a business development position to support the growth of the cluster.
 - f. The task force should explore opportunities for the FSU Research Foundation and other stakeholders to dedicate a least one grant award per year for research in the magnetic technology field.
2. *BUILDING ON SUCCESSFUL PARTNERSHIPS WITH FAMU, FSU, AND TALLAHASSEE COMMUNITY COLLEGE (TCC), SEEK ADDITIONAL OPPORTUNITIES THAT ALIGN UNIVERSITY RESEARCH WITH BUSINESS RECRUITMENT AND CLUSTER DEVELOPMENT.*
 - a. OEV should build on its outreach efforts to support the growth of this technology cluster to eventually grow advanced manufacturing in the region.
 - b. OEV should seek future tactics for cluster development in biotechnology, energy, engineering, environmental studies, materials, medical, research tools and software.
 - c. Continue supporting a master plan for Innovation Park that will include amenities and infrastructure for a modern innovation district as a tool for communicating a long-term plan of attraction and continuous investment.
 - d. Use OEV website and in-house GIS capabilities to highlight concentration of university research organizations.
 - e. Utilize CapitalLOOP to foster increased funding and commercialization opportunities between universities and the private sector.
 - f. Work with FAMU and FSU to increase opportunities for entrepreneurs to access core labs and facilities to spur commercialization.

- a. Identify and work with partners who have expertise in the field and who can provide technical assistance to startups around supply chain and export opportunities and techniques.
 - b. Educate manufacturers about Transportation/Logistics assets.
 - c. Filter information about export activities and opportunities into the business community.
6. *WORK WITH COMMUNITY PARTNERS TO EXPAND DISASTER PREPAREDNESS, RECOVERY, AND RESILIENCY ACTIVITIES.*
 7. *SOLICIT INPUT ON THE TYPES OF COMMERCIAL SPACE NEEDED FOR MANUFACTURING BUSINESS EXPANSION AND IDENTIFY GAPS AND COSTS.*
 8. *CATALYZE THE FORMATION OF A RECOGNIZED COMPUTING AND SOFTWARE CLUSTER THAT WILL COMMUNICATE UNIQUENESS OF LOCAL TECH CLUSTER.*
 - a. *Expand existing partner collaborations focusing on supporting coding and hacking events by including data analytics events, networks, and training.*
 9. *ESTABLISH A HEALTH CARE CLUSTER/SECTOR INITIATIVE, INCLUDING A TASK FORCE OR WORKING GROUP TO CHAMPION LOCAL EFFORTS TO GROW AND SUSTAIN THE INDUSTRY.*
 - a. Continuously evaluate how growth among providers affects economic development factors.
 10. *ESTABLISH A MANUFACTURING TASK FORCE TO CHAMPION LOCAL EFFORTS TO GROW AND SUSTAIN THE INDUSTRY.*

D. BUSINESS RECRUITMENT

1. *IDENTIFY AND DEVELOP A FULL INVENTORY OF ALL AVAILABLE PRODUCTS (SITES AND BUILDINGS) ALONG WITH THE WORKFORCE, RESOURCES, AND OTHER FACTORS THAT CREATE THE TOTAL PICTURE A COMPANY MAY CONSIDER IN CHOOSING TO RELOCATE OR EXPAND TO TALLAHASSEE-LEON COUNTY.*
 - a. OEV should perform an in-depth product review to have an updated, comprehensive understanding of capacity concerning available sites, workforce, infrastructure, and programs.
 - b. Commission a new Target Industry Analysis and Selection Study to replace the study undertaken in 2004.
 - c. Implement lead generation activities
2. *DEVELOP CONCISE, SECTOR-SPECIFIC MATERIALS AND THE TOOLS TO SHOWCASE TALLAHASSEE-LEON COUNTY TO PROSPECTIVE CLIENTS USING PERSONAL OUTREACH TO MAXIMIZE EFFECTIVENESS AND EFFICIENCY.*
 - a. Develop concise, sector-specific sales materials and the tools to showcase the community.
 - b. Develop a plan to attend professional association conferences targeting site selection consultants in order to develop relationships with decision influencers.
 - c. Work with existing industry in targeted clusters to identify other similar businesses that may be targets for cluster development.
 - d. Market Tallahassee-Leon County as an attractive place to grow Manufacturing, with emerging opportunities tied to its deep base of knowledge assets and innovation.
 - e. Define a brand for the Applied Sciences & Innovation cluster to communicate goals and generate excitement and support

3. *DEVELOP CUSTOMER-CENTRIC APPROACH TO SELLING TALLAHASSEE-LEON COUNTY THAT INCLUDES NOT ONLY OEV STAFF BUT ALSO THE EXTENDED PUBLIC AND PRIVATE SECTOR REPRESENTATIVES THAT ARE VITAL TO THE COMMUNITY'S RECRUITMENT STRATEGY.*
 - a. Develop a comprehensive sales process for community members and staff interacting with clients, including both pre-and-post operations reviews.
 - b. Offer extensive consultative sales training to not only the OEV staff but also select members of the Economic Vitality Leadership Council and local elected officials.
 - c. Cultivate a prospect "Delta Team" that will be called upon to participate in site visits and prospect opportunities.
 - d. Continually benchmark successful communities and their approaches to business recruitment.
4. *DEVELOP AN ECONOMIC DEVELOPMENT INCENTIVES TOOLKIT TO LEVERAGE STATE INCENTIVE RESOURCES AND ADDRESS THE LOCATION, EXPANSION, OR RETENTION NEEDS FOR A COMPETITIVE PROJECT.*
 - a. Recommend Tallahassee-Leon County set aside funding specifically to provide the local match for projects that qualify for a Qualified Targeted Industry (QTI) award.
 - b. Create a Tallahassee-Leon County Closing Fund which would serve as "deal-closing" fund awarding cash grants to major relocation projects.
 - c. Evaluate TBP reimbursement applications for transparent and responsible allocation of resources.
 - d. Create and implement Elevate FL's Capital for Business: Workforce Development Opportunities Fund
 - e. Create and implement Elevate FL's Capital for Business: Sponsorship Fund
 - f. Evaluate Elevate Fund Workforce Development grants for transparent and responsible allocation of resources.
5. *ENCOURAGE LOCAL MANUFACTURING OF PRODUCTS NEEDED BY THE HEALTH CARE SECTOR, BUT CURRENTLY SOURCED FROM OUTSIDE THE TALLAHASSEE-LEON COUNTY ECONOMY.*

E. CREATIVE ECONOMY

1. *COMMISSION A FORMAL CREATIVE ECONOMY STUDY TO BETTER IDENTIFY THE AREA'S CREATIVE ASSETS, RESOURCES, AND PEOPLE. ACTIVELY PURSUE GROWTH OF THE SECTOR AS ONE OF THE SIX KEY ECONOMIC DEVELOPMENT INITIATIVES.*
 - a. Commission a study of the region's creative economy to better understand the scope, economic impact and opportunities associated with further development of the cluster.
 - b. As Tallahassee-Leon County is home to a large number of firms that would not normally self-identify as being part of the creative class, create awareness among all of the businesses, occupations, and entities that make up this sector.
 - c. Plan a formal, public roll-out of the creative economy initiative. Share results of the study and action plan to further evolve the cluster.
 - d. Working with the Council on Culture and Arts (COCA), clearly identify the area's existing arts community as a part of the creative economy and better understand its impact on the local and regional economy.

- e. Develop strategies to align and leverage all creative assets and talent to grow the sector and to support other economic development initiatives. Establish a baseline and measure results.
 - f. Understand how to use the area's creative economy assets as a differentiating factor behind some company location decisions.
2. *CREATE AND COMMUNICATE AN IDENTITY REPRESENTING TALLAHASSEE-LEON COUNTY'S FULL CREATIVE COMMUNITY OFFERING. UTILIZE THE UNIQUE IDENTITY POINTS TO ENHANCE THE BUSINESS AND TOURISM BRANDS OF TALLAHASSEE-LEON COUNTY.*
 - a. Collaborate with all creative sectors to articulate the scope, value, and impact of Tallahassee-Leon County's creative class.
 - b. As part of the overall Marketing & Communications plan, outline a marketing and communications strategy to promote the whole of the creative economy community.
 - c. Describe the benefits of this sector to various targeted audiences and make these selling points available for others' use. In particular, use unique attributes identified through this process to help differentiate Tallahassee-Leon County for its business and tourism prospects.
 - d. Work with those already promoting the community's arts, cultural and performance opportunities to broaden the scope of creative programming.
 - e. Develop a creative economy microsite attached to the OEV economic development site.
 - f. Host events to bring creative people/groups together to collaborate to build and promote their sector.
 - g. Host events and provide online resources to brief educators and guidance counselors on creative economy occupations to help them better promote these as viable professions.
3. *COORDINATE THE SUPPORT STRUCTURE FOR THE CREATIVE CLASS AND CONSEQUENTLY, THE AREA'S CREATIVE ECONOMY.*
 - a. Identify and collaborate with organizations currently in this space to inventory and communicate creative economy resources and support programs.
 - b. When looking at the entrepreneurial support for Tallahassee's mainstream entrepreneurs, also consider how programs can be tweaked to help creative-focused entrepreneurs.
 - c. Find ways to increase capacity-building through programs that teach business skills to entrepreneurs/creative businesses.
 - d. Integrate entrepreneur programs to assist in leveraging their creative talent into a marketable, job-creating enterprise, or as part of the "Gig" economy or 1099'ers – solopreneurs.
 - e. Foster an online community via social media or as part of the planned outreach and support.
 - f. Consider the development of a designers' network.
 - g. Utilize unused existing inventory as a temporary creative space with specific criteria for use. Consider providing incentives (\$2,500 architectural grants) for artists/creative workers to purchase and renovate old buildings or structures.
4. *FURTHER ENHANCE TALLAHASSEE-LEON COUNTY'S TOURISM MARKETING IN CONJUNCTION WITH ITS CREATIVE ASSETS. COLLABORATE WITH VISIT TALLAHASSEE TO SHARE INFORMATION AND LEVERAGE ASSETS.*

- a. Coordinate creative and tourism events to create more “bang for the buck” and to better direct resources for ROI on such events. Market regionally to attract weekend visitors – go beyond being the “best kept secret.”
 - b. Look at all creative industries to discover opportunities around which visitor attraction strategies can be built.
 - c. Collaborate with Leon County Division of Tourism to ensure alignment with marketing efforts, when applicable.
5. *EXPAND CURRENT LIST OF CREATIVE ENTERPRISES AND CREATIVE OCCUPATIONS TO BETTER UNDERSTAND ALL THAT IS INVOLVED IN THE UMBRELLA TERM “CREATIVE ECONOMY.”*

F. TALENT PIPELINE

1. *ALIGN ONGOING WORKFORCE DEVELOPMENT PROGRAMS AND EFFORTS WITH CURRENT AND EMERGING INDUSTRY CLUSTERS IN TALLAHASSEE-LEON COUNTY AND THE REGION TO PROVIDE A ROBUST AND APPROPRIATE TALENT DEVELOPMENT AND RETENTION PIPELINE FOR EMPLOYERS AND EMPLOYEES.*
 - a. In partnership with CareerSource Capital Region and existing employers, commission a workforce assessment and talent profile to provide an examination of labor supply, including pipeline of graduates, demand, job candidate strengths and weaknesses, current workforce development efforts and untapped labor resources.
 - b. To address workforce issues that are uncovered as part of the assessment, the OEV should create a task force within the Economic Vitality Competitiveness Committee. The task force should coordinate current programs and, where necessary, create programs to fill gaps and needs.
 - c. Collaborate with Career Pathways Council to Identify career ladder opportunities within each of Tallahassee-Leon County’s four target industries.
 - d. Use CapitalLOOP to identify “hidden” target industry career opportunities within non-target industries.
2. *DEVELOP A SUITE OF INITIATIVES FOCUSED ON RETAINING STUDENTS ATTENDING TALLAHASSEE-LEON COUNTY’S INSTITUTES OF HIGHER EDUCATION.*
 - a. In partnership with FSU, FAMU, and TCC conduct a representative survey of attending students asking questions about their perceptions of Tallahassee-Leon County.
 - b. Promote Tally Job Hop to a wide variety of potential employers in target industries and invite students from FSU and FAMU.
 - c. Working with the Tallahassee Chamber of Commerce, FSU, FAMU, and TCC, seek to expand internship opportunities in existing businesses.
 - d. Support and promote physical and placemaking assets to retain portable workers that can find meaningful work anywhere.
 - e. Partner with the Tallahassee Chamber of Commerce to expand Tally Prof Hop to facilitate getting both FSU College of Medicine and FAMU College of Pharmacy students and faculty off campus and into the community.
3. *ADDRESS THE NEED FOR JOBS AT ALL LEVELS THROUGH PARTNERSHIPS TO INCREASE SKILLS TRAININGS AND CAREER PATHWAY OPPORTUNITIES.*

- a. Engage the K-12 system (Leon County Public Schools as well as charter and private schools) for science and technology programs linked to cluster development. The programs should not only focus on students, but also educators, by providing continuing education opportunities to learn how to bring magnetic technology education into their classroom.
 - b. Support initiatives that seek to bring education, skill assessment, and job training into the communities that need it most, such as the community school model.
 - c. Work in partnership with CareerSource Capital Region, existing businesses, and the Economic Vitality Competitiveness Committee to benchmark other county and/or regional initiatives that seek to take low-skilled workers into middle-skill jobs available in the community.
 - d. Continue engaging with Leon County to plan and execute the Leon Works Expo to connect high school students with skilled job training and opportunities.
 - e. Facilitate periodic discussions around workforce needs at all skill levels.
4. *COLLABORATE WITH THE WORKFORCE DEVELOPMENT COMMUNITY TO SUPPORT EFFORTS TO HELP DISADVANTAGED JOBSEEKERS ENTER AND REMAIN IN THE WORKFORCE SYSTEM WITH CAREERS IN HEALTH CARE TO INCREASE LABOR FORCE PARTICIPATION RATE AND ADVANCE ECONOMIC INCLUSION.*

GOAL #2 Better promote the area as a business generator, an ideal location to start and grow a business. Brand and market the community's strengths in this capacity.

- A. *DEVELOP A MARKETING AND COMMUNICATIONS PLAN. FOCUS OUTREACH EFFORTS TO SPECIFIC KEY AUDIENCES FOR EACH OF THE SIX INITIATIVES AS WELL AS A PLAN TO PROMOTE BUSINESS DEVELOPMENT EFFORTS OVERALL.*
1. Redevelop the OEV website.
 2. Create a partner toolkit.
- B. *CREATE AND COMMUNICATE A UNIQUE BRAND THAT EXPRESSES THE COMMUNITY'S OVERALL BUSINESS IMAGE.*
1. Leverage the OEV's Business & Research Analytics team's research outputs to create positioning statements that highlight and elevate the profile of Tallahassee-Leon County.
 2. Work with Tallahassee International Airport to develop strategic messages, materials, and audiences that can benefit from the land and amenities offered at the airport.
 3. Communicate and promote regional logistics assets to encourage Manufacturing and Transportation/Logistics industry development.

GOAL #3 Better identify, understand, and align all available assets, organizations, and resources towards shared economic growth objectives. Encourage collaboration among the many entities impacting the economic development environment to work together for maximum competitiveness.

A. STAKEHOLDER COLLABORATION

1. Develop a list of stakeholder organizations, including their mission, goals, and resources.
2. Regularly attend major meetings and events hosted by stakeholders and include stakeholders in appropriate OEV meetings.
3. Establish and maintain a strong communications program to keep stakeholders informed about important OEV activities.

B. COMMUNITY ENGAGEMENT AND COMPETITIVENESS

1. Economic Vitality Leadership Council (EVLC)
2. Economic Vitality Competitiveness Committee (EVCC)
3. Competitiveness Project Cabinet (CPC)

C. AMERICA'S COMPETITIVENESS EXCHANGE TOUR

1. Submit the application to serve as a host community for the Fall 2017 America's Competitiveness Exchange Tour.
2. Prepare to host ACE 8.

D. INTERNATIONAL ECONOMIC DEVELOPMENT WEEK

1. Host tour for a FAM Tour to promote Florida's Capital for Business.

E. SUPPORT DEVELOPMENT OF A REGIONAL FREIGHT LOGISTICS ZONE

F. SUPPORT DEVELOPMENT OF A FOREIGN TRADE ZONE AT TALLAHASSEE INTERNATIONAL AIRPORT

G. ENGAGE IN "FUTURE-MAKING" IN APPLIED SCIENCES & INNOVATION CLUSTER; FOCUS ON EMERGING FIELDS AND WHAT THEY MIGHT MEAN FOR THE COMMUNITY, TECHNOLOGY, AND ECONOMIC DEVELOPMENT.

H. CONTINUE CONTRIBUTING TO HEALTHY COMMUNITIES/HEALTHY ECONOMY INITIATIVES BY COORDINATING WITH PARTNERS ON COMMON GOALS AND MESSAGING.

1. Integrate Big Bend Cares and encourage it to market its services beyond its historic constituency to provide services to insured patients as well, assuring quality care in all quadrants of Tallahassee-Leon County.

GOAL #4 Responsible allocation of resources to achieve today's goals as well as to refine the foundation for future growth and opportunities.

A. *TRANSPARENT AND ACCOUNTABLE ALLOCATION OF RESOURCES*

1. Development of the Elevate Florida's Capital Fund will allow OEV to facilitate increased partnership and demonstrate OEV's commitment to encouraging and empowering community partners to increase Tallahassee-Leon County's competitiveness. This mechanism would award funding to local initiatives that: (1) specifically address at least one strategic cornerstone initiative, (2) better positions and promotes Tallahassee-Leon County as a business generator, (3) marshals two or more available assets, organizations, or resources in Tallahassee-Leon County, and (4) demonstrates that funds will be used to spur innovative growth.
2. Evaluation of Imagine Tallahassee Projects for funding from the economic development portion of the 2020 sales tax proceeds.

B. *SET ASIDE FUNDS FOR SHIFTING MARKET NEEDS AND UNANTICIPATED OPPORTUNITIES FOR GROWTH*

1. Development of the Urban Vitality Job Creation Pilot Program will allow OEV to facilitate job creation in economically distressed areas of Tallahassee-Leon County and demonstrate its commitment to being responsive to business's needs, reducing recidivism rates, and narrowing the economic segregation gap.
2. Establish and implement Urban Vitality Job Creation Pilot Program.
3. Develop the Local Manufacturing Ordinance Program.
4. Evaluate broadband cost and accessibility throughout the region; ensure broadband becomes part of regular Blueprint infrastructure planning efforts.

C. *SEEK ACCREDITED ECONOMIC DEVELOPMENT ORGANIZATION STATUS*

WORK PLAN SECTION	PROGRAM OF WORK	LEAD DIVISION	PROGRAM START	PROGRAM DURATION	ACTUAL START	ACTUAL DURATION	% COMPLETE	Year 1: FY 2016-17				Year 2: FY 2017-18				Year 3: FY 2018-19				Year 4: FY 2019-20				Year 5: FY 2020-21			
								Q1	Q2	Q3	Q4																
								Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep
1.F.2.d	Support and promote physical and placemaking assets to retain portable workers	E+O	Q1 FY 18	16	Q1 FY 18		25%																				
2.A	Develop Marketing and Communications Plan	E+O	Q2 FY 18	1	Q1 FY 18	3	100%																				
3.C.3	Host ACE 8 and Follow-Up	E+O	Q1 FY 18	2	Q1 FY 18	2	100%																				
4.B.1	Develop Urban Vitality Job Creation Pilot Program	E+O	Q1 FY 18	1	Q1 FY 18	1	100%																				
4.B.2	Establish and implement Urban Vitality Job Creation Pilot Program	E+O	Q1 FY 18	1	Q1 FY 18	2	100%																				
1.B.1.d	Market the MagLab in coordination with FSU	E+O	Q1 FY 18	16			20%																				
1.C.6	Work with community partners to expand disaster preparedness, recovery, and resiliency activities	E+O	Q2 FY 18	12	Q2 FY 18		25%																				
1.F.1.b	Develop strategies to implement findings of workforce assessment	E+O	Q2 FY 18	8	Q2 FY 18		12%																				
1.F.2.a	Conduct representative survey of attending TCC, FAMU, and FSU students about perceptions of local community	RBA	Q2 FY 18	15																							
1.F.2.b	Promote the Tally Job Hop to employers in taret industries; FSU, and FAMU	E+O	Q1 FY 19	15																							
1.F.2.c	Expand internship opportunities with Chamber, FSU, FAMU, and TCC	E+O	Q3 FY 19	10																							
2.A.1	Redevelop OEV website	E+O	Q4 FY 18	3			33%																				
1.C.4.a	Work with local higher educational institutions to expand procurement opportunities for certified MWSBEs	MWSBE	Q2 FY 18	3	Q2 FY 18	3	100%																				
1.C.4.b	Work with local constitutional officers to expand procurement opportunities for certified MWSBEs	MWSBE	Q2 FY 18	3	Q2 FY 18	3	100%																				
1.C.4.c	Work with local hospitals to expand procurement opportunities for certified MWSBEs	MWSBE	Q2 FY 18	3	Q2 FY 18	3	100%																				
1.A.4.b	Develop online MWSBE workshops and trainings	MWSBE	Q3 FY 19	10																							
1.A.10.a	Encourage stronger connections between angel groups across Florida and local startups.	E+O	Q3 FY 18	14	Q3 FY 18		14%																				
1.A.10.b	Encourage stronger connections between venture capital groups across Florida and local startups.	E+O	Q3 FY 19	14	Q3 FY 19		14%																				
1.B.1.e	Dedicate staff to support Applied Science/Manufacturing cluster, including Mag Taskforce Initiative	E+O	Q3 FY 18	3			67%																				
1.C.5.c	Filter information about export activities and opportunities into the business community.	E+O MWSBE	Q3 FY 18	14	Q3 FY 18		14%																				
1.D.4.b.	Establish and implement local Closing Fund	E+O	Q3 FY 19	2																							
1.D.4.e	Create and implement Elevate FL's Capital for Business: Sponsorship Fund	E+O	Q3 FY 18	2	Q3 FY 18	2	100%																				
1.E.4.e	Collaborate with Leon County Division of Tourism to ensure alignment with marketing efforts, when applicable.	E+O	Q3 FY 18	14	Q3 FY 18		14%																				
2.B.2	Work with Tallahassee Int'l airport to develop strategic messages, materials, and audiences for increased promotion	E+O	Q3 FY 18	14	Q3 FY 18		14%																				

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Committee Membership

Economic Vitality Leadership Committee

Steve Evans, Chair
Kathleen Daly
Jake Kiker
Lila Jaber

Kim Moore
Ricardo Schneider
Bill Smith

Economic Vitality Competitiveness Committee

Kim Moore, Chair
Catherine Baer
Shelly Bell
Keith Bowers
Heatehr Cave
Betsy Couch
Sue Dick
KLRistine Dobosenski
Stephen Dunnivant
Susan Fiorito
Eric crant
Crhis Hart
Christic Henry
John Hogan
Yuh-Mei Hutt
Lucas Lindsay
Eduardo Gonzales Loumiet
Jessica Lowe-Minor

Ben Martin
Rod McQueen
Jim McShane
Ron Miller
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Sean Pittman
Gloria Pugh
Chris Rietow
Dr. Temple Robinson
Bo Schmitz
Allen Stucks
Gray Swoope
Tim Pollard
Diane William Cox
Kim Williams
Jared Willis

Minority Women & Small Business Enterprises Citizens Advisory Committee

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Saralyn Grass
Wayne Mayo
LaRoderick McQueen
Ted Parker
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Christi Hale Sparkman

Kennet Taite
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Brenda Williams
Frank Williams

Blueprint Intergovernmental Agency Citizens Advisory Committee

Hugh Tomlinson, Chair

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Claudette Cromartie

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JR Harding Ed.D

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Peter Okonkwo

Elva Peppers

George Smith

Allen Stucks

Kent Wimmer

REVIEW OF ECONOMIC SEGREGATION RESEARCH IN TALLAHASSEE/LEON COUNTY



Photo Credit: Anthony Russo @focusedviews



BACKGROUND

In 2015, research studies were published by Harvard University and other entities related to economic segregation in Tallahassee and Leon County. These studies were reviewed by MGT of America Consulting, LLC (MGT) at the request of the Office of Economic Vitality (OEV). The following discussion summarizes MGT's review of these studies and initiatives by OEV to stimulate economic growth and address economic disparities.

OVERVIEW

In conjunction with the disparity study MGT is currently conducting, MGT reviewed several studies and articles published between February and May 2015 related to economic inequality and economic segregation in Tallahassee and Leon County. The studies reviewed by MGT included two studies by Harvard University's Equality of Opportunity Project, "The Geography of Upward Mobility" and the Raj Chetty and Nathaniel Hendren study, "The Impacts of Neighborhoods on Intergenerational Mobility." In addition to the Harvard studies, MGT also reviewed the Richard Florida and Charlotta Mellander study released by Toronto's Martin Prosperity Institute entitled, "America's Most Economically Segregated Cities" as well as articles published in the *Tallahassee Democrat* and *New York Times* related to both studies and the analysis by Leon County staff. The studies and articles were the primary impetus for discussions and oftentimes very passionate debate about economic segregation in Leon County. In fact, conclusions about Tallahassee being the most economically segregated city in the country were hotly debated by certain community segments, which questioned the veracity and integrity of the research methodology and findings.

The fundamental premise of the studies reviewed by MGT is that income, education, and occupation in households in Tallahassee and Leon County with incomes over \$200,000 and households below poverty level separate themselves from each other more than in any other city in this country.¹ The gist of the research is there is an economic divide in Leon County, which means that depending on income, education, and occupation people live in completely different worlds which positively or adversely impact economic opportunity and prosperity.²

The studies, which painted Tallahassee and Leon County in an unfavorable and unflattering light and created considerable "community angst," should not be discounted nor considered groundbreaking by any means. For example, in 2015 the U.S. Census Bureau estimated 30 percent of Tallahassee's population lived below poverty. Furthermore, persistence of poverty, unemployment, and food insecurity in certain zip codes in Tallahassee are well known to those human service agencies working with households that lack financial self-sufficiency and stability. Nationally, there have been hundreds of studies that have demonstrated that economic success varies by neighborhood and that some neighborhoods nurture success while other neighborhoods contribute to lack of success and economic prosperity. Some

¹ May 2015, Harvard University, "Impacts of Neighborhoods on Intergenerational Mobility."

² February 2015, Martin Prosperity Institute, "Segregated City: The Geography of Economic Segregation in America's Metros."

researchers argue that disparities in income, education, and occupation breed indifference to inclusion and diversity and suggest that economic disparity and lack of economic opportunity starts in the cradle in certain neighborhoods. Obviously, these assertions and conclusions support the Harvard and Martin Prosperity Institute studies that neighborhoods do matter for economic mobility and that neighborhoods—their schools, amenities, and economic opportunities contribute to economic segregation or the lack thereof. In other words, if you live in poverty you tend to live in poor neighborhoods and you are more likely to be economically segregated with very limited access to economic opportunity and prosperity.

It should be noted that MGT's review of the economic segregation research was not intended to evaluate the accuracy, reliability, validity, or veracity of the studies. To scientifically assess these factors would require replicating the studies using the exact same approach and methodology, which is well beyond the scope of this review. Instead, MGT's primary focus was on implications of economic segregation for OEV and its efforts to address economic disparities in Tallahassee and Leon County. The other real value in reviewing the studies is answering to what extent, if any, is there discrimination and disparate treatment in the marketplace and what causal or underlying factors impact the utilization and availability of small, minority-, and women-owned businesses in the marketplace. In other words, the results of this review, in conjunction with the disparity study, may help shape remedies to address any disparities that may impact businesses and help guide OEV's programmatic efforts.

There is no question that certain economic indicators support the research studies published by Harvard University and Toronto's Martin Prosperity Institute. Economic indicators clearly point to the fact that within Tallahassee and Leon County there are pockets of poverty and pockets of great affluence, which not only influence economic opportunity and prosperity, but also the choices individuals and families make that influence their daily lives. Data from other sources, whether it is from the U.S. Census Bureau, Bureau of Labor Statistics or Kids Count from the Annie E. Casey Foundation, similar conclusions can be drawn from the data. As such, persistence of income and/or economic disparities which can be labeled "economic segregation" is not a new phenomenon. Previous disparity studies conducted by MGT in Tallahassee and Leon County documented disparities in the availability and utilization of minority- and women-owned businesses. A study conducted by MGT several years ago for Leon County regarding the need for a women's health center on the Southside, documented income, economic, health, and other disparities by zip code and concluded there are pockets of poverty in virtually every zip code in Leon County that adversely impact economic well-being and overall quality of life. The September 2017, Leroy Collins Institute study entitled, "Patterns of Re-segregation in Florida's Schools," makes a powerful statement about how poverty is such a critical factor in shaping outcomes for children living in certain areas and neighborhoods. According to the Collins Institute study, Florida is "intensely segregated," stating that nearly 90 percent of students attending "apartheid" schools in Florida are from low-income families.³ In Leon County, the re-segregation of schools has not gone unnoticed and contribute to overall perceptions of economic segregation.

³ September 2017, Leroy Collins Institute, "Patterns of Re-segregation in Florida's Schools."

The research reviewed by MGT is important because of its focus on inequality and lack of access to economic opportunity—issues that tend to be uncomfortable to discuss in certain environments. The body of research related to these issues raise a very important question—are we truly integrated or are we merely de-segregated—meaning that the legal barriers have been removed but the social and economic barriers are still in place and still pervasive and persistent. One of the more interesting facts about any social science research is someone is always trying to explain it away. However, something as critical as inequality of opportunity or economic segregation cannot and should not be easily explained away. Relative to the disparity study being conducted by MGT, the review of economic segregation research will help shape data and evidence gathering, and document OEV initiatives to minimize any barriers and impediments to doing business and/or attempting to do business in the Tallahassee/Leon County marketplace.

CONCLUSION

The studies discussed by MGT were not reviewed or tested for accuracy, validity, or reliability, which does not mean the studies are without merit or importance, particularly within the context of the disparity study that is currently being conducted. In fact, the issues highlighted in the studies have helped to shape OEV's strategies for economic empowerment that are outlined below. Ultimately, what OEV is doing will impact the availability and utilization of small, minority and women-owned businesses in the Tallahassee/Leon County marketplace. OEV's efforts also provide helpful context and guidance for the research conducted by MGT in completing the disparity study.

The OEV has four overarching goals to address economic growth and empowerment:

1. Implement a new collaborative economic development program of work that stimulates economic expansion in the city/county across all unique opportunities for growth.
2. Better promote the area as a business generator, an ideal location to start and grow a business. Brand and market the community's strengths in this capacity.
3. Better identify, understand, and align all available assets, organizations, and resources towards shared economic growth objectives. Encourage collaboration among the many entities impacting the economic development environment to work together for maximum competitiveness.
4. Responsible allocation of resources to achieve today's goals as well as to refine the foundation for future growth and opportunities.

The OEV includes the former Leon County and City of Tallahassee Minority, Women, Small Business Enterprise (MWSBE) programs as an equal and integral part of this paradigm in government. This decision is the centerpiece of the Blue Print Intergovernmental Agency's (IA) commitment to support a thriving economy and opportunity for minority- and women-owned businesses. Furthermore, the IA has commissioned a disparity study that is charged with fortifying the MWSBE program through consolidating

the program's policies and providing recommendations that will mitigate economic segregation in Tallahassee and Leon County through the efforts of the MWSBE program.

To achieve its goals the OEV has launched the following initiatives since it was created.

1. Disparity Study was commissioned to provide policy and program guidance and help finalize consolidation of the City of Tallahassee and Leon County MWSBE offices and their respective policies.
2. OEV MWSBE certification will now qualify minority- and women-owned firms for procurement opportunities beyond just COT and Leon County Projects—Tallahassee Memorial Hospital, Florida A&M University, Leon County Sheriff's Office, and Tallahassee Community College.
3. The CapitalLoop program and the 4Es strategy (engage, educate, equip, empower) for MWSBEs are designed to help build capacity for already existing businesses by identifying available resources found in our business ecosystem. The principle goal is to help businesses grow and ultimately create more jobs.
4. The Urban Vitality Job Creation Pilot Program was created to incentivize job creation within the designated "Promise Zone" area (Frenchtown, Springfield, Providence, Silver Ridge, Apalachee Ridge, and South Side and South City). Small not-for-profit businesses in the area are eligible to receive a refund for up to \$7,000 for new jobs they establish.
5. Workforce Development Programs are being designed and implemented to prepare unemployed and underemployed workers in a variety of disciplines to meet the needs of targeted industries.
6. Improving the processes by which MWSBEs are engaged and active in both the City and the County's procurement processes through BidSync and B2Gnow.

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Targeted Industry Analysis and Selection Study, Economic Retrospective, and Incubator and Accelerator Study for Tallahassee-Leon County, Florida: *Final Study Document*

February 2018

Prepared for:

Tallahassee-Leon County Office of Economic Vitality



In partnership with:



Preface

The Tallahassee-Leon County Office of Economic Vitality (OEV) commissioned a *Targeted Industry Study Analysis and Selection Study, an Economic Retrospective Study*, and an *Incubation and Acceleration Analysis* to implement economic growth elements of its Strategic Plan.¹ The Strategic Plan “provides a coordinated course of action across all local assets and resources to facilitate the development, attraction, and cultivation of innovative businesses and associated job creation to position the economy for sustained, directed growth raising the quality of living for the citizens of Tallahassee-Leon County.” One of the key recommendations included in the plan is a targeted industry analysis to gain a better understanding of what industries are viable for recruitment.²

To complement the *Targeted Industry Study*, two additional reports were requested: an *Economic Retrospective* and an *Incubator and Accelerator Study*. Camoin Associates created the *Economic Retrospective* and the *Targeted Industry Study*, and partnered with Business Cluster Development (BCD) to prepare the *Incubator and Accelerator Study*.

Camoin Associates and Business Cluster Development conducted our work through a series of site visits, stakeholder interviews, tours of laboratory and entrepreneurial support facilities, and data collection and analysis. As component reports were developed, preliminary findings were presented to and discussed with leadership and staff at the Tallahassee-Leon County Office of Economic Vitality. OEV generously committed time, expertise, and resources, making a sustained effort to ensure that both the Camoin team and BCD spoke with key members of the community, including elected officials, business owners and managers, non-profit, education and training leaders, scientists and researchers, and entrepreneurs and entrepreneurial support program leadership. These perspectives were essential to the creation of strategic recommendations that are *specific to Tallahassee-Leon County, in keeping with community values and goals, and, most importantly, achievable*.

Together, these three reports will aid the Tallahassee-Leon County Office of Economic Vitality in fulfilling its mission to be a catalyst for change by providing information, analysis, and strategic recommendations that will support economic growth initiatives.

All of the component reports have been brought together into this ***Targeted Industry Analysis and Selection Study, Economic Retrospective, and Incubator and Accelerator Study for Tallahassee-Leon County, Florida: Final Study Document***.



¹ VisionFirst Advisors, *Tallahassee-Leon County Economic Development Strategic Plan*, October, 2016.

² City of Tallahassee Request for Proposals No. 0057-CC-RC, March 26, 2017

Executive Summary

This ***Targeted Industry Analysis and Selection Study, Economic Retrospective, and Incubator and Accelerator Study for Tallahassee-Leon County, Florida: Final Study Document*** establishes four objectives for the selection and promotion of targeted industries and strengthening the entrepreneurial ecosystem. Each recommendation furthers one or more goals laid out in the Strategic Plan and was developed through a process of quantitative and qualitative research, stakeholder interviews, and discussions with OEV leadership and staff. The objectives are followed by a short list of guiding principles.

Objectives

Objective 1: Advance the private sector to ensure Tallahassee-Leon County's economy is more diverse, more resilient, and creates more opportunities for all of its residents.

The *Economic Retrospective* studies the region's demographic and economic trends over the past 15 years. Its most important finding is that the private sector has been the engine driving job growth, adding 7,000 jobs since 2002, while the government sector shed 10,000 jobs. Based on this clear trend and the goals of Tallahassee-Leon County's Office of Economic Vitality, four targeted industry sectors have been identified that will contribute to further private sector job growth, wealth creation, and a balancing of the economy. These sectors not only have notable potential for growth, but also interweave with each other to maximize resource utilization and enhance opportunities for innovation and long-term vitality:



Applied Sciences & Innovation to maximize the world-class resources at Innovation Park and two outstanding research universities, Florida State University and Florida Agricultural and Mechanical University.



Manufacturing & Transportation/Logistics to capture the economic benefits of innovation by making the products directly in Tallahassee-Leon County.



Professional Services & Tech to nurture a growing information and communications technology cluster and ensure that businesses have access to superior legal, accounting, and other business services as they innovate and grow.



Health Care to leverage Tallahassee-Leon County's leadership as a regional hub to provide a sound career ladder of good jobs, and to integrate breakthroughs in research and development with the provision of continuously improving patient care.

Objective 2: Maximize the benefits of the scientific research facilities by actively promoting the transformation of innovative ideas into products and services produced by local businesses – and local workers.

All four of the targeted industries must have innovation to be competitive and each industry's profile specifies the types of innovation needed and the local resources that support it. The profile for *Applied Sciences & Innovation* provides the most detailed recommendations for increased commercialization activity because it focuses most closely on the sources of innovation, including Innovation Park, the

research institutes, FSU, and FAMU, and makes recommendations for how those sources can also drive growth in other industries.

Objective 3: Strengthen the entrepreneurial ecosystem by filling gaps in business incubation, mentorships, and access to capital.

The *Incubator and Accelerator Study* prepared by Business Cluster Development thoroughly analyzes existing resources, identifies gaps, and makes specific recommendations for improvement:³

Gap 1: Incubation for companies at the startup stage of the life cycle

Recommendation: Create a business plan for a business incubator in order to clearly define a program that would address the specific needs of entrepreneurs and the landscape in Tallahassee-Leon County as well as leverage the available assets and resources.

Gap 2: Expertise in the form of mentoring and subject matter experts

Recommendation: Create a robust mentoring and subject matter expert program that not only provides long-term mentoring, but also establishes linkages outside of Tallahassee-Leon County to expand the pool of mentors and access to subject matter experts. Establish a competitive grant program to support the solution to this gap and future OEV strategic goals.

Gap 3: Access to specialized resources at FSU and FAMU, including core labs and faculty

Recommendation: Work with FSU and FAMU to create opportunities for entrepreneurs to access core labs and faculty, and create a “concierge” to facilitate access and help establish a stronger culture of collaboration.

Gap 4: Shortage of experienced management talent

Recommendation: Build management skills among entrepreneurs, and attract management talent.

Gap 5: Access to Capital

Recommendation: Expand the number of educated, qualified angel investors in Tallahassee-Leon County, and establish linkages with funding sources outside of the community.

Objective 4: Communicate to the region and to businesses clearly and specifically which industries are targeted and what resources and support will benefit them.

Staff at the Tallahassee-Leon County Office of Economic Vitality are daily ambassadors within the community, throughout the state, and internationally, especially with ACE 8 partners. The reports that comprise this study provide hard data about business needs and trends, as well as analysis and recommendations, designed to ensure that OEV has current, reliable, and effective information to support its outreach and promotion. The most challenging task to winning equal support for all of the identified targeted industries may well be opening minds to the importance of manufacturing in the region – old prejudices about heavy industry and mass-produced goods must be set aside to welcome the advanced technologies, computer-integrated processes, and skilled jobs characteristic of Advanced Manufacturing and Industry 4.0. Work on this task has already begun with the formation of the Magnetism Technologies Task Force.

³ Business Cluster Development, *Incubator and Accelerator Study*, December 2017.

Guiding Principles

In addition to these four objectives, Camoin identified three guiding principles. These principles informed the selection of the targeted industries and will continue to assist OEV as it moves ahead, implementing the recommendations in these reports and continuing to advance the Strategic Plan. They include the type of activities and attitudes OEV is already successfully pursuing, and focus on activities that will be critical in carrying out the strategies and tasks needed to grow the targeted industries and foster the entrepreneurial culture of Tallahassee-Leon County.

Principle 1: Target industries and subsectors that do one or more of the following:

- Advance the private sector, diversify the regional economy, and make it more resilient to economic downturns or government policy changes. Each targeted industry has been selected to further this principle, but as OEV engages in its other efforts, awareness of this essential principle will assist with the allocation of resources and energy, and help make the case for initiating targeted actions to support market forces.
- Maintain their competitive advantage by accessing unique research and development resources available in Tallahassee-Leon County, such as industries needing magnetics technology.
- Create jobs and increase community economic growth in Tallahassee-Leon County, especially through the commercialization of scientific discoveries at Innovation Park and the universities.
- Include career paths that provide opportunities for workers at a range of skill levels, from entry-level to advanced degrees. Tallahassee-Leon County offers a resource in its existing educational and training toolbox, especially in the targeted industries of health care and manufacturing.
- Provide essential support for other targeted industries by encouraging local manufacturing of newly developed products, supporting a healthier workforce, sustaining businesses with professional and technical advice, and creatively solving challenges involving data, communication, and information.

Principle 2: Facilitate public/private partnerships to gain both insight and active support from existing businesses:

- Continue to support Magnetics Technologies Task Force, which has already begun to meet and has identified key goals that are compatible with those of this report including identifying and attracting manufacturers to Tallahassee-Leon County's world-class research and development.
- Develop the institutional capacity to identify, approach, and communicate with global businesses and industries in a way that goes deeper than marketing and promotion and establishes Tallahassee-Leon County as an expert partner in the science- and technology-based business development ecosystem.

Principle 3: Collaborate with partners in workforce, education, business, nonprofit, and community organizations:

- Monitor and seek to reduce the "silo" effect, where uncoordinated initiatives begin to draw resources and energy away from each other. The goal is not necessarily to consolidate, but to encourage communication and show partners the importance of thinking in terms of complementary functions. Where efforts appear duplicative, open a conversation and facilitate discussions about whether consolidation is needed.
- Continue implementing the collaboration objectives and program of work in the *Strategic Plan*, with a targeted focus on the industries and entrepreneurial resource gaps identified in this report.
- Use CapitalLOOP business extension and expansion visits, where OEV meets with businesses, local leaders, and other community stakeholders, to gather business intelligence and inspire and inform partners. Look for opportunities to form partnerships or facilitate connections among stakeholders.

Overview and Key Findings of the Economic Retrospective and Targeted Industry Profiles

As a catalyst for change, the Tallahassee-Leon County Office of Economic Vitality (OEV) is charged with developing programs and initiatives that support a vibrant economic ecosystem that leverages ideas and innovations throughout the community. To be effective, it must have sound, relevant information about the economic and demographic history of the region, current drivers of jobs and wealth creation, and unique and valuable characteristics of the local economy. This information was then used to identify four targeted industry clusters, which are analyzed in detail in the *Targeted Industry Profiles*.

This section of the report incorporates both the *Economic Retrospective* and the four industry profiles that comprise the *Targeted Industry Study*. It begins with an introductory discussion, *Targeted Industry Selection and Goals*, which presents the rationale for selection of each targeted industry, based on quantitative and qualitative analysis and discussions with OEV leadership and staff. This section also includes a series of six goals to accomplish through the identification and promotion of these industries. Additional key findings from the *Economic Retrospective* that inform the industry selection and deepen the understanding of the Tallahassee-Leon County region round out the discussion.

This is followed by a series of summary *Action Plans* for each targeted industry, which present the strategic actions by industry, identify the primary agent for accomplishing that action, and estimate the timeframe.

Finally, a *Balance Sheet of Resources for Targeted Industries* summarizes the key resources that are needed by each targeted industry, the assets already in place in Tallahassee-Leon County, and the most critical needs. The purpose of this type of analysis is to provide a high-level overview that, in addition to laying out summary information about needs and resources, clearly shows where industries have similar needs and where Tallahassee-Leon County resources serve more than one industry.

The *Economic Retrospective* and the industry profiles for *Applied Sciences & Innovation, Manufacturing & Transportation/Logistics, Professional Services & Tech*, and *Health Care* follow the discussion and summaries.

Targeted Industry Selection and Goals

The purpose of the *Economic Retrospective* is to study past economic performance, and provide information about specific trends and emerging opportunities that the Tallahassee-Leon County Office of Economic Vitality can use to refine and accomplish its goals. In order to “Better promote the area as a business generator, an ideal location to start and grow a business,”⁴ OEV must have a clear, data-supported understanding of the existing economic environment so that it can develop a targeted industry approach that will:

1. Identify industries and clusters most likely to find the region competitive and attractive – and communicate to those industries that they are welcomed and valued;
2. Promote industries with the greatest likelihood of responding to OEV’s marketing and industry recruitment activities; and
3. Support business formation and recruitment objectives by directing resources and energy where they will be most effective.

In addition to presenting important information about the regional economy, key findings of this report focus on the trends and resources that have led to the selection of the four targeted industry clusters: *Applied Sciences & Innovation; Professional Services & Information Tech; Health Care; and Manufacturing & Transportation/Logistics*. While specific recommendations around these targeted clusters are developed in each

⁴ VisionFirst Advisors, *Tallahassee-Leon County Economic Development Strategic Plan*, October 2016, p. 31.

industry profile, the following five goals provide an overview of how “facts on the ground” promote the selection of these clusters for strategic support by Tallahassee-Leon County OEV.

Goal 1: Advance the private sector to diversify and balance the economy

The private sector added more than 4,000 jobs in the Tallahassee MSA in 2016, with important gains in computer and information technology and management, scientific, and technical services, compared with a loss of 372 jobs in government, clearly showing that **private businesses are emerging as engines for job creation**. This trend continued with an estimated gain of 3,000 private sector jobs in 2017. Government jobs are also estimated to have increased by 1,000 for the same year.⁵ The economy for Tallahassee-Leon County is still heavily dependent on the government sector, even when compared with small city capitals in other states. The private sector contributed only 66% of economic activity, on average, over the past 15 years. Adhering to Tallahassee-Leon County OEV’s *2016 Strategic Plan*, while advancing the private sector, will diversify and balance the economy. Government jobs declined by nearly 15% since 2002, while private-sector jobs grew by more than 7%, but could not entirely make up for the declines in government employment. A stronger private sector, with a range of business areas, will create more opportunities for jobs across a variety of skill levels. **Selling goods and services outside of the region will bring earnings and wealth into the community**. This will also make the local economy more resilient in economic downturns and less susceptible to shifts in state government policy and spending priorities. Furthermore, because the balance between public and private economic activity is collected and published by the U.S. Census Bureau, successful efforts to move the needle on the private economy can be reliably measured over time.

Goal 2: Promote the region’s resources and emerging trends in Science, Technology, Engineering, & Math (STEM)

Communities want STEM; educational institutions from preschool to post-graduate are promoting it; and newspaper headlines tout its jobs. However, STEM is also highly specific to individual regions. In Tallahassee-Leon County, **data showing existing STEM activity are largely hidden within other sectors**, requiring somewhat deeper analysis to identify past strengths and emerging trends. For example, Tallahassee’s two major public universities conduct the majority of the region’s scientific research, meaning that these jobs are rolled into the government sector, which is shedding jobs overall. Engineers at Innovation Park’s several research institutes are included under professional services, which also includes legal, accounting, and other non-scientific activities. There is no single statistic to measure STEM jobs or its economic activity, but the types of resources that support it are well understood, and the **research supporting the *Economic Retrospective* includes interviews and tours with facilities and professionals in STEM, to supplement what data analysis cannot reveal**. An emerging trend in Tallahassee-Leon County is for STEM ideas to be applied to grow jobs and businesses, which is why the targeted industry focusing on STEM activities is named *Applied Sciences & Innovation*. Foundational assets include:

Research Facilities – Innovation Park is home to the National High Magnetic Field Laboratory, the Applied Superconductivity Center, and several other world-class facilities that are advancing scientific knowledge and generating opportunities for commercialization of products.

Higher Educational Institutions – Florida State University (FSU) and Florida Agricultural and Mechanical University (FAMU) and Tallahassee Community College anchor the educational environment that also includes an engineering school, a medical school, and a college of pharmacy, and various programs providing workforce training and career paths.

⁵ 2017 jobs estimates provided by the Tallahassee-Leon County Office of Economic Vitality

Demographics – Thirty-nine percent of residents of the Tallahassee-Leon County Metropolitan Statistical Area (MSA) ⁶ have earned a bachelor’s degree or more advanced degree, representing a larger percentage than state and national averages. With a median age of 33.5 years, the MSA is also younger compared to the state and nation, with the universities attracting a continuous flow of new students.

Professional Services – An information and communications technology (ICT) cluster is forming, and engineering and scientific research jobs have been growing as well.

Goal 3: Align research and development assets with industry verticals related to targeted industries and clusters

This complements Goal 2 and leverages the same set of research, educational, demographic, and professional resources. Goal 3 underscores the importance of a continued focus on efforts that align with other targeted sectors including *Professional Services & Information Tech, Health Care, and Manufacturing & Transportation/Logistics* as these all have synergies with FSU and FAMU STEM and research and development (R&D) strengths. These synergies are discussed in detail in each industry profile.

OEV is already working with the Magnetic Technologies Task Force and this can serve as a pilot program to identify and develop work plans for sector verticals within each STEM/R&D area of strength. The concepts of entrepreneurship, business formation, and business attraction and growth are highly relevant to R&D efforts and are critical guiding principles as the task force moves forward.

The *Applied Sciences & Innovation* profile, as with all industry profiles, includes specific Strategic Actions. Some of the critical tools, attitudes and approaches that set the tone and bring stakeholders together, include supporting programs related to supporting university R&D and commercialization efforts that meet the following criteria:

- ✓ They **demonstrate collaboration** among research institutes as well as among private-sector businesses and workforce and training initiatives.
- ✓ They can **compete effectively for funding** locally, statewide, and nationally. This will require assistance from individuals and organizations who are familiar with the criteria for federal grants, for example, and who can guide a proposal through administrative as well as scientific components of the documentation.
- ✓ The efforts are related to targeted sectors and industry verticals. A general atmosphere of endeavor exists and will continue to be supported, but the strongest efforts and resources should go toward projects that align with specific sectors and verticals.
- ✓ They **integrate R&D and commercialization with entrepreneurial needs and resources**, such as incubation, acceleration, and expansion. In addition to the recommendations in this industry profile, Business Cluster Development’s *Incubator and Accelerator Study*⁷ provides a thorough analysis of existing entrepreneurial resources, identifies resource gaps, and makes recommendations to fill the gaps and strengthen activities.

Goal 4: Maintain a strong Professional Services sector and align it with goals for entrepreneurship and growth

Tallahassee-Leon County has a **vibrant professional services community** including legal, information technology, financial services, and management and consulting expertise. This “deep bench” of knowledge is, to a great extent, attributable to the region’s role as a state capital, where government agencies, as well as firms with business interests affected by government, need expert services. Looking at emerging opportunities, the Professional Services sector provides critical support for businesses as they form and expand. Furthermore,

⁶ The Tallahassee-Leon County Metropolitan Statistical area is defined by the U.S. Census Bureau and includes Leon County and portions of Gadsden, Jefferson, and Wakulla counties.

⁷ Business Cluster Development, *Incubator and Accelerator Study*, December 2017.

retaining and growing this sector adds to a core of well-paying professional jobs. The region's **growing entrepreneurial economy needs access to expertise in intellectual property, business management, and information and communications technology**. A targeted approach should focus on services important for business growth, such as management, and services that are themselves highly innovative, such as information and communications technology, and services that are essential to transforming scientific breakthroughs into products for businesses and consumers, such as scientists and engineers.

An information and communications technology cluster is already beginning to form around shared knowledge and understanding. Companies have been forming and growing by identifying and creatively solving challenges for government, health care, and businesses, as well as by designing consumer applications. Without a highly visible footprint, this critical sector is nevertheless an important emerging industry, leveraging educational resources, adding jobs, and bringing in wealth from a national customer base. It connects to *Applied Sciences & Innovation*, *Health Care*, and *Manufacturing & Transportation/Logistics* by providing solutions to problems in these industries. Tallahassee-Leon County businesses have a track record of identifying and solving problems in other sectors, such as voter information and registration, vehicle fleet fuel management, or cybersecurity for health records, using a combination of software, firmware, and hardware that creates a unique set of needs for computer, engineering, and even manufacturing resources.

Goal 5: Recognize the relevance of Health Care

Health Care is important for all communities, but **emerging trends in Tallahassee-Leon County suggest the sector contributes to the economy in important ways that move it beyond the provision of services, to becoming a driver of innovation and careers**. Critical Health Care trends in Tallahassee-Leon County that influence the selection of this sector as a targeted industry include **substantial recent job growth (28%, or more than 4,000 new jobs since 2002)**, workforce needs that provide a range of opportunities for all skill and experience levels, and growing links with *Applied Sciences & Innovation* and *Professional Services & Information Tech*. These links were identified during interviews with local tech companies and a tour of the Magnetic Resonance Imaging (MRI) research at the National High Magnetic Field Laboratory. As a **regional health services hub**, Tallahassee-Leon County is also home to two hospitals, a Level II Trauma Center, a college of medicine and a college of pharmacy, all of which are major assets for job growth and innovation.

In 2000, FSU's College of Medicine began training care providers across a variety of skills, including physicians, specifically to serve the needs of elder, rural, minority, and underserved populations. The potential for expansion of telemedicine, which can provide access for these scattered and underserved populations, may represent an important intersection of Health Care and technology innovation in the region.

Further evidence of the unique quality of the Tallahassee-Leon County Health Care industry is the fact that with a median age of 33.5 years, compared with a State of Florida average of 42.2 years, certain key drivers of demand – namely an aging population – are weaker, but sector growth is still strong. Tallahassee-Leon County's job growth has lagged the state (13.3% vs. 15.3%) since 2012, but **expansion is projected to continue in the Tallahassee-Leon County MSA with an estimated 9.0% increase in jobs over the next five years. Strategic support for this industry is recommended to accelerate job growth above 9.0%.**

Goal 6: Understand why the Manufacturing & Transportation/Logistics sector is essential in the "knowledge economy"

Manufacturing for Tallahassee-Leon County is modern, high-tech manufacturing, including **participation in emerging trends for Advanced Manufacturing and Industry 4.0, which merge computers and information systems with the processes that create physical goods**. This is not heavy machinery grinding of raw materials or mass-producing consumer goods, but increasingly sophisticated facilities including "smart factories" where the machines communicate with each other, connect with transportation and logistical needs, and coordinate all aspects of the supply chain. This type of manufacturing supports sectors that Tallahassee-Leon County already

knows are critical, including Applied Sciences & Innovation and Professional Services, both of which transform ideas into physical products for businesses and consumers. Currently, businesses in Tallahassee-Leon County design products, but can only manufacture the product by purchasing components that are manufactured elsewhere, feeding another economy because the facilities to make it locally don't yet exist. The "knowledge economy" needs Manufacturing because, **in addition to diversifying the regional economy, Manufacturing locally allows a community to capture a greater share of an innovative idea's value.**

Resources necessary for the next generation of Manufacturing include those currently understood as "Manufacturing," such as production and assembly, and knowledge resources around innovation, such as engineering, computing, scientific research, and health services. This report shows that while the former has not been a major sector for Tallahassee-Leon County, the innovation resources and related professions are strong, and growing.

Currently, the Tallahassee-Leon County region does not have substantial activity that is classified as Manufacturing; there are a few hundred jobs each in chemicals, wood and veneer, explosives, printing, concrete, and metals, and overall the sector contributed just over \$450 million to GRP, or just under 5% of private economic activity. Job counts have shrunk from over 4,000 in 2002 to just above 3,000 in 2016. However, earnings for these jobs have grown on average by over \$24,000 per year, or nearly 60%, compared with 44% earnings growth for all industries in the region. Transportation/Logistics, a crucial complement to Manufacturing, has been gaining jobs since 2013, but is still below a 2005 peak of more than 2,000 jobs.

A more complete understanding of Manufacturing recognizes Tallahassee-Leon County's strength in Professional, Scientific, and Technical Services, which contributed more than \$1.3 billion, or 15% of private-sector economic activity and more than 10,000 jobs in 2016. Many of these positions complement Manufacturing and represent a significant resource that is already in place. **Growth in Advanced Manufacturing and Industry 4.0 will increase demand for technical and engineering professionals, including those graduating from FSU and FAMU.**

Additional key findings from this study show that:

- **The life cycle of business establishments has become less dynamic** compared to pre-recession levels, with business formation recovering faster than business failure. This is important because business failures free up capital and human resources for other enterprises, instead of trapping them in failing or marginal firms. Support for entrepreneurs and small businesses, researched and discussed extensively in the *Incubator and Accelerator Study*, is critical to nourishing businesses from idea to second-stage. At the same time, Tallahassee-Leon County OEV can be mindful about insulating weak businesses from market forces where there is not a compelling strategic goal served by providing overt support. Existing but slowly failing businesses can draw energy and assets away from risk-taking enterprises that have a greater chance of success, and that contribute to an overall healthier establishment life cycle.
- **Capital investment is growing, although slowly.** Venture capital investments have been made mostly in Health Care and Professional Services. While such investment overall is small compared with the State of Florida, \$7.3 million and \$1.6 billion, respectively, interest in these sectors supports their selection as targeted industries meriting strategic support by Tallahassee-Leon County.

FSU and FAMU receive nearly 4.5% of Florida's total National Institutes of health grant funding, with the number and size of awards gradually increasing. Small Business Innovation Research and Small Business Technology Transfer awards have also been growing. As an example, there were two awards totaling \$186,658 in the two-year period ending in 2007, and five awards totaling \$754,878 in the two-year period ending in 2016, a 300% increase in funding.

- **Business owners actively choose to start and grow their companies Tallahassee-Leon County for its quality of life.** This is one of the critical findings from the stakeholder interviews. Technology and

information technology entrepreneurs can locate anywhere in the country and still serve a national customer base, thanks to cloud computing and advanced telecommunications. A recurring theme among business owners interviewed was that the quality of the schools, the ability to “make a difference” in the community, and the proximity to beaches and natural beauty, are strongly appealing. **Recent infrastructure investments in roads, trails, and Cascades Park were also recognized as deliberate, thoughtful, and highly valued contributions to life in the community** and correlated with statements of optimism and support for the Tallahassee-Leon County Office of Economic Vitality’s mission to be a catalyst for change.

- **The tone of the conversation about economic development, opportunity, and what Tallahassee-Leon County is changing.** A major organizational goal for the Tallahassee-Leon County OEV is to identify and work with partners, rather than to work independently. Transmitting this message can be a challenge. The “one-stop shop” can expand to mean sharing information and contacts, collaborating and coordinating, as well as directly implementing strategic goals. Even during conversations not directly related to economic development, three strongly positive themes emerged:
 - ✓ Tallahassee-Leon County’s OEV’s message of being a catalyst for change across a broad spectrum of models, not the sole implementer, is being heard;
 - ✓ Initiatives by other organizations and partnerships with universities and health care institutions are increasingly understood as part of the “economic development mix”; and
 - ✓ The language of entrepreneurship, incubators, access to capital, second-stage growth, etc., is infiltrating the business community, which is taking notice of the addition of new resources and new companies and adopting a “grow your own” attitude.

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Project 27, Tallahassee-Leon County Animal Service Center: Funding for capital improvements to the Tallahassee-Leon County Animal Service Center (Exhibit 27).

Project 28, Implement Greenways Master Plan Phase II: Funding to continue implementation of the Greenways Master Plan (Exhibit 28).

Project 29, Northeast Gateway: Welaunee Critical Area Plan Regional Infrastructure Phase II: Funding to develop Welaunee Boulevard North from Shamrock Way to Roberts Road, and Shamrock Way, from Welaunee Boulevard to U.S. 90 (includes ROW, construction, stormwater for roadway improvements). Funding also includes improvements to the Miccosukee Canopy Road Greenway trailhead at the intersection of Fleischmann Road and Crump Road. Second priority implementation shall not occur until such time as adequate transportation connections north of Roberts Road, to allow the traffic to flow through to Thomasville Road, have been identified and funded (Exhibit 29).

Section b. **BLUEPRINT 2020 ECONOMIC DEVELOPMENT PROGRAMS**

Blueprint 2020 Economic Development Programs are described as follows:

1. **Madison Mile Convention District:** Up to \$20 million of Dedicated 2020 Surtax proceeds will be used to construct a convention center on or near the existing Donald L. Tucker Civic Center site as part of a larger Florida State University redevelopment and master planning effort to attract a full service hotel to the Madison District. The final determination on the level of funding to be provided and the time period for said funding is subject to approval by

Blueprint at the time of project consideration and the execution of formal agreements among all parties to the project.

2. International Airport Growth and Development (Part I): Up to \$5.5 million of Dedicated 2020 Surtax proceeds will be used to upgrade existing hanger facilities at the Tallahassee International Airport, provide the necessary utility infrastructure to construct additional hangers, and develop 1,000 acres of airport property for lease. Funding is subject to approval by Blueprint at the time of project consideration.
3. International Airport Growth and Development (Part II): Up to \$8.6 million of Dedicated 2020 Surtax proceeds will be used to create an international passenger processing facility, support international user fee expenses, and provide additional training support to Airport staff in accordance to the Tallahassee International Airport's Ten-Year Growth and Development Plan.
4. The following proposals are to be evaluated by the EDCC for consideration, as recommended by the Leon County Sales Tax Committee, and recommendations are to be forwarded to Blueprint regarding the utilization of the Dedicated 2020 Surtax proceeds in accordance with Part V. Section 6.A of the Agreement, as follows:
 - A. Entrepreneurial Development Fund: This proposal provides a source of funding from which to enhance present and develop new entrepreneurial support programs.



August 31, 2018

Ben Pingree, PLACE Director,
Office of Economic Vitality
315 S. Calhoun Street, Suite 450
Tallahassee, FL 32301

Dear Mr. Pingree:

Subject: BLUEPRINT 2020 ECONOMIC DEVELOPMENT PROGRAMS

As you are aware, a total of \$14.1 million has been identified for the Tallahassee International Airport Growth and Development Project (Parts 1 and 2), which will be utilized to upgrade existing hangar facilities, provide the necessary utility infrastructure to construct additional hangars and develop 1,000 acres of Airport property for lease. In addition, funding will be used to create an international passenger processing facility, support international user fee expenses and provide additional training support to Airport Staff in accordance with Tallahassee International Airport's 20-year Growth and Development Plan.

Based upon the funding strategy for these projects, the Airport is requesting that these funds be dispersed on an annual basis to maximize leverage opportunities. This amounts to \$528,750 in Fiscal Year 2020 (only nine months of revenue will be collected this year) and \$705,000 in subsequent years.

Please contact me at (850) 891-7815 if you would like to discuss this request in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Pollard', written over a white background.

David J. Pollard, C.M.
Interim Director of Aviation
Tallahassee International Airport

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June 6, 2018

Blueprint Intergovernmental Agency
Attn: Mary Ann Lindley, Chair
315 S. Calhoun Street, Ste 450
Tallahassee, FL 32301

RE: Funding Prioritization for Convention Center and Gateway District

Dear Madam Chair and Members of the Blueprint IA Board,

In advance of the Blueprint Intergovernmental Agency Board (“Blueprint”) meeting on June 21, 2018, Florida State University (“FSU” or “University”) would like to highlight two projects that are included in the Blueprint 2020 program and request, based on each project’s merits and respective contributions to the community, that they be included in the initial round of funding priorities.

Convention Center

In 2012, Florida State University assumed responsibility for the Donald L. Tucker Civic Center and introduced a vision for the Arena District development, culminating from several detailed studies commissioned by the University and local governmental agencies. Described as “The Madison Mile”, a focus was placed on development opportunities around the Civic Center expanding west along Madison and Gaines toward Doak Campbell Stadium. Five years later, Cascades Park, CollegeTown, FAMU Way and the Gaines Street corridor continue to grow in prominence and serve as major catalysts for economic growth and development in Tallahassee. According to information provided by the City, property values along the Gaines Street corridor have experienced a 22X multiple since the mid-2000’s when the wave of redevelopment began, resulting in a perpetual stream of increased property tax revenue.

Prominently located along Gaines Street and Madison Street and anchored by the Donald L. Tucker Civic Center, the Arena District boasts an assemblage of 25-30 acres of land sited directly between downtown Tallahassee and the campuses of Florida State University and Florida A&M University. The confluence of “town and gown” makes this location an optimal site for Blueprint’s \$20M investment in a new Convention Center. Since taking ownership in 2012, FSU has invested approximately \$25M into the Civic Center. The upgraded Civic Center along with the addition of a new \$20M Convention Center, a convention hotel, Legacy Hall - FSU’s new college of business, expanded athletic facilities, parking facilities, additional future upgrades to the civic center, and other compatible uses will make the Arena District a major destination in our community and a catalyst for economic growth.

In 2014, FSU began the process of selecting a master developer for this project. An Invitation to Negotiate (“ITN”) was issued, and the process culminated in the identification of a likely development partner. However, due to the complexities of the project, the timing of final selection of the developer was postponed until recently. ***FSU is pleased to announce that we have signed a LOI with Development Ventures Group (“DeVen”) to serve as the master developer of the multi-phased Arena District project.*** DeVen, created from a recent merger with sister companies KUD International and Commercial Developments Inc., has extensive experience in large mixed-use multi-phase projects and specific expertise in projects relating to higher education in Florida with a focus on convention, hotel and conference center development. Over the next few months, FSU will work with DeVen in a pre-development capacity to establish development programs and finalize the financial commitments for the entirety of the Arena District project.

The initial phase of the Arena District will incorporate a multi-faceted convention facility integrating the exposition space within the existing Donald Tucker civic center, small and mid-sized rooms within Turnbull Conference Center, and mid-size to large convention spaces within the new Convention building. Completing the convention offering, Florida State University and DeVen will build a full service convention and conference hotel to complement the various meeting facilities, and establish Florida’s capital city as a prime destination for state and regional conferences.

The Convention Center will generate the following types of economic benefits in the regional economy:

- **Direct** benefits relate to the short-term business activity associated with project construction and the ongoing business activity associated with the businesses that are located within the developed project.
- **Indirect** benefits will result when local firms directly impacted by the project in turn purchase materials, supplies or services from other firms.
- **Induced** benefits relate to the consumption and spending of employees of firms that are directly or indirectly affected by the project. These would include all of the goods and services normally associated with household consumption (i.e., housing, retail purchases, local services, etc.).

Based on a recent analysis from FSU’s Center for Economic Forecasting and Analysis, the **total economic impact** of the proposed convention center is estimated to be 459 jobs, approximately \$17.3 million in income or wages and approximately \$51.5 million in total economic output. The **construction impacts** are estimated to total 271 jobs, more than \$11.3 million in income or wages and nearly \$33.8 in total economic output. On an **annual (permanent) basis**, the convention center is projected to generate 188 jobs, nearly \$6.0 million in income or wages, and more than \$17.7 million in total economic output (sales/revenues).

FSU Convention Center			
Economic Impacts	Output*	Employment	Income*
Permanent Employment	\$ 10,853,490	106	\$ 3,962,539
Visitor Spending	\$ 6,893,737	82	\$ 2,042,614
Subtotal (Permanent)	\$ 17,747,227	188	\$ 6,005,153
Construction (Temporary)	\$ 33,766,509	271	\$ 11,305,471
Grand Total	\$ 51,513,736	459	\$ 17,310,624

*in April 2018 \$'s

With approximately 18 months remaining until the beginning of the Blueprint 2020 funding, FSU respectfully requests that the Convention Center project be placed into the initial round of funding priorities for economic development projects. Prioritizing the \$20M investment in a convention facility is critical to the timing and success of a convention hotel and the vitality that will come with creating an Arena District in downtown Tallahassee. The operations of these two facilities are each reliant upon the other; therefore, FSU and DeVen will align the timing of the hotel with Blueprint's \$20M funding of the convention center. As a significant catalyst for economic development, FSU strongly urges Blueprint to consider funding the convention center on the most expedited timeline possible.

Gateway District

Following a 13-month process of public input and review, the Gateway District was unanimously approved by Blueprint on March 1, 2018. As was clearly articulated by many leaders in our community who spoke in support of the Gateway District, this project will be transformational for our community. A significant key to success in this project is to stay diligently focused on delivering the vision in a timely fashion. With such a strong voice of support, there is no benefit in delaying the implementation of this project. FSU stands ready to advance its \$3M commitment if doing so will expedite the planning and design of the project, ultimately leading to a timely completion of the new road corridor. It is the expectation of Florida State University that the new road and other portions of the Gateway District infrastructure should be fully designed within three years with construction completed two years following for a total project timeframe of five years.

The Gateway District project is potentially one of the most complex infrastructure initiatives in the Blueprint program. With 100% support from the commissioners, a strong voice of support from many community residents, and the partnership of Florida State University, moving this project forward under the authority of the board members who approved it will ensure consistency with the intent of the approval.

Respectfully submitted,



Kevin Graham
Executive Director - FSU Real Estate Foundation

CC: President John Thrasher
Kyle Clark
Vince Long
Reese Goad
Ben Pingree

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From: Ben Pingree
Sent: Monday, July 9, 2018 11:04 AM
To: Kevin Graham <kevin.graham@fsu.edu>
Cc: Wayne Tedder <wayne.tedder@talgov.com>; Ken Morris <MorrisK@leoncountyfl.gov>; Al Latimer <ALatimer@oeforbusiness.org>; Autumn Calder <autumn.calder@Blueprintia.org>
Subject: Request for Additional Information / Due Diligence / Convention Center Project

Good morning, Kevin,

As promised at our recent meeting, this brief email seeks additional information from your office (building upon your recent letter - as attached) and as Blueprint/OEV conducts due diligence and analysis during the weeks ahead in preparation for the September 20th Workshop of the Blueprint Intergovernmental Agency (IA).

As detailed, below, IA direction provided at their regular meeting on June 21st included direction to staff to bring forward funding strategies, including bonding scenarios, for the Convention Center economic development capital project at their forthcoming September Workshop on Economic Development.

While I fully anticipate our ongoing dialogue, meetings, and good faith information-sharing will yield this data and materials, the following is an abbreviated synopsis of those items being sought to conduct our project analysis (for your consideration):

- “Key Benchmark” information related to timing of the project (ex: timing of announcement of FSU’s Development Partner, Timeframes for the project’s Planning & Design, Site Preparation, Targeted Construction start and stop dates, etc.);
- Corresponding project funding needs and updated project cost estimates for the convention center component and related/attached hotel component;
- Additional information on advanced funding needs (if any exist before 2020) and/or objectives for first five years of Blueprint 2020 program (building upon the top two bullets);
- Flow chart of project funding expectations by year (from \$0 to \$20M over time);
- Additional details regarding what agreement or action, specifically, is being sought by FSU/Developer to assure or provide confidence of future funding commitment by the IA for this project;
- Increased details regarding FSU’s financial investment into the project/commitment to the Convention Center project (for BP staff to fully ascertain, analyze and share the “leveraging” being done by FSU);
- Any Intel or Analysis, beyond that which has been provided to date, that further supports the noted urgency being asked of Blueprint to provide the funding commitments expeditiously for the Convention Center project;
- Review of Operational Impacts is noted as a related subject matter that will warrant review – possibly as part of the workshop analysis.

I note that our collaboration may generate additional points to analyze jointly not included in the above and thank you for that opportunity. I also understand you may have questions to bring forth as well and I look forward to working on that with you.

Thank you,
-Ben

Benjamin H. Pingree, MPA | Director of PLACE

Ben.Pingree@tlcplace.org

Ph. 850.219.1060 | Fax 850.219.1098

Blueprint: www.blueprintia.org

Economic Vitality: www.oeyforbusiness.org

Planning: www.talgov.com/planning



BLUEPRINT
INTERGOVERNMENTAL AGENCY

OFFICE OF
**ECONOMIC
VITALITY**

PLANNING
DEPARTMENT

Please note that under Florida's Public Records laws, most written communications to or from city and county staff or officials regarding public business are public records available to the public and media upon request. Your e-mail communications may therefore be subject to public disclosure.



315 South Calhoun Street • Suite 450
Tallahassee • Florida • 32301
850.219.1060

August 22, 2018

Mr. Kevin Graham
960 Learning Way
Tallahassee, FL 32306-4178

Dear Kevin,

Thank you for taking time to meet last week to discuss the progress of FSU's Arena District including the hotel and convention center elements of the project. All of your efforts, communication and cooperation continue to be very helpful as we at the Department of PLACE and the Office of Economic Vitality (OEV) proceed in our due diligence related to the community's investment in the proposed convention center sales tax extension project to make Florida's capital a prime destination for state and regional conventions.

To that end, this letter is intended to serve both as a reinforcement of the strong commitment to this partnership, as well as a reiteration of the requirements of the up to \$20 million community investment in this portion of the project as outlined in the language of the Interlocal Agreement which created the Blueprint 2020 economic development programs (Attachment #1).

In order to ensure its full economic benefit to the community and before any investment of sales tax proceeds in this project, it is necessary to affirm the facility details and operations terms as this project development process moves forward. OEV wishes to confirm the minimum requirements of this project will include:

- **The construction of a new full-service convention hotel offering 250-300 rooms.** To include all modern amenities to support a business and convention market including, but not limited to, a business services center for guests, at least one restaurant, valet parking, gift shop, dry cleaning, swimming pool(s) and sauna(s), well-equipped fitness center, and high-speed internet access.
- **The new construction of at least 50,000 square feet of convention/conference space to be integrated with the existing Turnbull Conference Center and the exposition space within the Donald L. Tucker Civic Center to provide the capacity to accommodate conventions and events of 750 – 1,000 attendees.** To include a newly constructed ballroom providing at least 25,000 square feet of meeting space that can be subdivided into at least four meeting rooms, and up to four additional meeting rooms totaling at least 20,000 square feet (as proposed by FSU in July 2017).
- **Adequate parking.** Parking facilities must be identified to support the proposed hotel, convention center, Civic Center, and other Arena District uses.

- **A unified marketing, sales, and operational structure for the convention center facilities to ensure a seamless booking process for meeting planners and convention experience for visitors.** To further attract conventions to the market, the Leon County Division of Tourism shall be considered an equal booking partner with FSU (or its agent assigned to manage the venue) to reserve the convention center on a first come-first served basis.
- **A cost-sharing agreement on potential operating shortfalls for the newly constructed meeting space.** Absent a dedicated authorized funding source for operating costs, an agreement between Leon County and FSU which contemplates and assigns responsibility for potential annual operating expense shortfalls associated with the newly constructed convention center space funded by sales tax revenue will be necessary.

Given the time since this project was originally proposed, almost five years ago, I thought it was important at this stage of the process to reiterate and memorialize with clarity OEV's current thinking relative to important threshold requirements of this project. In light of FSU's strategy to integrate the Turnbull Conference Center and the exposition space within the existing Civic Center, the new construction requirements presented here are significantly less than those included in the original market analysis which called for 115,000 square feet of convention center space. They are also significantly less than FSU's original proposal to the sales tax committee which requested one-time funding for 85,000 square feet of convention center space (with no recurring funding). I believe our refined requirements for the project will provide the convention center space necessary to fulfill the intent of the project and justify the public expenditure of \$20 million.

Your June 6th letter to the Intergovernmental Agency announced the selection of the Development Ventures Group (DeVen) to serve as the master developer for the Arena District and expressed an urgency to finalize the project timeline and financial commitments (Attachment #2). As we have discussed, OEV will be presenting an agenda item at the next Blueprint Intergovernmental Agency meeting on September 20, 2018 on the issue of bond financing sales tax extension revenues for economic development projects. We intend to present the preliminary option of bonding the convention center, with an estimated issuance of 2022, to provide access to capital sooner than would be available for this project through annual sales tax receipts. Of course, this would expedite our need to formalize necessary agreements relative to the construction and operation of the convention center prior to the issuance of such bonding. It is important to note that, in accordance with the Interlocal Agreement establishing this sales tax, formalized agreements related to the key terms provided herein will be required prior to the financing or disbursement of any sales tax funds for this project.

As such, the September meeting will also be the appropriate time to present the Intergovernmental Agency with the recommended requirements of the project included herein. Please note the Blueprint 2020 Interlocal Agreement requires final determination on the level of funding to be approved by the Intergovernmental Agency at the time of project consideration and execution of all agreements associated with the project. While the September meeting will not represent final action on this project, the consideration of bond financing for this project by the Intergovernmental Agency certainly warrants the general assent of all parties related to the basic requirements of the project for the purposes of moving forward. As such, please let me know as soon as possible if the requirements herein are not agreeable to FSU or if this timing is premature in any way.

Thank you again for the continued leadership of FSU in pursuing this exciting project for our community. I greatly appreciate the expertise you lend to this important project as well as your continued communication and cooperation with the County and the City through OEV. As always, we will be here to assist in any way necessary to make this project a success and I look forward to talking with you again soon in person.

Sincerely,



Benjamin H. Pingree
Director of Planning, Land Management & Community Enhancement (PLACE)

Attachments

1. Convention Center Project Description in the Blueprint 2020 Interlocal Agreement
2. June 6, 2018 letter from Kevin Graham, Executive Director of the FSU Real Estate Foundation

Cc: Vincent S. Long, County Administrator
Reese Goad, Interim City Manager
David Coburn, Chief of Staff, Florida State University
Kyle Clark, Vice President of Finance, Florida State University
Alan Rosenzweig, Deputy County Administrator
Ken Morris, Assistant County Administrator
Wayne Tedder, Assistant City Manager
Kerri Post, Director, Leon County Division of Tourism
Al Latimer, Director, Office of Economic Vitality
Cristina Paredes, Deputy Director, Office of Economic Vitality

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FLORIDA STATE UNIVERSITY
REAL ESTATE FOUNDATION

9/04/2018

Mr. Ben Pingree
315 South Calhoun Street – Suite 450
Tallahassee Florida, 32301

Dear Ben,

Thank you for the letter you sent dated August 22, 2018 addressing our continued partnership and specifically the opportunity to work collaboratively to build a convention center as an element of FSU's Arena District development. We value the strong working relationship that exists between the City, County, Blueprint and FSU.

In 2013, FSU acquired the Donald L. Tucker Civic Center from the Tallahassee Leon County Civic Center Authority with the intention of making substantial investments in that facility. Over the past five years, FSU has invested in excess of \$25M upgrading this facility and addressing operational deficiencies (an essential investment in the comprehensive space program of the forthcoming convention district). In conjunction with the acquisition, under President Eric Barron, FSU crafted a development concept centric to the Civic Center and the surrounding area that included a plan to relocate the new College of Business building and expand the athletic facilities in this new and prominent corner of campus. With the partnership and encouragement of the City and County, FSU embraced the idea of developing a hotel and convention center, an initiative that was clearly a priority to the City and County in 2011 as evidenced by the HVS study commissioned through the CRA.

FSU is one of the most significant economic engines in the region with a \$1.8B operating budget. The University creates a \$10B annual economic impact across the state of Florida, employs over 14,000 people, and its students spend over \$850M in the local economy each year. We are a Preeminent University in the State of Florida and excel in the areas of academics, research, creative endeavors, service and athletics. ***The opportunity to partner on a convention center development that builds on the platform of economic growth is appealing and remains a high priority for Florida State University.***

In June 2018, we submitted a letter to the Blueprint IA with information about the proposed convention center. Convention space has been a focal point in conversations about the Arena District, and effective planning of this element is a vital part of a successful project. ***It is our desire to construct a convention center that meets the needs of the community and the University.*** Accordingly, the programmatic and operational elements of the District must be identified through a detailed analysis of existing and anticipated market data.

FSU began the ITN process in 2013 to procure a development partner for the Arena District. The University delayed its plans to develop a hotel during the past few years in anticipation of

forthcoming Blueprint 2020 funding for the convention center. Concurrently, the fundraising and design efforts for Legacy Hall - FSU's new College of Business are progressing well, and we hope to break ground within the next 12 -24 months. **Constructing a hotel is a high priority for FSU** and we intend to develop the hotel, convention center, and Legacy Hall around the same timeframe. Absent a commitment to advance fund construction of the convention center within the initial phase of the Arena District Development, FSU will pursue a hotel development independently of Blueprint and OEV. If this occurs, the hotel will be constructed at a size, program and level of service that optimally meets the needs of FSU, but without specific consideration of an associated convention center. This would not preclude the future development of a convention center within the Arena District, but may change the programmatic and operational plans.

Your letter identifies five areas of focus and requests confirmation of *minimum requirements* (summarized as follows):

- Full service convention hotel offering 250-300 rooms
- New construction of 50,000 SF of convention/conference space
- Adequate parking
- Unified sales, marketing and operational structure for convention center facilities
- Cost sharing agreement on potential operating shortfalls of new meeting space

FSU agrees that these are *appropriate goals* for the project. The viability of these goals will be substantiated in detailed market/feasibility/operational studies. To the extent funding is delayed, inflationary pressure may negatively affect the ability to achieve one or more of these goals. Until we have an updated study and commitment on timing of funding, we are unable to commit to minimum requirements.

Per our recent conversations, FSU is requesting confirmation from Blueprint of when funding for the convention center will be available. Once timing of the funding is confirmed, we will begin developing a programmatic plan that incorporates space allocations and operational functions. Just as seven years have elapsed since the CRA commissioned the 2011 HVS study, it is possible that funding of the convention center will not be available for several more years. Therefore, it is critical that we align our planning process with the timing of funding.

FSU absolutely values a strong relationship with the City, County and Blueprint leadership. We have each made significant contributions, and together we will continue to support and promote economic growth in our community. Our respective obligations demand we remain the best stewards possible of the land and financial resources that have been entrusted to us. **FSU is ready to move forward on the hotel and convention center development now.** If the Office of Economic Vitality and our City and County Commissioners are in agreement and will commit to funding the \$20M investment within a timeframe that complements the hotel timeline, we will spend the next several months studying and further defining the program of the convention center.

FSU is requesting that, during the September 20 Blueprint IA Workshop, the Board approve advance funding of the \$20M for construction of the convention center project to begin during calendar year 2020. With that commitment, FSU will commit to working with Blueprint and OEV to complete an updated market analysis/feasibility study as well as a plan for space programming and operations (to include operational funding) to meet the goals for the project. Blueprint, OEV, and FSU will work collaboratively to define the scope of the study(s), the contracting party(s) and

the corresponding funding responsibilities. If, however, our respective timeframes do not align, the University understands and is willing to separate the planning processes of the hotel and convention center. If the decision is made to decouple these two projects, it may still be possible to construct a convention center in the Arena District at some time in the future, and we would look forward to those conversations. However, we cannot represent today any conceptual programmatic and operational conditions that may apply.

Thank you for your time and attention.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Kevin C. Graham', written in a cursive style.

Kevin C. Graham
Executive Director
Florida State University Real Estate Foundation

Cc:

Kyle Clark, Vice President of Finance, Florida State University
David Coburn, Chief of Staff, Interim Athletic Director, Florida State University
Liz Hirst, Interim Chief of Staff, Florida State University
Kathy Mears, Chief Legislative Affairs
Vincent S. Long, County Administrator
Reese Goad, Interim City Manager
Alan Rosenzweig, Deputy County Administrator
Ken Morris, Assistant County Administrator
Wayne Tedder, Assistant City Manager
Kerri Post, Director, Leon County Division of Tourism
Al Latimer, Director, Office of Economic Vitality
Cristina Paredes, Deputy Director, Office of Economic Vitality

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From: [Ben Pingree](#)
To: [Kevin Graham](#)
Subject: Re: Letter: Arena District and Convention Center
Date: Thursday, September 6, 2018 8:30:49 PM
Attachments: [image001.png](#)
[image001.png](#)
[image001.png](#)

Thank you for this response, Kevin. I'll call you tomorrow to continue our discussion.

-Ben

Benjamin H. Pingree, Director of PLACE
Ben.Pingree@tlcplace.org
P: 850.219.1060

On Sep 6, 2018, at 2:53 PM, Kevin Graham <kevin.graham@fsu.edu> wrote:

Ben,
I believe we are largely in agreement.

Per point #1 below, FSU agrees.
We are not asking for a final commitment to disseminate funds at this time, only a commitment to the timing of funding. If we are unable to come to agreeable terms on the programmatic elements of the Convention Center during the due diligence process that follows, there is no expectation of a binding commitment to provide funding.

Per point #2 below, FSU agrees.
During the due diligence process following the September 20th IA meeting, and prior to the IA making a final commitment to disseminate funds, we will work collaboratively to study the following:

- >Update market and feasibility analysis for convention center and hotel.
- >Develop a conceptual plan for parking including funding and operations
- >Develop a conceptual plan for convention center operations and funding subsidy.

Best,

Kevin Graham
Executive Director
Florida State University Real Estate Foundation
O: (850) 645-0522 | C: (850) 933-3961
kevin.graham@fsu.edu

From: Ben Pingree <Ben.Pingree@Tlcplace.org>
Sent: Tuesday, September 4, 2018 9:21 PM
To: Kevin Graham <kevin.graham@fsu.edu>
Cc: Christopher Goad <Reese.Goad@talgov.com>; Vince Long <LongV@leoncountyfl.gov>
Subject: RE: Letter: Arena District and Convention Center

Good evening, Kevin,

Thank you for your letter today and for all of your efforts to date on this important project.

I appreciate the development-related timing issues you raise in your response, as well as the specificity of your request for an IA commitment to provide advance funding to align with your anticipated construction schedule in the 2020 calendar year.

While I understand that your need for agreement on these “when” questions related to the funding availability for this project is critical, I hope you understand that the “what” question (i.e. what is being funded? What will be constructed for the public investment?) necessarily takes precedence as a fundamental threshold question for the IA to consider before moving forward with a “cash flow” decision on the project at this time and/or at the IA’s September 20th Workshop on Economic Development.

Forgive me if I am misinterpreting your letter in any way, but I believe absolute clarity is essential as we continue to work together in good faith on a project of this potential significance to our community and to the university. What your letter seems to be requesting is an up-front commitment by the IA to a full \$20M in the 2020 calendar year for the construction of a project - the size, scale and scope of which is “to be determined” later.

To be perfectly clear on the timing point of the possible funding for this project (the “when” question you raise): while our initial analysis for the September 20th Blueprint IA workshop had contemplated a 2022 bonding scenario, the Blueprint

funding for the convention center portion of this project could be available to meet your 2020 calendar year time frame. As we have discussed, I do not believe that “cash-flow” desire represents a significant challenge to this project should there be mutual agreement to proceed under a clear set of terms.

As such, and while we both know there are many specific details to be worked out in formal agreements down the road, for the September 20 workshop agenda materials, I still need additional clarification from you to be able to state clearly in our staff analysis that we are in agreement on the following basic tenants of the project at this point in the process:

1, Any a commitment by the IA to advance fund this project (up to \$20M) during the 2020 calendar year (or subsequently), is contingent upon the IA’s final approval of the amount of new conference center square feet to be constructed (i.e. no Blueprint funding will be available until the parties agree on the amount of square feet to be constructed and other important operational issues are formalized in subsequent agreements).

2, While we agree to work together and jointly fund the updated market/feasibility study during the months ahead, which is expected to provide critical information to instruct important capital and operational considerations, neither party is in any way bound to the results of the study. Moreover, upon agreement of same, I would anticipate the workshop analysis would lay out the next steps, timelines and goals of the market/feasibility study process.

With the concurrence of the County Administrator and City Manager (IMC), I am happy to present the IA with an advance funding option which contemplates an availability of funding in 2020, as well as an option for our joint participation in the market study, as long as we are in agreement on the above. Please confirm your agreement with this as I am in the process of developing the agenda materials as we speak.

I will call you in the morning to discuss this matter further. The outcome of our final review/commitment upon these key points may be the foundation for “next steps” in the analysis section of our agenda materials to the Intergovernmental Agency.

Thank you,

-Ben

Benjamin H. Pingree, MPA | Director of PLACE

Ben.Pingree@tlcplace.org

Ph. 850.219.1060 | Fax 850.219.1098

Blueprint: www.blueprintia.org

Economic Vitality: www.oevforbusiness.org

Planning: www.talgov.com/planning

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programmatic recommendations to the Board of Directors and the Intergovernmental Management Committee, shall perform a biennial review of the implementation, operation, and performance of economic development programs funded with Dedicated 2020 Surtax proceeds to ensure accountability consistent with the Strategic Plan, and shall perform such other duties as shall be provided in the Bylaws or as prescribed by the Board of Directors, or the Intergovernmental Management Committee. However, in no event shall either the EVLC or EVCC consider or approve funding requests for Blueprint 2020 Economic Development Programs funded with Dedicated 2020 Surtax proceeds.

C. The structure and membership of the EVLC, CPC, and EVCC shall be as set forth in the Strategic Plan.

D. In order to provide transparency and accountability for economic development programs utilizing the proceeds of the Dedicated 2020 Surtax, all financial activities shall be audited in accordance with the fiscal controls adopted by the Parties and as otherwise set forth in the Bylaws.

SECTION 4. Section b, Item 4 of Exhibit II to the Interlocal Agreement is hereby amended in its entirety to read as follows:

4. The following proposals are to be evaluated pursuant to the accountability and community engagement committee structure, as described in Part V, Section 6 of this Agreement, for consideration, as recommended by the Leon County Sales Tax Committee, and recommendations are to be forwarded to Blueprint regarding the utilization of the Dedicated 2020 Surtax proceeds in accordance with Part V, Section 6 of this Agreement, as follows:

- A. Entrepreneurial Development Fund: This proposal provides a source of funding from which to enhance present and develop new entrepreneurial support programs.
- B. Minority & Women Business Investment Fund: This proposal provides microloans to help minority and women owned small businesses and entrepreneurs.
- C. Technology & Innovation Incubators: This proposal provides funds to be used to support existing incubation programs and/or start new ones.
- D. Business Retention, Expansion & Attraction Fund: This proposal provides the community a toolkit to grow local businesses and attract companies that pay higher than average wages.
- E. Economic Opportunity Rapid Response Fund: This proposal provides resources to quickly leverage and close the gap between state incentives and project needs.
- F. Quantum Leaps & Signature Festivals: This proposal seeks to grow and support Tallahassee as a cultural destination through festivals and the arts by providing grants for festivals that draw tourists, grants to support new and expanding cultural offerings, and grants to propel cultural organizations to a new level of sustainability.
- G. South Monroe / Adams Corridor Catalyst: This proposal provides aesthetic and community funding associated with the Monroe-Adams Street Corridor Action Plan, funding to support an additional Florida A&M University (FAMU) Small Business Development Center location on the

Southside over a ten-year period, and funding for the FAMU Urban Agriculture Project to increase access to locally grown foods and increase urban farming and related business opportunities through workforce training.

- H. Raising the Ship Talent Development: This proposal provides funding for an in-depth assessment of job seekers and estimated employment needs, capital funding for a Southeast Regional Center of Excellence, and programmatic funding to support a Socially Responsible Enterprise.

SECTION 5. All other provisions, sections, requirements, promises, and covenants contained in the Interlocal Agreement, not otherwise in conflict with the provisions herein shall remain in full force and effect.

SECTION 6. Filing and Effective Date.

This Second Addendum shall become effective upon the occurrence of all of the following: (a) the execution of this Second Addendum by the proper officers of the City and the County as of the date set forth above; and (b) upon filing with the Clerk of the Circuit Court of Leon County, Florida, as required by section 163.01(11), Florida Statutes.

IN WITNESS WHEREOF, the parties hereto, through their duly authorized representatives have executed this Second Addendum as of the date first written above.

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INCUBATOR AND ACCELERATOR STUDY

February 9, 2018

Tallahassee-Leon County, Florida
Office of Economic Vitality

About Business Cluster Development

Business Cluster Development (BCD) creates innovative models and strategies that catalyze entrepreneurial ecosystems and emerging innovation clusters. BCD designs distinctive, cluster-based programs (including accelerators and incubators) that advance entrepreneurship, new business startup and technology commercialization, generating superior results for its clients. As an industry leader, BCD has consulted with clients for 25 years and assisted with the development of more than 80 entrepreneurial support and cluster programs across the U.S. and overseas. Our team possesses a depth and breadth of knowledge built through years of hands-on experience developing and managing sustainable programs. Three programs have received the International Business Innovation Association's (InBIA) highest honor, Incubator of the Year. Two programs have been profiled as case studies, one by Harvard University and another by Stanford University. To learn more about us, visit our website at <http://www.clusterdevelopment.com>.

Carol Kraus Lauffer
Principal



3186 Bryant Street
Palo Alto, CA 94306
650-387-3159
www.clusterdevelopment.com

Table of Contents

Executive Summary **2**

1. Introduction **9**

2. Key Findings **10**

3. Background and Definitions **12**

3.A. Business Formation and Business Life Cycle 12

3.B. Entrepreneurial Support Programs (ESPs) 13

3.C. Entrepreneurial Culture and Grow Your Own 20

4. Overview of Small and Medium Enterprises **21**

5. Business Needs in Tallahassee-Leon County **22**

6. Entrepreneurial Support Programs (ESPs) in Tallahassee-Leon County **25**

6.A. Proof-of-Concept/Development Stage 27

6.B. Startup Stage 36

6.C. Ancillary Programs 38

6.D. Support for Businesses in the Later Stages: Growth and Mature 41

6.E. Collaboration Among ESPs 44

6.F. Industry Sector Focus for ESPs 45

7. Capital Access **46**

7.A. Angels and Angel Network 47

7.B. Venture Capital 49

7.C. Matching Funds 49

7.D. Debt Financing 49

8. SWOT Analysis: Strengths, Weaknesses, Opportunities and Threats **50**

9. Gaps and Recommendations **53**

Executive Summary

The Tallahassee-Leon County Office of Economic Vitality (OEV) commissioned the *Incubator and Accelerator Study* as part of the effort to work toward three goals in the *Tallahassee Leon County Economic Development Strategic Plan* (October 12, 2016). The goals are: (1) develop a new collaborative economic development program of work that stimulates economic expansion in the city/county across all unique opportunities for growth; (2) better position and promote Tallahassee-Leon County as a business generator, an ideal location to start and grow a business; and (3) better identify, understand and marshal all available assets, organizations, and resources towards common economic growth objectives and outline a model that encourages collaboration among the many entities impacting economic development. It defines OEV as a catalyst for strategic growth, and calls for OEV to collaborate with stakeholder organizations in the community to build the ecosystem.

The *Incubator and Accelerator Study* conducted by Business Cluster Development (BCD) reviews and analyzes Tallahassee-Leon County's business formation landscape and entrepreneurial resources, in order to provide (1) an objective understanding of the landscape, and (2) recommendations on improvements to the Entrepreneurial Support Programs (ESPs), which include incubators and accelerators. BCD deployed a discovery process through interviews with nearly 40 stakeholders in the community, in addition to conducting web-based research. The stakeholders included entrepreneurs, business owners, professional service providers, ESPs, educational institutions, investors, mentors, and the clients they serve. BCD reviewed each of the ESPs and business assistance programs, considering industry best practices, proven programs in other communities, and its significant experience creating and operating ESPs across the U.S. Finally, the resulting gaps between needs and resources were identified, and actionable recommendations made for strengthening the business formation landscape.

Tallahassee-Leon County Business Formation Landscape

“Each entrepreneurship ecosystem is unique”¹. The business formation landscape in Tallahassee-Leon County has both strengths and weaknesses, and is influenced by internal factors as well as external opportunities and threats.

Tallahassee-Leon County has a thriving and growing entrepreneurial community that has emerged over the past five years or so. The startups operate in a variety of industries, with no particular industry sector dominating. The lack of industry concentration can be attributed to the fact that, as the

¹Daniel Isenberg (Founding Executive Director of the Babson Entrepreneurship Ecosystem Project), *Forbes*, May 25, 2011.

state capital, Tallahassee-Leon County's primary industry has been government, along with the professional services that support government. "Approximately 32% of the region's [Gross Regional Product] GRP derives from direct government activity, while each of the largest [private sector industries] contributes no more than 10%."²

Many of the entrepreneurs lack significant business management experience: they have not served on a founding team of a company, nor held a senior management position in a more mature business. Some are recent graduates (undergraduates) of Florida State University (FSU) and Florida Agricultural and Mechanical University (FAMU).

With the increase in entrepreneurial activity, several entrepreneurial support programs (ESPs), including Domi Station and the Entrepreneurial Excellence Program, have been created to assist and provide resources to entrepreneurs, and more are planned. Networking events such as Startup Week draw participants each year.

Reflecting that many entrepreneurs in Tallahassee-Leon County are considering whether to start a business, testing the viability of the business concept, and/or developing a business model, the ESPs primarily assist entrepreneurs in the proof-of-concept, or development stage. A gap in service exists for entrepreneurs ready to move into the next, or startup, stage in the business life cycle. They need assistance with developing a business plan, completing product development, generating sales and revenue, and raising funds from external (not friends and family) sources. They require the support that will help to put them on a path to success. At this time, limited to no assistance exists at this startup stage. This gap has ramifications for the development and growth of successful businesses, and retention of those homegrown businesses in the community.

Other factors that impact businesses at this early stage are access to capital, in addition to industry expertise, and management talent. Tallahassee-Leon County has an active angel investor network, the Tallahassee Florida Angel Nexus (which is a chapter of the statewide Florida Angel Network); yet, more angels (accredited investors) and education of those angels are needed. The angel network is working to address the need. A robust mentoring program, which provides one-on-one guidance over time, is also missing. The pool of mentors is shallow, and industry and subject matter expertise is difficult to find given Tallahassee-Leon County's small size and lack of industry concentration. Entrepreneurs often lack experience as senior managers in a mature business, or on a founding team.

² Camoin Associates, *Manufacturing & Transportation/Logistics: Tallahassee MSA Industry Profile*, February 2018.

A small, but growing number of startups are science-based businesses³. They have great difficulty accessing resources at FAMU and FSU such as core labs and faculty. According to several of the science-based businesses that were interviewed, faculty appear to be unwilling to participate as advisors to businesses or serve as principal investigators (PIs) on grants, such as Small Business Innovation Grants (SBIR) and Small Business Tech Transfer (STTR)⁴; and university policy and culture seem to restrict or prohibit use of core labs with specialized, scientific equipment.

In conclusion, startups and early stage businesses in Tallahassee-Leon County could be growing faster, but are restrained to some extent by the lack of certain resources. The SWOT that follows this section provides insight into the current state of the landscape. A more detailed discussion of the gaps, and recommendations for addressing the gaps follows.

Gaps and Recommendations

BCD has identified five gaps—listed here in priority order—in the business formation landscape and associated recommendations for addressing them. Working collaboratively, OEV and stakeholder organizations in the community can strengthen the landscape.

(1) Gap: Incubation for companies at the startup stage of the life cycle

Once entrepreneurs are ready to advance past the development/proof-of-concept stage in Tallahassee-Leon County, they cannot find support at the startup stage of the life cycle in an organized or programmatic manner, such as a business incubator. Incubators assist with business strategy and plan, product development, sales and distribution strategy, customer acquisition, and securing sources of outside funding and investors, and mentor entrepreneurs over an 18-month to two or three-year period. Incubation assistance helps businesses to reduce risk and successfully reach the next stage of the life cycle. The five-year survival rate of businesses that graduate from incubation programs is 83%, according to the International Business Innovation Association (InBIA). In addition, incubators typically help businesses grow from 3 to 4 employees, to 15 to 25 employees by the time that they graduate, which has an impact on business retention in the community. The need for incubation is present among businesses in a wide range of industries, and would not necessarily be addressed by the Innovation Park Incubator that will have more of a science-based

³ Science-based businesses may be defined as businesses developing products in one of a number of scientific fields including bioscience, chemistry, materials science and others. Science-based is not an *industry* sector; it is a broad term covering a wide range of possible industry sectors.

⁴ SBIR and STTR are both grant programs of the U.S. SBA. Federal agencies set-aside a small portion of federal R&D funding for awards to small business (SBIR) and research institutions (STTR) through these programs.

emphasis. Also, at the rate at which it appears that the entrepreneurial community is growing, it could easily be served by *more than one* incubation program.

Recommendation: Create a business plan for a business incubator in order to clearly define a program that would address the specific needs of entrepreneurs and the landscape in Tallahassee-Leon County as well as leverage the available assets and resources.

While it might seem that the next step following this report would be the creation of an incubator, that step would be premature. **All best practices incubators start with the development of a complete business plan.** The business plan would define the incubator's fit within the landscape and help to ensure that programs are not duplicated. BCD highly recommends that OEV hire a firm or organization (that can provide an objective perspective) to develop a well-thought-out incubator business plan. BCD also recommends that the business plan identify the most capable stakeholder organization with the requisite skills and experience to lead and operate the incubator.

(2) Gap: Expertise in the form of mentoring and subject matter experts

Entrepreneurs need on going mentoring and subject matter advice tailored to their particular situations, as they build, and then scale, a business. A mentor is an experienced entrepreneur, industry expert or business service provider who provides ongoing counseling to an entrepreneur on a long-term basis, perhaps through one or two stages of a company's development. In contrast, mentor relationships in Tallahassee-Leon County tend to be short-term (often, a single meeting), and the ESPs do not offer robust mentoring programs. While many entrepreneurs praised the advice that they received from experienced business owners in the community, the same names were always mentioned. Community size and lack of industry concentration leads to a shallow pool of mentors and fewer subject matter experts in different industries. This issue is complicated by the wide range of industries (e.g. information technology, consumer goods, life sciences, etc.) in which businesses are starting. ESP staff lack the resources and the time to identify and expand the number of contacts outside of the community. Entrepreneurs need linkages that extend well outside of Tallahassee-Leon County.

Recommendation: Create a robust mentoring and subject matter expert program that not only provides long-term mentoring, but also establishes linkages outside of Tallahassee-Leon County to expand the pool of mentors and access to subject matter experts. Establish a competitive grant program to support the solution to this gap and future OEV strategic goals.

BCD highly recommends a strategic approach that would have a significant impact on the problem: the **creation of a competitive, performance-based grant program by OEV** that would support a solution and the implementation of that solution. It would spur stakeholder organizations in the

community to address critical needs with respect to business formation. Specifically, the grant should fund solutions that establish both a: (1) mentoring program, and a (2) network of subject matter experts in a range of industries and professional fields. The grant program should be structured for accountability, and establish a criteria and process that selects the best solution to the identified problem and the most capable organization to execute it.

(3) Gap: Access to specialized resources at FSU and FAMU, including core labs and faculty

Entrepreneurs in Tallahassee-Leon County have difficulty gaining access to the specialized equipment in the core labs at FSU, and engaging with faculty at FAMU and FSU. Science-based businesses, in particular, need to develop and test products with specialized equipment that is found at universities. Many universities have policies that stipulate how and when specific labs can be used, the staffing required for use, and cost. Faculty seem to be uninterested or unwilling to consult with companies and/or participate as Principal Investigators in SBIR/STTR. Entrepreneurs are, therefore, seeking these resources at other universities.

Recommendation: Work with FSU and FAMU to create opportunities for entrepreneurs to access core labs and faculty, and create a “conciierge” to facilitate access and help establish a stronger culture of collaboration.

Institutional change will be required. Access involves a shift in institutional thinking about engaging with entrepreneurs and business, as well as policy and cultural change. The process must begin with university leadership, and then spread among faculty. Change will take time. About three years ago, a change in leadership, including the Vice President of Research and Office of Commercialization at FSU, occurred that appears to be having a positive impact, as described by several of the businesses that were interviewed. Entrepreneurs will also need a clear access point to the university to not only serve as a gatekeeper, but also facilitate access and introductions. BCD recommends that FSU and FAMU create positions that are externally focused and serve as a “conciierge” for businesses.

(4) Gap: Shortage of experienced management talent

Lack of experienced management on the team increases the chances of failure, and makes it much more difficult to grow and retain businesses in the community past an early stage. In general, entrepreneurs starting businesses (“founders”) have limited to no experience in business management (especially, senior management). Recruiting a manager with 15 or 20 years of experience to join a company founding team, or a growth stage business, is also difficult. The base of managerial talent is not present at a level that would support the growth of the businesses that are starting now.

Recommendation: Build management skills among entrepreneurs, and attract management talent.

At the early stage, the focus should be building business management skills among the entrepreneurs that are starting businesses. ESPs such as Domi Station and the EEP should add management skill training to their curriculums, and more importantly, provide mentors that would coach founders on management skills. An incubator would help CEOs to building their business and strategy skills. However, to fully address the issue will require attracting management talent from outside of the community, whether it is to join a founding team or a more established company. OEV must address the attraction of management talent as part of its business retention strategy.

(5) Gap: Access to capital

Gaps in capital access occur at the startup and growth stages. Tallahassee-Leon County has a small, but active, angel investor community and an organized angel network (Tallahassee Florida Angel Nexus), which generally fits current needs. However, the need will grow as the number of startups increases. Some entrepreneurs are seeking angel investment from investors and groups in other regions of Florida, from Orlando to Miami. The region may not have sufficient capital and/or investors that match the needs of businesses (especially science based and technology businesses), or entrepreneurs lack the connections to the local investors or local angel group. Venture capital firms that can provide a Series A round (which is typically between \$2 and \$15 million) do not exist locally, and therefore, as entrepreneurs launch their businesses and move toward growth stage, they may seek capital from VC firms in Atlanta or South Florida. The risk then becomes that companies will relocate near the VC firms. The presence of venture capital firms requires sufficient, qualified deal flow in the community and region.

Recommendation: Expand the number of educated, qualified angel investors in Tallahassee-Leon County, and establish linkages with funding sources outside of the community.

Solving the access to capital issue is a challenging one across the U.S. and especially in smaller communities. Activating wealthy individuals in the community to become accredited angel investors is the best approach, as well as educating them about how to maximize returns and invest in science-based and technology businesses. The Tallahassee Florida Angel Nexus appears to be doing both. At the same time, ESPs should strengthen their connections with both the local angel network and angel groups throughout Florida to ensure that startups have access to capital, in addition to forging connections to traditional venture capital firms in other regions. Both mentor programs and the creation of an incubator would help to connect companies to VC firms.

SWOT Analysis for Tallahassee-Leon County Business Formation Landscape

Strengths	Weaknesses
<ul style="list-style-type: none"> ❖ Thriving and growing entrepreneurial community that has emerged over the past few years ❖ Many entrepreneurs want to start and grow their businesses in Tallahassee-Leon County ❖ Well-regarded ESPs serving development/proof-of-concept stage entrepreneurs ❖ Statewide programs that assist second stage and mature businesses ❖ Active, local angel group with support available through HQ ❖ Networking events for entrepreneurs and community ❖ Cross-referrals by ESPs to help entrepreneurs find the right resource ❖ Entrepreneurs bootstrap to start and grow their businesses 	<ul style="list-style-type: none"> ❖ Lack of incubator program to assist early stage entrepreneurs & provide follow-on assistance to entrepreneurs after development stage; reduces chances for business success ❖ Relatively shallow pool of experienced mentors and industry subject matter experts to advise entrepreneurs ❖ Long-term mentoring program not available ❖ FSU and FAMU expertise and resources (faculty, core labs) generally not accessible to entrepreneurs ❖ Entrepreneurs with limited to no senior management experience and skills ❖ Angel investors lack experience with science & technology-based companies ❖ Lack of local institutional venture funds (Series A)
Opportunities	Threats
<ul style="list-style-type: none"> ❖ Growing number of entrepreneurs completing development stage programs and successfully continuing with their businesses ❖ Access to FSU & FAMU faculty, core labs and interns ❖ While the number of science-based businesses is still relatively limited, the number could increase over time ❖ Education of angel investors in Tallahassee-Leon County about technology & science-based businesses and angel investment best practices ❖ Retention of graduating FSU and FAMU students to start companies or work in startup companies 	<ul style="list-style-type: none"> ❖ Businesses could potentially be growing faster but are constrained by the lack of certain resources (e.g. capital, incubator, mentors, industry subject matter experts) ❖ Local economy historically dominated by public sector ❖ Funding of startups by angel and venture investors outside of Tallahassee places startups at risk of moving out of the community ❖ FSU and FAMU’s lack of engagement with local entrepreneurs and technology and science-based businesses ❖ Limited pool of senior business managers in Tallahassee-Leon County hinders company growth ❖ Growing number of ESPs assisting development stage entrepreneurs could reduce the selectivity necessary for the success of the ESPs and their clients

1. Introduction

The *Incubator and Accelerator Study* reviews and analyzes Tallahassee-Leon County's business formation landscape and entrepreneurial resources, in order to provide (1) an objective understanding of the landscape, and (2) recommendations on improvements to the Entrepreneurial Support Programs (ESPs), which include incubators and accelerators. In order to develop a clear picture of the landscape, Business Cluster Development (BCD) identified the needs of entrepreneurs and small businesses in Tallahassee-Leon County, the ESPs (current and planned) in the community that support the stages of the company life cycle, and the capital necessary to support business growth, and also provided overview statistics on small and medium enterprises in the County. It concludes by identifying the gaps in the landscape and providing recommendations that are designed to help Tallahassee-Leon County to address the gaps.

BCD deployed a discovery process through interviews with nearly 40 stakeholders in the community, in addition to conducting web-based research. The stakeholders included entrepreneurs, business owners, professional service providers, ESPs, educational institutions, investors, mentors, and the clients they serve. The Tallahassee-Leon County Office of Economic Vitality (OEV) and its partners provided a list of ESPs for inclusion in the study.

BCD reviewed each of the ESPs and business assistance programs, considering industry best practices, proven programs in other communities, and its significant experience creating and operating ESPs across the U.S. When possible, BCD interviewed clients of the ESPs to get their insights on the extent to which the ESPs served their needs and the perceived gaps.

The relevant best practices for this study include those relating to client programs and services and, for those with selective programs, client selection. According to the International Business Innovation Association (InBIA, formerly NBIA), best practice client services deliver client assistance that results in company success, and services that provide practical, real-world experience. They engage qualified individuals to provide the client services and ensure that the necessary types of expertise are available on a timely basis. Services should be provided in a manner that suits entrepreneurs. ESPs that have selective programs, such as accelerators and incubators, should develop and deploy selection criteria and a process that advances the mission of the program and chooses clients that are the best fit for the program and its capabilities.

Finally, the resulting gaps between needs and resources are identified. Actionable recommendations are made that are designed to strengthen the business formation landscape.

The study is a step toward meeting several of the goals in the *Tallahassee Leon County Economic Development Strategic Plan* (dated October 12, 2016), which was developed through an extensive process of citizen engagement. The *Strategic Plan* defines economic development as

*A coordinated course of action across all local assets and resources to facilitate the development, attraction and cultivation of innovative businesses and associated job creation to position the economy for sustained, directed growth raising the quality of living for the citizens of Tallahassee-Leon County.*⁵

It defines the role of the Office of Economic Vitality (OEV) as a catalyst for strategic growth, and calls for OEV to collaborate with stakeholder organizations in the community to build the ecosystem and achieve the goals outlined in the *Strategic Plan*. This report works toward three of the stated goals:

- “Goal One envisions a new collaborative economic development program of work that stimulates economic expansion in the city/county across all unique opportunities for growth.” Among the initiatives identified is business formation.
- “Goal Two recognizes the need to better position and promote Tallahassee-Leon County as a business generator, an ideal location to start and grow a business.”
- “Goal Three looks both to better identify, understand and marshal all available assets, organizations, and resources towards common economic growth objectives and to outline a model that encourages collaboration among the many entities impacting economic development.”⁶

In addition, entrepreneurial development and small business assistance were among the strengths identified in the *Strategic Plan*. In particular, 53% of those surveyed for the *Strategic Plan* wanted economic development efforts to be supportive of entrepreneurialism and entrepreneurs. 81% of those surveyed wanted to see home-grown/local entrepreneurial businesses in Tallahassee-Leon County.

2. Key Findings

Based upon the research and interviews conducted by BCD, the following key findings emerged:

- Historically, as the state capital, Tallahassee-Leon County’s primary industry has been government, along with the professional services that support government. “Approximately

⁵ *Tallahassee-Leon County Economic Development Strategic Plan*, October 12, 2016, pg. 7.

⁶ *Ibid.*, pgs. 8-9.

32% of the region's [Gross Regional Product] GRP derives from direct government activity, while among all of the private sector industries, each of the largest⁷ contributes no more than 10%.”⁷

- During the past five years, Tallahassee-Leon County's entrepreneurial community has emerged, with a growing number of entrepreneurs and startups in a variety of industries (and no particular industry sector dominating). A small, but growing, number of entrepreneurs have started science-based businesses.
- Many of the entrepreneurs lack significant business management experience: they have not served on a founding team of a company, nor held a senior management position in a more mature business. Some are recent graduates (undergraduates) of Florida State University (FSU) and Florida Agricultural and Mechanical University (FAMU).
- With the increase in entrepreneurial activity, several entrepreneurial support programs (ESPs), including Domi Station and the Entrepreneurial Excellence Program, have been created, and networking events such as Startup Week have become annual.
- Reflecting that many entrepreneurs in Tallahassee-Leon County are considering whether to start a business, testing the viability of the business concept, and/or developing a business model, the ESPs primarily assist entrepreneurs in the proof-of-concept, or development stage.
- At this time, limited to no assistance exists for entrepreneurs once they have completed the proof-of-concept, or development stage. This gap in service to entrepreneurs in the startup stage has ramifications for the development and growth of successful businesses and retention of those homegrown businesses in the community.
- In recent years, an active angel network (Tallahassee Florida Angel Nexus) has been created in Tallahassee-Leon County that can provide seed capital to growth businesses.
- Limited linkages exist to resources and expertise located in cities outside of Tallahassee-Leon County. Those resources include mentors, subject matter and industry experts, and venture capital firms.
- Florida State University (FSU) and Florida A&M University (FAMU) are assets that are generally not accessible to entrepreneurs and businesses in the community. Faculty appear to be unwilling to participate as advisors to businesses or principal investigators (PIs) on grants; and university policy and culture appear to restrict or prohibit use of core labs with specialized, scientific equipment.
- The lack of some of the resources described in this report constrains the growth of startups and early stage companies in Tallahassee-Leon County.

⁷ Camoin Associates, *Manufacturing & Transportation/Logistics: Tallahassee MSA Industry Profile*, February 2018.

3. Background and Definitions

The background information in this section provides an ***important foundation for understanding business formation, supporting entrepreneurship and business startup, and retention and growth of business startups in Tallahassee-Leon County***. It contains definitions and descriptions that will be mentioned throughout the study:

3.A. Business Formation and Business Life Cycle

Businesses move through stages of development, referred to as the business life cycle. The first two stages, development/proof-of-concept and startup, are considered business formation. Each of the four stages may be described as follows:

(1) Development/Proof-of-Concept: An entrepreneur has, or is in the process of, formulating a business idea and assessing its viability. Market assessment is critical at this early stage. The entrepreneur may also be considering whether she or he is the right person to take the business forward. Creation of a business model occurs, which may come in the form of a “business model, or lean, canvas”⁸. Research and development is conducted, and an early prototype of the product may be developed. At this stage, the business is typically self-funded (“bootstrapped”).

(2) Startup: After viability is proven and an early business model developed, the business is launched. Market research continues and feedback from first customers is obtained on the early product. An initial team is formed. Development of the first product is completed, and sales and distribution of the product occurs. The business model and plan are revised and now more detailed, based upon a better understanding about market, product and team. Initial funding is obtained, often from friends and family and/or internal resources. By the end of the stage, growth and technology companies would have obtained a round of seed capital from angel investors.

(3) Growth (or Second Stage): Companies are generating consistent and growing revenue from product (or service) sales as the number of customers and sales volume increases. Revenues are exceeding operating expenses, and therefore provide capital for growth. The number of employees increases to handle the many facets of an expanding company. The company is beginning to tap into a wider market, which may be regional, national or international. Competition increases. Growth and technology companies obtain venture capital investment to get the infusion of capital necessary to fuel growth.

⁸ A popular process and template for developing and documenting a business model used by startups and existing businesses.

(4) **Maturity**: Maturity is signaled by stable profits year after year. The company has a dominating presence in its market. Some companies will continue to grow, with new product lines and entrance into new markets, and perhaps company acquisitions. Others find that sales have peaked and start to decline.

Yet, not all types of businesses complete all of the four stages, or at the same pace. Companies on a growth trajectory may surge ahead and rapidly move through the stages. Others may become targets for acquisition early in their development. Still, others may struggle through the initial stages and barely reach growth stage, if at all.

Different industries experience different timeframes for proceeding through the stages. Pharmaceutical companies, for example, will spend years in development or proof-of-concept stage as they develop a drug and work through the U.S. Food and Drug Administration (FDA) regulatory process, and (hopefully) clinical trials. On the other hand, application development companies can complete initial product development in a matter of weeks and launch sales through app stores immediately following.

Of course, not all businesses survive through all of the stages. More than 50% of businesses fail within the first five years of business, according to a commonly cited statistic. Yet, InBIA reports that 85% of firms graduating from business incubator programs (see next section) are still in business after five years, and BCD has witnessed similar results. Therefore, assisting businesses through the early stages--and in particular, the development/proof-of-concept and early stage--are critical for increasing the chances for business success and achieving economic development results.

3.B. Entrepreneurial Support Programs (ESPs) and Business Assistance

Thriving entrepreneurial ecosystems⁹ support entrepreneurship and business startup by providing a variety of resources to assist entrepreneurs. The resources provide information and teach necessary skills for entrepreneurship, and help individuals to evaluate whether to start a business or not. They also provide critical one-on-one advice and a network of connections. Best practice ESPs help entrepreneurs to reduce business risk and increase their chances for business survival and success. By defining the types of models and programs, a common vocabulary is created for understanding the business formation and assistance landscape in Tallahassee-Leon County.

⁹ Entrepreneurial ecosystems are defined as “the elements—individuals, organizations or institutions—outside the individual entrepreneur that are conducive to, or inhibitive of, the choice of a person to become an entrepreneur, or the probabilities of his or her success following launch.” (Source: Wikipedia)

3.B (1) ESP Models for the Business Formation Stages

ESPs support entrepreneurs during the first two stages of the business life cycle, development/proof-of-concept and startup. During the development stage, ESPs serve one or more of these important functions: (1) development of a business idea, (2) teaching business basics to entrepreneurs, (3) validation of the business idea including market research and customer discovery, and (4) formulation of a business model (and plan). Next, during the startup phase, ESPs advise businesses on product development, market refinement, initial sales and distribution, obtaining outside funding, and business model and plan.

Some ESP models, including business incubators, entrepreneur training, and Small Business Development Centers (SBDCs), have been in existence for decades. Others, such as accelerators, coworking, and makerspaces, have started and gained popularity in more recent years. Nevertheless, each plays a different role in supporting entrepreneurs and business formation, and the ecosystem.

The use of the ESP terms has become murky, at times, as different programs in different communities adopt the terms and apply them in different ways. The definitions provided here are used by BCD with clients and teaching professional development courses, and are drawn from industry best practices, and designed to provide a common vocabulary for the report that follows.

The chart below shows the types of ESP that provide *direct assistance*, sorted by each of the four stages of the business life cycle:

ESPs and Business Assistance Sorted by Business Life Cycle

Development/Proof-of-Concept	Startup	Growth	Mature
Training	Incubator	2 nd Stage/ Economic Gardening	Assistance
SBDC			
Accelerator			

In the definitions that follow, each of the ESPs is sorted into 2 broad categories: (1) direct support of businesses in the first two stages of the life cycle, and (2) support for businesses in the later stages. Then, within the direct support category, the ESPs are sorted by each of the two stages that they serve, development or startup. Finally, the types of ancillary ESPs and activities are described.

3.B (1) a. Direct Assistance to Entrepreneurs:

Direct assistance is defined as one-on-one or one-to-many assistance to entrepreneurs. The ESPs are sorted by the stage that they serve.

3.B (1) a. Development/Proof-of-Concept Stage

Entrepreneur Training: Entrepreneur training is designed to teach the skills and knowledge necessary for starting a new venture. It generally serves two types of clientele: (1) individuals seeking to determine whether to start a business, or assessing the viability of a business idea, and (2) entrepreneurs seeking to learn business basics. Typically, training is offered through a course with a 10 to 14-week curriculum. In many communities, the Small Business Development Center (see below), community college, incubator or other program that supports entrepreneurship offers this type of training course. A fee is charged for course registration. An application may or may not be required. It is a more traditional approach and has been available in many communities for decades. From an entrepreneur's perspective, the slow pace of the course may be considered inconsistent with the need to get a business up and running quickly. The other downside is the academic nature of some courses.

Small Business Development Centers (SBDCs) provide a vast array of technical assistance to small businesses and aspiring entrepreneurs at little to no cost. SBDCs are a program of the U.S. Small Business Administration (SBA), and sponsored by universities, community colleges, and a few states. The services include one-on-one advising, training and specialized services, but the types of services offered and the experience of the providers vary significantly from location to location. Most offer advice in a single session; however, in more recent years, a number of SBDCs have begun to offer long-term mentoring to startups and small businesses.

Accelerator: Accelerators support a cohort of entrepreneur teams (who strive to create very early-stage, growth driven businesses) through an intense process of education, mentorship, and financing over a period of a few months, culminating in a public event or "demo day" in which the entrepreneurs pitch to partners and funders. Generally, accelerators are well-suited to application, web-based and software companies in which startup costs are low, development timeframes last just a couple of months, market entry quickly follows, and capital needs are minimal compared to most technology companies. Entrepreneur teams (which are often two to four members at the start) must apply and be selected for the program, which has a defined start and end date. In more recent years, the typical three-month program (used by industry leaders, Y Combinator and TechStars) has been extended to six months in order to accommodate industry verticals with longer development timeframes, including medical devices. In addition to the curriculum (which follows the Lean Canvas model), participants receive mentoring over the course of the program. Many accelerators offer shared open workspace to participants. The cohort system helps to foster a peer network among the participants. Accelerators first entered the ecosystem as investment models. These "seed accelerators" typically provided \$125,000 to 150,000 in equity investment in a company, in exchange for 4 to 8% equity. However, in the past three years, the model has been widely embraced by universities and economic developers,

which may or may not provide an investment or take equity. Universities have adopted the model to support technology commercialization by faculty, and business startup by student entrepreneurs. Economic development organizations have created or funded accelerators that are driven by economic goals, such as new business formation, diversifying local economies, and fostering a culture of entrepreneurship. In both of these cases, a fee for participation may be charged. Most all accelerators are sector, or vertical, focused. Due to the nature of the program in which mentors and subject-matter experts both attract businesses to the program and provide the critical deep network of industry contacts that needed by the participants, a sector focus is commonly deployed. Some of the sectors have included financial technology (“fintech”), education technology, healthcare, clean energy, consumer products, and food products.

3.B (1) a. Startup Stage

Incubator: Business incubators accelerate the successful development of entrepreneurial companies by providing an array of business support resources and services.¹⁰ The support and services are provided by the management of the incubator and its network of contacts. Some incubator programs include facilities to house companies; others (known as “virtual”) do not offer space. The most common model is a combination of space and virtual memberships. Incubators serve businesses that have achieved some early milestones, such as business model, prototype, reference customer, initial funding (may be internal), and a founding team. Like accelerators, incubators are selective programs requiring an application and selection process. Selection is determined based upon a set of criteria, including viability of the business, business stage, market opportunity, ability to benefit from the resources provided, and other criteria specific to each incubator. Admission to the program is “rolling”, with openings available as companies either graduate or leave the incubator. Guidance on management and technical issues is an important part of the service offering. Mentoring, in particular, is the hallmark of any good incubator, as well as access to subject matter experts including industry contacts. Many incubators are milestone-based, with each incubator client working toward an individualized set of milestones over the course of the program, which may last anywhere from 18 months (for an information technology, or IT, business) to five years for a therapeutics company. Incubators help clients get access to capital by first guiding them through a process to prepare to raise capital or get a loan (depending upon the type of businesses served), and then introducing them to a network of angel and venture capital investors, or lenders, established by the incubator. Clients that are growth companies often raise their first institutional funding round (or Series A) while in the incubator. Incubators can have an industry sector focus, which helps the incubator management to develop strong connections within an industry that will benefit their client companies, and for some sectors, offer shared equipment (e.g. food processing, laboratory) that can help businesses to lower

¹⁰ InBIA definition as modified by BCD.

their costs. Incubators that are facility-based offer shared conference rooms, kitchen and reception areas, which not only help businesses to lower monthly expenses but also creates a professional appearance. Like accelerators, incubators provide a community in which its clients develop peer relationships. Client companies pay monthly membership fees (or rent, depending upon the program structure) while they are members in the program. Incubator client companies may join the program when they have three or four employees, but may graduate with a total of 15 to 25 employees. (In contrast, accelerator participants start and end the program with a total team of two to four.) It is important to remember that accelerators *precede* incubators. Companies that have completed an accelerator program are still very early in the process of creating a business and require additional advice and support, such as an incubator, to help to ensure their success.

The following table compares and summarizes the different types of ESPs that serve the early stages of business formation:

Comparison of Entrepreneurial Support Program Models: Development & Startup Stages

	Entrepreneur Training	Accelerator	Incubator
Company Stage	Development/Proof of Concept	Development/Proof of Concept	Startup
Client Type	Considering a business idea, entrepreneurs, small business	Entrepreneur teams/companies	Businesses
Selective/Not	No	Yes	Yes
Primary Service Type	Training	Mentoring and curriculum	Mentoring and network
Core Programs and Services	Weekly course Limited to no mentoring	Structured educational curriculum/bootcamps (Lean Canvas model) Mentoring Connections to network	Mentoring Connections to network Individualized milestones
Capital Access	No	Yes	Yes
Start/End Dates	Set	Set	Rolling
Program Length	10-14 weeks	3-6 months; maximum 9 months	18 months to 3 years
Outcome	Business feasibility and plan	Business model, customer discovery, early product, early funding	Business model and plan; completed product development; reference customers and sales; employees hired beyond the initial team; investment (Series A)

3.B (1) b. Ancillary Activities:

Ancillary activities *supplement* the resources from ESPs, and also serve individuals who are *not* entrepreneurs and *not* starting a business. They can play an important role in the business formation landscape.

Coworking space: Coworking space is a shared work environment between groups of people who work independently (and are not employed by the same organization). Members are often independent contractors, work-at-home professionals, remote employees from a local or non-local business, entrepreneurs and small entrepreneurial businesses. As such, they do not support business startup and growth in a directed way. All coworking spaces feature shared, open office space. Many also have rentable small, hard-wall offices. Conference rooms are shared. Members pay a monthly membership fee. Effective coworking spaces provide a community for their members, a place where they can connect with others instead of working in isolation at home or at the local coffee bar. As such, each coworking space has its own distinctive character, with some more “techie”, others more creative, and some more collaborative. Coworking spaces have become part of many accelerators and incubator facilities, as a means of providing a workspace for accelerator participants, and to create a pipeline of companies that may apply to join the incubator at an appropriate time. Many coworking spaces hold events to encourage networking and community among their members, and also invite non-members. Some coworking spaces are providing mentoring and other services that begin to approximate incubator services.

Makerspace: A makerspace is a communal workshop where makers (tinkerers, hobbyists, artists, inventors and entrepreneurs) can share tools, equipment, and ideas. Makers pay a monthly membership fee. Makerspaces are now found in schools (from K-12 to universities), libraries, and community centers. Sometimes, they are referred to as a hackerspace or fab lab. Regardless of the label, they are places to build something. With respect to entrepreneurship and business startup, makerspaces provide the opportunity for inventors and entrepreneurs to build a prototype, or to manufacture in small batches. A growing number of universities have created on-campus makerspaces for faculty and students to invent. Some incubators and accelerators have incorporated makerspaces into their facilities. The type of equipment in a particular makerspace can vary significantly. Many have 3-D printers and CAD software, but the equipment may include laser cutters, soldering irons, and even sewing machines. Makerspaces require that potential users take a class (for a fee) to learn the proper and safe operation of the specific piece of equipment prior to its use.

Events: Events increase the visibility of entrepreneurship, promote ESPs in a community, and teach some basic business skills. The two below are the most commonly found:

- **Startup Weekend:** Startup Weekend is a 54-hour weekend event—held in a number of communities across the U.S. and globally—during which groups of developers, business managers, startup enthusiasts, marketing gurus, graphic artists and more pitch ideas for new startup companies, form teams around those ideas, and work to develop a working prototype, demo, or presentation by Sunday evening. Local organizers run the event, with facilitators and mentors from the local community and financial support from local sponsors. It is volunteer-based. Generally, Startup Weekends are a fast way, with minimal time commitment and risk, to immerse oneself into an abbreviated version of how to start a business. Generally, the goal is not launching a new business—although it can happen on a small scale—but creating visibility for entrepreneurship as an opportunity and career path. It supplements other programs and activities in an ecosystem by raising the visibility of entrepreneurship and helping to foster a culture of entrepreneurship, but is not a core program for entrepreneurship and new business formation.
- **Pitch Events:** Pitch events, generally, provide a forum for entrepreneurs and early stage companies to stand up in front of an audience to give their elevator pitch, and get feedback from a panel. They tend to attract a wide audience, from entrepreneurs, mentors, service providers and investors, to the general public. Entrepreneurs submit an application and are selected through a screening process. Most provide some sort of coaching to the selected entrepreneurs. Pitch events have become popular in college business schools. They may also be community events, sponsored by an ESP. Entrepreneurs benefit from the feedback obtained from the panel (and sometimes the audience) and the pitch practice itself. As an event, it helps to raise the visibility of entrepreneurship in a community.

3.B (2) Support for Businesses in the Later Stages

Business assistance programs provide guidance and resources to business owners during the later two stages of the life cycle, growth and maturity. They can be a means to aid with scaling of businesses and retention.

Second Stage, or Economic Gardening: “In contrast to relocation or startup initiatives, Economic Gardening targets second stage companies already operating in a community. It helps these existing businesses grow larger by assisting them with strategic issues and providing them with customized research.”¹¹ It assists in five areas: core strategy, market dynamics, qualified sales leads, innovation and temperament.

¹¹ Edward Lowe Foundation. <http://edwardlowe.org/entrepreneurship-programs/economic-gardening/> August 31, 2017.

Assistance Programs for Mature Businesses: Assistance, which may come in the form of organized programs, may include advice on business expansion, possibly through the addition of new production lines and/or a new customer base, or business efficiency, including streamlining of operations and/or production. Given the diversity of the types of businesses and challenges faced, the assistance is tailored to their specific needs.

3.C. Culture of Entrepreneurship and Grow Your Own

Support for homegrown businesses is an important strategy for smaller communities, in particular. This strategy is enhanced by a culture of entrepreneurship and a Grow Your Own approach.

The startup of new businesses and the business formation landscape are greatly enhanced by a culture of entrepreneurship. While places like Silicon Valley have a culture of entrepreneurship that permeates just about everything in the community, other communities must create regular opportunities to increase awareness about entrepreneurship, promote entrepreneurship as a career path, provide education about business startup, and celebrate success stories. Building or strengthening a culture of entrepreneurship makes it easier for someone to choose to start a business. Overall, increasing the understanding that business startup is important to the local economy is critical to building an entrepreneurial culture.

Beyond the culture itself, many communities have intentional strategies to “Grow Your Own”. Grow Your Own is an umbrella term for “economic development models that use entrepreneurship and small business development as the tool to create economic growth.”¹² Grow Your Own focuses on local strengths, small businesses and entrepreneurs in one’s own community--instead of spending resources to attract companies from outside--as a way to foster economic growth. It involves developing support resources for entrepreneurs, innovation, and access to capital and markets. The goal is to help businesses to grow to a sufficient scale in which they can have a significant economic impact on the community.

Entrepreneurs and small businesses create jobs. According to the U.S. Small Business Administration (SBA), small businesses represent 99.7% of all employer firms, and employ half of all private sector employees.

Businesses started by local entrepreneurs are often loyal to their communities; they are more likely to stay in their communities. In other words, they are “sticky”. Their stickiness increases as they add

¹² Federal Reserve Bank of Kansas City. “Grow Your Own Guide; Entrepreneurship-Based Economic Development”, <https://www.kansascityfed.org/publicat/community/gyo/gyo-guide.pdf> , p. 3. August 22, 2017.

employees and those employees have spouses employed in the community and children that attend local schools.

Communities with business incubators can enhance the opportunities to “Grow Your Own”. BCD has found that incubators that allow their business members to grow to a particular size (measured by number of employees, usually 20 to 25 or more), and then graduate, can dramatically increase the chances that those, now larger, companies stay in the community. They stay for the same reasons described in the prior paragraph: their employees are critical to continued company growth, and those employees and their families do not wish to leave the community.

4. Overview of Small and Medium Enterprises

The 2015 establishments data from the U.S. Census County Business Patterns Data for Leon County¹³ shows a total of 7,474 firms in Leon County. About three-quarters of the firms have fewer than 10 employees, and 53% have fewer than five employees. 85% of the total have fewer than 20 employees. Firms with fewer than 50 employees account for 95% of the total number of firms. Clearly, businesses in Leon County are predominately small enterprises.

Using the definition that small firms have fewer than 50 employees, and medium firms have fewer than 250 employees, the tables below show the proportion of total firms that are small and medium enterprises.

Leon County Firms by Number of Employees

# Employees	1-4	5-9	10-19	20-49	Total Small	50-99	100-249	Total Medium	250+	TOTAL FIRMS
# of Firms	3,962	1,394	998	765	7,119	221	111	332	23	7,474
% of Total Firms					95%			4.5%		

Small Firms in Leon County by Number of Employees

# Employees	1-9	10-49	TOTAL SMALL FIRMS
# of Firms	5,356	1,763	7,119
% of Total Small Firms	75%	25%	

¹³ Camoin Associates, *Economic Retrospective: Tallahassee-Leon County*, January 2018, Table 23.

Among business establishments, the largest sector is Professional, Scientific, and Technical Services. The vast majority are small firms with one to four employees, which would include sole proprietors.¹⁴ The next largest sector is Retail Trade, Other Services, Healthcare and Social Assistance, and Accommodation and Food Services.

For the purposes of this study, technology businesses are defined as a business that focuses primarily on the development or manufacturing of technology. As became clear during the course of the interviews, stakeholders define “technology” very broadly; the definition may include information technology services, application (“app”) development, software, and others. Science-based businesses may be defined in this study as businesses developing products in one of a number of scientific fields including bioscience, chemistry, materials science and others. Science-based is not an *industry* sector; it is a broad term covering a wide range of possible industry sectors.

5. Business Needs in Tallahassee-Leon County

Entrepreneurial activity in Tallahassee-Leon County has continued to grow over the past few years.¹⁵ Businesses are starting in a wide range of industries, from consumer products and retail, to application developers, software, and science-based businesses in the life sciences. All of the entrepreneurs, regardless of the type of industry, need services provided by qualified individuals and organizations that assist with developing and growing their businesses. The needs identified in this section are *not* served by the current ESPs in the community. (Recommendations on addressing the needs identified here are described in Section 9 of this report.)

With respect to facilities and equipment, most businesses that were interviewed require office space, which is easily found in Tallahassee-Leon County, and do not have specialized equipment needs.

¹⁴ Camoin Associates, *Economic Retrospective: Tallahassee-Leon County*, January 2018, Table 23.

¹⁵ BCD determines growth in entrepreneurial activity through statements made during stakeholder interviews, as well as the number of ESPs and participation in the ESPs. It is always difficult—if not impossible—to quantify entrepreneurial activity because entrepreneurs may not have formed a company/legal entity, and often do not appear in various databases due to their “newness”. They operate, in a sense, “under the radar”. Therefore, the level of entrepreneurial activity is best approximated by measures such as the number of ESPs, the number of entrepreneurs participating in and completing their programs, and the data on program graduates captured by ESPs that track their progress in the years following graduation.

Yet, there appears to be a small, but growing, number of entrepreneurs that have started science-based businesses that have unmet specialized needs, such as wet lab space¹⁶ and equipment.

The needs were uncovered during the discovery phase in which BCD interviewed entrepreneurs, and the service providers and funders who assist entrepreneurs, to get their perspectives on the challenges to starting and growing a business in Tallahassee-Leon County. Clients of several of the ESPs were asked about their experiences with the service provider. Entrepreneurs were questioned about their knowledge of different ESPs in Tallahassee-Leon County.

Several themes emerged from the interviews, and are described in the bulleted list below. A few of the themes are specific to particular industries and noted as such. Overall, it appears that businesses in Tallahassee-Leon County could be growing faster, but are restrained to some extent by the resources that do not currently exist to meet the needs identified here.

Entrepreneurs seek access to:

(a) Expertise – While entrepreneurs seek access to professional services (legal, accounting, finance) and general business advice, they have a very clear and unmet need with respect to *knowledge and contacts pertaining to the specific industries in which they are operating*. The needs are not much different from those of entrepreneurs located in other smaller communities and cities around the U.S., where the pool of expertise may be shallower and no particular industry or industries dominate the local economy. In addition, “Tallahassee-Leon County’s economy is heavily influenced by the presence of the state capital”, and the large proportion of jobs and businesses connected to its presence.¹⁷ Generally, entrepreneurs in Tallahassee-Leon County cannot find industry-specific expertise and advice locally. For example, an entrepreneur developing a medical device would have difficulty finding a local expert to advise on the U.S. Food and Drug Administration (FDA) regulatory approval process. An entrepreneur developing diagnostic test kits would not easily find local assistance with understanding distribution channels, or identifying contacts within those distribution channels. The issue is most critical for science-based businesses. Yet, manufacturing, technology and other types of businesses expressed similar concerns. On the positive side, the necessary expertise does exist in other regions of Florida (e.g. Orlando, Miami, Tampa), as well as Atlanta. Currently, however, the connections to these communities are not strong. The ESPs often lack the

¹⁶ Wet lab space is defined as “laboratories where chemicals, drugs, or other material or biological matter are tested and analyzed requiring water, direct ventilation and specialized piped utilities.” (<http://www.wbdg.org/space-types/laboratory-wet>. December 18, 2017.)

¹⁷ Camoin Associates, *Manufacturing & Transportation/Logistics: Tallahassee MSA Industry Profile*, February 2018.

connections and/or the bandwidth to establish the connections for their clients. Therefore, entrepreneurs must identify and then locate the connections without assistance, which is challenging.

(b) Startup stage assistance – The lack of follow-on assistance after an entrepreneur has completed either training or an accelerator program impacts the ability of businesses to grow. Businesses that have completed one of these programs are still very early in the company development process. They require additional assistance, from mapping out a complete business plan to launching their products and building out their team. Currently, entrepreneurs may complete one program that serves development stage and then move on to another that serves the same stage, because they still require more assistance. Yet the assistance provided is very similar to the assistance that they already received. An incubator would address this issue, and will be discussed later in Section 9 Gaps and Recommendations.

(c) Management skills and experience - In general, entrepreneurs—whether they are developing a business idea, launching a business, or in the startup stage—have no prior experience starting a business or serving on the founding team of an early stage business. In Tallahassee-Leon County, they generally lack management experience, and in particular, have not held a senior management position at an established company. Some of the entrepreneurs are recent graduates (undergraduates) of FSU and FAMU. Investors and service providers that were interviewed mentioned the lack of management experience as a potential barrier to scaling a business in the community.

(d) Connected entrepreneurial resources – Several entrepreneurs expressed frustration at the lack of coordination among the different resources that are available to assist with business viability, planning, startup, and growth in Tallahassee-Leon County. The inefficiency makes it difficult for entrepreneurs—especially first-time entrepreneurs—to identify the appropriate resource that can assist them. Therefore, they may be disconnected from the exact resources that could help them. The Alliance of Entrepreneur Resource Organizations (AERO) (see Section 6.E) was formed by the ESPs in Tallahassee-Leon County to help provide coordination, but is not known by some of the entrepreneurs that were interviewed.

(e) Capital – Entrepreneurs in every community lament the need for access to capital that will enable the growth of their businesses, but the specific access issues vary by community. In Tallahassee-Leon County, two needs emerged. The first is very specific to angel capital for technology product and science-based businesses. Although science-based businesses at present are small in number, they can have an important impact on the local economy if they have the ability to grow successfully in the community. Entrepreneurs expressed frustration that local angels lack experience with science-based and technology businesses, and therefore are reluctant to invest. The second need applies to all businesses, regardless of the industry: they believe that they cannot obtain capital locally, and

pursue and obtain angel capital from angel networks elsewhere in Florida or in Atlanta. Their willingness to travel for angel investment is somewhat unusual, but contains a risk. They may move to locate near their investors. While this action is less likely to occur at the angel investment stage, the risk is much greater when they obtain institutional venture investment (Series A). (Capital access will be discussed in more detail in Section 7.)

(f) Specialized space and incubator (for science-based businesses) - Science-based businesses consistently identified the need for wet lab space, and more specifically, an incubator in Tallahassee-Leon County. Most of those interviewed had already obtained space (mostly, through retrofit), but stated that a science-based business startup would not find wet lab space in the community. While it appears that the number of science-based businesses is relatively small, they could be an important part of the local economy with the potential to create higher paying jobs, provide employment opportunities for FSU and FAMU graduates, and leverage local innovation assets, FSU and FAMU. Should FSU and FAMU increase its licensing activity to startups in Tallahassee-Leon County, the demand would increase. In particular, the businesses interviewed identified the need for an incubator that would provide small, hard-walled wet lab spaces, along with the ability to increase the space when the company grows. An incubator, they said, would create a community of science-based business. Innovation Park plans to develop a wet lab incubator, which may address the issue. (See Section 6.B.1 for a description.)

(g) Specialized equipment and faculty at FSU and FAMU – At the development and startup stages, science-based (and at times, technology) businesses require access to expensive, specialized equipment that they cannot afford nor justify the cost given that access may only be needed for a few hours per month. The solution is access to core labs at universities. Many universities, including the University of Florida, allow access via policies that control the hours, faculty participation, and fees. Several entrepreneurs commented that they were unable to obtain access at FSU and therefore had to travel outside to use the facilities at a different university. Entrepreneurs described the problem at FSU as both an “institutional unwillingness” to provide the access and lack of interest among faculty who control access to equipment. Entrepreneurs also commented that they had difficulty getting faculty interest or participation in Small Business Innovation Research (SBIR) grants or serving as advisors on research projects. Again, they traveled outside of the region to engage faculty. The issue is a combination of culture and policy.

6. Entrepreneurial Support Programs (ESPs) in Tallahassee-Leon County

With the rise of entrepreneurship in Tallahassee-Leon County over the past few years, a number of ESPs and resources have launched to assist entrepreneurs in the community. Additional programs

are in various stages of planning, with some that are expected to come online within the next two years. (Descriptions of the different types of ESP models are located in Section 3.B.)

The ESPs in Tallahassee-Leon County seem to be networked with one another. They cross-refer entrepreneurs. When appropriate, one ESP may incorporate the services of another for the benefit of its clients. They are leveraging one another’s resources, which is not only very positive for entrepreneurs, but also for the ecosystem.

The list of ESPs profiled here was provided by OEV and its partners. The ESPs serve the community and are specifically directed at individuals or teams who are seriously considering starting a business, in the process of starting a business, or operating a growing business; they are *not* academic programs. BCD researched the ESPs and interviewed their directors and operators, as well as clients and others who have either used or have direct knowledge about the programs. The information in this report reflects the available information at the time that the research was conducted for this report. In the case of the operating programs, BCD has identified their strengths and weaknesses, and opportunities for improving services for clientele and the community. BCD considered each program with respect to industry best practices. For ESPs in the planning stages, BCD interviewed the individual who is guiding the planning for the particular ESP. Since they are not operating programs, they cannot be evaluated. Their descriptions appear in *italics*.

To understand the business formation landscape, each of the ESPs (operating and planned) are sorted into the four stages of the business life cycle (see Section 3.A.) that each serves. Some ESPs serve more than one stage, but are categorized under the stage that each *primarily* serves. (See the table below.) Because the focus of the study is the business formation landscape, emphasis is placed on the first two stages of the business life cycle: development and early stage.

Tallahassee-Leon County ESPs (Providing Direct Assistance) Sorted by Business Life Cycle

	Development	Startup	Growth	Mature
OPERATING				
	Entrepreneurial Excellence		GrowFL	JMI
	Domi Station		SBDC	Innovation Park
	TCC Spark*			TCC Kim Williams Advanced Manufacturing Center
PLANNED				
	KitchenShare	Innovation Park Incubator		
	2 nd Stage Incubator	AMU ICCI Business FAMU Incubator		

*Launched within the past 3 months.
Note: This table does *not* include ancillary programs.

6. A. Proof-of-Concept/Development Stage

The main focus of the proof-of-concept, or development, stage is development of a business idea and assessment of its viability. Participants may be deciding whether to start a business, or are planning to actually start a business. (A more complete description of this stage can be found in Section 3.B (1) a.) Two programs currently provide training; an additional one recently launched. One accelerator program is operating, with two additional, sector-focused accelerators are planned.

6.A.1. Training

❖ Entrepreneurial Excellence Program

This well-regarded program plays an important role in fostering entrepreneurship in Tallahassee-Leon County. Based upon a successful program and curriculum offered by the University of Central Florida, the Entrepreneurial Excellence Program (EEP) teaches the business basics necessary for those considering starting a business and entrepreneurs in the early stages of development. The topics covered during the 10-class course include assessment of a business idea, development of a business model, marketing strategies and sales, building a team, legal and intellectual property, funding, and presentation/pitch skills. Not only does the EEP teach practical business skills, but it also gives individuals the opportunity to determine whether to pursue their business idea or not. The course runs over a five-week period, with two evening courses per week. The EEP is offered twice per year.

The EEP is a selective program, requiring an application and review to ensure that participants are a good fit for the program. Selectivity is important to ensure that individuals are serious about validating their business idea or starting a business. The first 12 applicants that qualify are accepted into the course. Up to two individuals from each accepted company can participate. In practice, a few business owners who are operating a business have participated in order to learn business basics.

A \$400 fee is paid by each participating company. Fees are important to weed out those who are not serious, and to encourage commitment by those who are. Occasionally, need-based scholarships are provided. Originally funded through a grant from the U.S. Economic Development Administration (EDA) and then from the Knight Foundation, the EEP has operated under the auspices of Innovation Park and the Leon County Science and Technology Authority for the past several years.

Since the program's launch in 2011, graduates have started more than 140 businesses, according to Larry Lynch, Director of the EEP. The types of businesses started cover a wide range of industries, from technology developed and licensed from FSU to more traditional businesses, including restaurants. Some of the graduates have previously started businesses, but most are starting their

first business. About 25% are either FSU students or faculty. Approximately 60 to 70% of the graduates start a business. Approximately 10% start and fail. Failure is normal as starting a business is risky.

Volunteers from the community teach the courses, which is common practice for similar programs. Volunteers include professional service providers, business people and experienced entrepreneurs.

Because Tallahassee-Leon County has minimal support available for businesses in the startup stage, graduates of the program often reach out to the Director for advice after the course. This is one indication of the need for services to support the startup stage, as well as mentoring.

The strengths of the program are apparent from the feedback received from graduates. They found the EEP to be educational, and the speakers to be knowledgeable. They emphasized the peer experience and relationships that they maintain beyond the end of the course.

It is clear that the EEP provides a valuable service to entrepreneurs in the community. By serving the earliest stage in the business life cycle, the EEP helps entrepreneurs to test the validity of a business idea; make an informed decision about pursuing entrepreneurship (or not); and gain basic business skills. It operates over a relatively short period of time (five weeks), which is helpful to entrepreneurs. At the same time, the EEP's class connects entrepreneurs within the program. Peer relationships are important to entrepreneurs because starting a business can be an isolated experience, and developing a peer network is critical. It enables the sharing of information and contacts, and support when entrepreneurs face challenges. Finally, by concluding the class with a pitch session, it motivates participants and teaches them important communication skills that will be valuable regardless of whether they seek to raise capital from an investor or sell their product.

A missing element in the EEP is formalized mentoring. While course instructors sometimes provide a one-time follow-up advising session, on-going mentoring is not available and would be a valuable addition to the program. Each business participant could be assigned a mentor who meets with her or him on a weekly basis during the course.

In the future, provided that the number of technology/science-based and traditional businesses reaches a critical mass, separate courses should be provided for each of the two types of business. While common lessons can be taught regardless of the business type, differences in the startup and operation of the technology versus non-technology can be quite distinct and therefore entrepreneurs would benefit from a course directed specifically at their interests.

❖ TCC Spark

Operated by Tallahassee Community College (TCC), Spark is a relatively new program. At this time, Spark has three components: mentoring events, an entrepreneurship course, and an entrepreneurship forum. The mentoring events began in spring 2017; the course and forum launched in Fall 2017. Support for Spark is provided by First Commerce Credit Union. Due to the newness of the programs, they cannot be evaluated based upon results or feedback from students.

The monthly mentoring event allows entrepreneurs to meet with mentors. The mentoring is limited to the event itself, not long-term as provided by a typical mentoring model. According to Rick Paul, coordinator of Spark, it plans to increase the number of active mentors and train them in order to enhance the experience and value obtained by entrepreneurs. Training of mentors is important because, while mentors may have vast business experience, they may not have the necessary skills to share their experience and advice using a mentoring approach.

Limited to an enrollment of 20, the non-credit, 15-week entrepreneurship course meets weekly and covers topics commonly found in similar entrepreneurship courses. It will be offered twice per year. An application is required, along with a fee of \$225. A competition is held at the end of the course, with the winner receiving space in the TCC Innovation Center building in downtown Tallahassee. TCC Spark also offers online courses on business startup, marketing, business planning, accounting, etc., and credit courses in entrepreneurship for those pursuing a two-year degree.

The addition of more programs and assistance for those considering entrepreneurship or trying to build basic business skills is positive for Tallahassee-Leon County. Yet, given the semester-length of the course, it is better suited to students pursuing a degree and individuals who are considering entrepreneurship and not ready to launch their businesses. Entrepreneurs with the intention to launch at the conclusion of the course, or already operating a business, would more likely be attracted to a course with a shorter timeframe (such as the EEP). Speed is a desirable aspect of any program with a goal of launching businesses post-course.

The third component, the entrepreneurship forum, is a monthly event. About 25 people (including students, entrepreneurs, micro and small businesses, mentors and resource providers) attend each event, which is topic-focused. In a thriving entrepreneurial ecosystem, events help to connect entrepreneurs.

The speaker series is a new event with a planned launched date of December 2017. It will feature motivational speakers with an audience of students and the community.

Another planned program, a downtown marketplace, will promote local microenterprises, small businesses, non-profits and artists and attract students, alumni and the community. It can help to provide visibility, and help businesses that are selling products to a consumer market. Like a farmers market, the marketplace can be a low cost entry point for these types of businesses, and at the same time, provide an opportunity to get market and customer feedback by selling directly to consumers.

6.A.2. Accelerator

❖ Domi Station

Domi Station is an accelerator (although it refers to itself as an “incubator”), as well as coworking space, that helps entrepreneurs to start scalable businesses in a mix of industries. Domi’s model has evolved since opening in May 2014. Backed by Mosley Ventures in Atlanta, it began as a more traditional investment-driven technology incubator with rolling admission, free space and mentors in exchange for equity, and no curriculum. However, it became apparent that Tallahassee-Leon County lacked a robust pipeline of scalable technology businesses that would meet the criteria of an investment-driven model. Many potential applicants were at a stage too early for consideration by the venture firm. As a result, both the model and the management have changed. The current model appears to be a good fit for Tallahassee-Leon County and appears to operate under industry best practices.

Domi operates in 8,000 square feet (sf) comprised of a combination of open, coworking space (accessible to both accelerator and coworking members), a few hard-wall offices, conference rooms, and common space. It has plenty of free parking, which is valued by its members and visitors. Many commented that its location is desirable.

Domi runs three programs, in addition to the coworking space (which will be described later in this section.) Its flagship program, Get Started, begins as a three-month accelerator, followed by three months of coworking space and mentoring. During the accelerator portion of the program, clients participate in a curriculum that covers business model and customer discovery, and receive mentoring. Domi uses a licensed, accelerator curriculum that covers the topics found in any accelerator. The cohort of entrepreneurs/clients in Get Started meets once per week.

The clients believe that the mentors provide quality advice, but the number is limited given the size of the community and Tallahassee’s historical emphasis on the public sector. According to its 2016 annual report, Domi has 27 active mentors. Domi staff has looked for mentors located outside of Tallahassee, but is challenged due to the wide variety of industries in which their members are involved, which requires identifying experts in a wide variety of industries.

Two cohorts operate per year with 11 companies in each cohort, which is an average number as most accelerators operate with eight to ten companies. Companies pay \$600 to participate in Get Started. (FSU and FAMU students do not pay a fee since the cost is covered by university support of Domi.)

As an accelerator, Get Started is a selective program. According to Lucas Lindsey, who is the Director, Domi received a similar number of applicants for the first two cohorts. Ultimately, 11 entrepreneur teams were selected for each of the two cohorts. The acceptance rate is approximately one-third, which appears to be a reasonable given the current state of entrepreneurial activity within Tallahassee-Leon County. Over time, however, establishing a goal of selecting one applicant for every five, and then one for every 10, would be more appropriate. At this time, Domi does not have a backlog of applicants. Achieving a higher level of selectivity requires increased deal flow of qualified applicants.

Many of the Get Started clients are very early stage, and therefore the addition of a three-month follow-on period to the three-month accelerator is designed to help clients get to a launch stage. (The Director described Domi as a “pre-accelerator”.) This point is indicative of the early nature of many of the entrepreneurs in Tallahassee-Leon County. In fact, entrepreneurs that join Domi may be earlier stage than the majority of entrepreneurs entering accelerators across the U.S. (especially considering the participation of college students).

According to Lindsey, many of Domi’s clients have completed the EEP prior to joining Domi. Two conclusions may be drawn from this point: (1) clients that complete the EEP are still very early in the business life cycle and therefore require additional assistance with the development stage, and/or (2) due to the lack of an incubation program in Tallahassee-Leon County, entrepreneurs that have completed the EEP seek assistance from Domi because the next step of resources does not exist in the community. The need for the follow-on, three-month phase demonstrates that entrepreneurs in Tallahassee-Leon County have an unmet need for assistance that would advance their businesses beyond the development of a business model and customer discovery, and would help to launch a product.

The very early stage nature of the clients can, in part, be attributed to the participation of students from FSU and FAMU. Domi receives support from both universities. FSU provides \$25,000 per year to allow its students to participate in the Get Started program, and use of a specific space in the facility for students and student activities. FAMU provides \$125,000 per year to support the Get Started program and the Technology Commercialization Accelerator Program (described later in this section). Placing undergraduate students in programs alongside entrepreneurs is not a good fit. As a matter of fact, some of Domi’s clients did not like undergraduate participation because of the experience level and maturity of students. Undergraduates, in particular, often lack business and

industry experience and therefore are not at the same starting point as the other entrepreneurs in the program. Nevertheless, given the limited pipeline of entrepreneurs who are potential applicants to Domi, it may not be possible at this time to create a separate cohort for college students. Once the number of qualified applicants is sufficient, a separate cohort of university students should be created.

Another program, PowerUp, is supported by First Commerce Credit Union and designed to help early stage, small businesses become more sustainable. Businesses must have minimum annual revenue of \$250,000. Participants attend a quarterly workshop and receive mentoring by management consultants. The clients appeared to be more retail-oriented, but the program is open to businesses in any industry.

Domi's clients--regardless of the program--operate in a wide variety of industries, including applications, brick and mortar retail, software, food, etc. Domi strives to reflect the demographics of the community, including diverse age groups.

The third program is a bootcamp for researchers (including faculty, post docs and graduate students) called the Technology Commercialization Accelerator Program or TCAP. It is modeled after the National Science Foundation (NSF) iCorps program, which is designed to assist scientists and researchers to move their basic research projects to commercialization. iCorps follows a lean canvas model with a heavy emphasis on customer discovery. iCorps is available through many universities nationwide.

Cohorts for different industry sectors or verticals¹⁸ have not been deployed in any of Domi's programs. Most all accelerators target a specific industry sector, or vertical, because it enables the staff to provide clients with depth and breadth of subject matter expertise and industry contacts, and at the same time, more effectively meet the needs of clients on a just-in-time basis. Although the clients that were interviewed expressed a strong interest in having cohorts focused defined industries, Tallahassee-Leon County currently lacks critical mass in any particular industry that would be required for the deployment of this type of approach. This issue should be re-examined in a few years to assess (1) whether critical mass in particular sectors, or verticals, has developed, and (2) the

¹⁸ The term, sector or industry vertical, is defined as a particular field with products having common attributes or related products or services. Examples may include cybersecurity, healthcare IT, or medical devices. The term is much more narrow than "science-based" or "technology", which both apply to a very broad spectrum of types of industries with a wide range of products.

sectors would be suitable¹⁹ for an accelerator program.

The impetus for Domi's founding came from County officials who sought to use a vacant warehouse building situated between Tallahassee's two universities to assist with the community's efforts at technology transfer and commercialization. The County provided \$259,000 to renovate the building. The County does not provide operating funds, but is providing, at no charge, fiber for Internet through 2018. The County continues to own the building and lease it to Domi. It appears to be the only ESP with some form of support from the County or any local public sector institution.

Domi also runs a variety of events that are open to the public. Regular events include One Million Cups, First Friday Happy Hour, Meetups, Women Wednesdays, and Code Bootcamps. As a space for numerous events and entrepreneur resources, Domi is an active hub for entrepreneurs in Tallahassee-Leon County.

Domi is widely recognized in the community as a go-to resource for entrepreneurs at an early stage, and as a community for entrepreneurs. During the interviews, BCD received very positive feedback from Domi's clients, instructors, service providers, ESPs, and other stakeholders in the community. They value the resources and the opportunity to connect with other entrepreneurs in the community. Those interviewed like the speed and pace of the accelerator program. They like the space, but did remark that it becomes too crowded, at times. Clients expressed concern about the lack of a follow-on, incubation program to Domi. In addition, they mentioned the need for more mentors because Tallahassee-Leon County has a "limited circle" of mentors. Some also commented on the lack of industry, or subject matter, expertise among mentors, which is a challenging issue for a community of this size and one that has historical dependence upon government as its primary industry.

At the same time, Domi has a reputation as "tech" and, as a result, some entrepreneurs avoid it. Despite the fact that some of the accelerator clients in each cohort are not operating in a technology field, the program has a tech "vibe" which prevents some potentially scalable non-technology businesses from seeking assistance. Creating and deploying messaging that Domi assists all types of businesses is important to changing this perception.

Domi operates as a 501(c)3 non-profit organization. In addition to the funding from FSU and FAMU referenced earlier, Domi has received small contributions from Tallahassee Community College,

¹⁹ Not all sectors are suitable for accelerator programs because the accelerator model is tailored to businesses that can assess the market, develop and build a product, and obtain funding in a relatively short, three to six month (or nine months, at the most) timeframe. Many sectors have longer timeframes for product development, and are therefore not suitable for an accelerator model.

private donations and grants. Its sources of external support have changed over its history, which is common for these types of programs. It also collects fees from accelerator and coworking members.

In its 2016 Annual Report, Domi reports that it assisted 60 entrepreneur teams (in all of its programs combined) from Fall 2015 to Fall 2016. It created 39 full-time jobs with an average annual wage of \$40,000. Domi clients reported \$5.4 million in revenue, and \$2.4 million in equity investment during this time period. In 2014, one startup was acquired by a multinational corporation that opened a Tallahassee office.

❖ KitchenShare

Kitchenshare will operate as a combination shared commercial kitchen for food businesses, and training and resource specifically for food entrepreneurs, as described by Michelle Gomez, the Director. The course commenced in October 2017; construction has started on the commercial kitchen space. KitchenShare is a type of accelerator/training program for teams in the development stage or considering a business idea. It cannot be evaluated since it only recently launched the course component of the program.

Designed as a six-month program, it starts as a three-month course (with weekly meetings), followed by three months of mentoring. Kitchenshare follows an accelerator model. The licensed curriculum is the same one used by Domi Station, but is adjusted to provide education specific to the food business. The facilitator for the course is a food entrepreneur. Adapting the curriculum to food businesses is critical as food businesses have very specific regulatory and health requirements.

The three month mentoring component will be important since a three-month program would not be sufficient for entrepreneurs to develop and market their products. During that period, mentors would help entrepreneurs to refine their ideas, get advice about business startup, and conduct research and development. Course instructors and others will provide mentoring on a volunteer basis. Program staff will assist with product development, sourcing ingredients and sales.

The application process is selective. Each course will have 12 slots. Eligible applicants will include businesses at the concept stage and early startup stage, including those selling product at a farmers market. According to Gomez, about 90% of the applicants in the current round are women, and the majority intends to make a product (versus a service business, such as a caterer). The types of food products among the applicants varied, from shelf stable (baked goods, sauces, jams/jellies) to frozen products. The goal is to improve the local food system by helping regionally produced food to be consumed regionally.

The fee to participate in the course is \$275. A payment plan is available to help make the program accessible. Fellowships, which are funded by grants, cover the course fee for students, in addition to a stipend for building a web site and brand, packaging and food safety certification, and product development mentorship. For those without a fellowship, referrals to service providers are provided at reduced rates. Two courses would be offered each year.

Kitchenshare will also have a shared commercial kitchen with three production spaces: (1) hot fill (with a hood, fryer and grill), (2) baking (with prep space, convection oven), and (3) fresh produce (prep, washing, and cutting). A packaging room will provide space and equipment for dry and wet packing. It is designed to serve a variety of types of food products. It is currently under construction.

Unlike the course, the kitchen facility will be available to any businesses—regardless of life cycle stage—that are developing or producing a food product. (Caterers are not eligible.) It is intended to fill a need since no commercial kitchens operate within a 100-mile radius of Tallahassee, according to Gomez.

The program is funded by federal and foundation grants. The federal funding underwrites access for women and minorities.

❖ “Second Stage Incubator”

This planned “incubator” appears to actually be an accelerator model intended to focus on growth companies (or teams) that have the potential to raise venture capital. The title itself leads to some confusion about the program. Bill Lickson, who is the driver behind this program, plans to have a rigorous screening and selection process that would be open to applicants from the community. Entering companies must have capital, which may simply be “friends and family” sources and not outside investors. Lickson expects that applicants may be faculty that have received commercialization grants from FSU or licensed technology from FSU. The program would have small cohorts (perhaps four companies) that would follow a curriculum, receive advice from mentors and subject matter experts, and assistance from interns at FSU. Therefore, the program as described by Lickson appears to be an accelerator model, versus an incubator model. The target clientele, according to Lickson, are businesses at any stage of the life cycle provided that they have the ability to scale significantly and raise venture capital. However, given the type of program and model described, it is expected that participating companies would, more likely, be in the development stage of the life cycle, since companies at the startup and scale-up stages generally prefer a more individualized approach for business assistance that is provided over a longer period of time. Also, the focus on investment-grade businesses may be premature in Tallahassee-Leon County; because this type of focus would require a much greater number of companies that would be attractive to venture capitalists in order for the program to be sufficiently selective in choosing participants. It does

appear, however, that many aspects of the model and program are still undefined. Lickson plans to launch the first cohort in Spring 2019 in office space near the FSU and FAMU campuses.

6.B. Startup Stage

ESPs that serve the startup stage of the life cycle help entrepreneurs take a business model with a validated business concept, to create a strong model and business plan, develop a product, obtain customers, and secure early funding from outside sources. Incubators (described in Section 3.B.(1)a.) are the primary ESP model that support this stage. No incubators are currently operating in Tallahassee-Leon County. Two are planned, but each has a specific target clientele thereby leaving many entrepreneurs without support at this important stage.

6.B.1. Incubator

❖ Innovation Park Incubator

For several years, an incubator at Innovation Park has been envisioned. Recently, progress has been made toward its creation.

A feasibility study conducted in May 2015 by Long Performance Advisors, followed by a business plan (also prepared by LPA) in June 2015, outlined the need for a 40,000 sf incubator that would house companies in a variety of industries, including technology sectors and light manufacturing. It recommended construction of a building that would include wet lab, dry lab, light manufacturing and office space. The incubator would provide the types of assistance and services offered by best practices programs. The building would also accommodate other necessary—yet missing—amenities for the Park, including a café. However, the construction of a new 40,000 sf building proved to be difficult due to the availability of only one parcel in the Park and the significant amount of funding required for construction of a facility of that size with wet lab space.

The recent departure of the Florida Department of Environmental Protection from the Collins Building in the Park created a new opportunity to move forward with the incubator, said Ron Miller, Executive Director of Innovation Park. He expects to create a 25,000 sf incubator in the space, as a start. In BCD's experience, starting with a smaller space would allow the incubator to both get started sooner and build the momentum necessary for the larger program in the future. Also, it appears that a 25,000 sf incubator is more suited to the demand in Tallahassee-Leon County. The incubator in the Collins Building would include approximately 2,200 sf of wet lab space, in addition to a makerspace for prototype development and space for light manufacturing; the balance would be fit-up as office space. The wet lab space would include small, hard wall spaces for early stage companies, and allow companies to add labs and office spaces as they grow. However, the building requires an estimated

\$6 million in renovations; at this time, funds are being sought. Miller hopes to obtain a U.S. Economic Development Administration (EDA) grant and other funds. At the same time, the Park is seeking to fill a newly created position (Director of Entrepreneurship) to develop the incubator.

Beyond the incubator facility and services, a successful incubator in a university research park that plans to house science-based and technology businesses²⁰ will require the full cooperation of the university. Allowing incubator clients to have access to core labs, specialized equipment, faculty, research centers, and student interns is extremely valuable to the growth and scale-up of startups, and will help to attract clients to join the incubator. It is common practice among universities across the U.S. At the University of Florida (UF), the Sid Martin Bioscience Incubator at Progress Park helps its clients to tap into a range of UF resources including core labs, equipment and faculty. The best client targets for the incubator at Innovation Park are, according to the Park Director, those commercializing innovations (most likely, pharmaceutical and chemistry-based) developed at FSU and FAMU, and thus will need access to FSU and FAMU resources.

Some entrepreneurs and stakeholders believe that the Park is a less desirable incubator location because of its distance from campus. However, in BCD's experience, providing small, affordable increments of wet lab space, when none or little is available in a community, will successfully attract entrepreneurs who are willing to drive. Such would be the case for Tallahassee-Leon County.

The Innovation Park Incubator does not have a specific timeline for construction and opening; it is dependent upon funding and the time required to raise funds of this scale. As a result, frustration and skepticism can be heard among some entrepreneurs who have started science-based companies over the past few years. While the number of these entrepreneurs is not large, they could not find wet lab space in Tallahassee-Leon County. They also desire incubation space because they seek the supportive, peer community that an incubator provides.

❖ *FAMU ICCI Business Incubator*

The Interdisciplinary Center for Creativity and Innovation (ICCI) at FAMU is currently renovating the SBI Center on Orange Avenue for its incubator. The building, according to Jason Black who is the Director of ICCI, will serve both the university and the neighboring community. It will house consultants from the SBDC, as well as partners such as Domi Station. Community-based programs

²⁰ It is anticipated that the Innovation Park Incubator would serve a wide range of types of businesses developing products in a field of science or technology. It is not anticipated to focus on a specific industry sector, or sectors, within those broad fields. In other words, it would not be considered a sector-focused incubator. In incubation terms, it is a "mixed use" incubator.

will include training and workshops designed to engage and encourage the startup and growth of businesses in the community. The space will include open workspace, a conference room and other amenities. The incubator will have office space for five to seven companies. An application process will be used to select participants. Fees will be charged to incubator clients.

6.C. Ancillary Programs

Ancillary Activities support entrepreneurs, in addition to serving clients that are not entrepreneurs. Tallahassee-Leon County currently has three coworking spaces and one makerspace. (See definitions in Section 3.B. (1) b.) An annual Startup Week and Startup Weekend are popular, community events.

Tallahassee-Leon County Ancillary Programs Sorted by Type

Coworking	Makerspace	Events
Domi Station	Making Awesome	Startup Weekend
INEI		Startup Week
CoLab at The Pod		

6.C.1. Coworking

❖ Domi Station

Domi Station offers coworking space for both its accelerator (Get Started program) members and others in the community who purchase monthly or daily coworking memberships. In addition to the typical open space found in coworking, Domi rents hard walled offices to tenants (who are not members of the accelerator), desks, and shared desks. The rented space is beneficial to small businesses who not only seek to work around other entrepreneurs and others, but wish to participate in Domi’s events and have access to shared conference rooms and reception. Generally, members found the space appealing, but some complained that, at times, the space becomes too crowded; they would like to see the amount of open space increased.

❖ INIE Coworking

The Institute for Nonprofit Innovation and Excellence (INIE) offers coworking space at its location in the TCC Innovation Center. With a combination of open space with tables and chairs and conference rooms, memberships are open to anyone, businesses and non-profit organizations. The space itself is configured in a way that would be appealing to entrepreneurs, as well as other users.

However, usage appears to be limited due to space accessibility issues. The number of memberships has been much less than anticipated, according to Jessica Lowe Minor, Executive Director of INIE.

Coworkers want access to space 24/7, which is a best practice. INIE's space, on the other hand, is only open during business hours.

In addition, accessing its third floor location is difficult since it requires walking up three flights of stairs. As explained by INIE staff, the members that were interviewed, and the building receptionist, the elevator is not available. The reason provided was the expense of operation. Therefore, the location of the space on the third floor is a significant barrier. Also, at the time that BCD visited, signage was poor and, therefore, the space itself was difficult to locate. Only one or two people were working in the space.

To be successful and adhere to industry best practices, coworking spaces need to be visible to the public, open 24/7 and have an accessible location. Coworkers seek space where other coworkers are working at the same time. The space should be actively used throughout the day.

❖ CoLab at The Pod

CoLab at The Pod occupies a very specific niche. In many ways, it is an extension of a local advertising firm's business model. Samantha Strickland, the CEO and Owner of The Pod, designed and developed an office space that houses her own company and a coworking space for "professionals and creatives". The purpose for the coworking space is attracting and collaborating with creative freelancers who can be a resource for The Pod and other freelancers. The members can potentially find work with one another, The Pod and others.

CoLab at the Pod provides 7,000 sf of space amenable to coworking: open space with shared tables, chairs, a coffee bar and a conference room. It currently has 40 members. Monthly and daily use options are available. Many members are one-person, freelance businesses. Awareness of the coworking space did not appear to be significant in the community, but it has a narrow market. The members that were interviewed were very positive about the experience and felt that other coworking space in the community was not a fit due to the creative nature of their businesses.

6.C.2. Makerspace

❖ Making Awesome

Making Awesome has about 3,000 sf of makerspace in old warehouse space located in a former industrial park. It has operated for about three years in the current facility. Making Awesome has a wide range of types of equipment, as typical for many makerspaces. The equipment and uses include jewelry making, wood shop, fabrication, 3D printing, computers, sewing machines and a machine shop. Like other makerspaces, members take a class to learn how to operate a piece of equipment

safely before the member is allowed to use that particular piece of equipment. All equipment is donated.

As typical for a makerspace, Making Awesome operates on a membership basis. David Brightbill, the Director, said that Making Awesome has about 60 members, which is capacity. Some members use the makerspace for a specific project, and others use it for a longer period. Its members are about one-half students (FSU, FAMU, TCC), one-quarter retired individuals, and one-quarter doing what the Director referred to as “for-profit projects” which include prototypes and limited production runs. Students use this makerspace since the ones on campus have more limited hours.

Making Awesome is staffed solely by volunteers. As with any organization staffed by volunteers, challenges arise in ensuring that the facility is open and staffed during business hours. Making Awesome uses an RFID key fob system to provide 24/7 access to the facility and equipment to its members. According to Brightbill, it provides control over the accessibility of specific pieces of equipment to members. Nevertheless, BCD could anticipate that safety issues could arise by allowing the equipment to be used when staff are not present.

As described in Section 3.B.(1)b., makerspaces are used by a variety of types of individuals from hobbyists to inventors to entrepreneurs and others. The members of Making Awesome, as described by Brightbill, are a mix. However, each makerspace develops a reputation for attracting specific types of members. Some are more oriented toward the hobbyists; others are more education oriented, whether for K-12 or college; and others are viewed as a place to prototype, fabricate and manufacture products in limited runs. The reputation impacts the types of members who will join. Among those entrepreneurs interviewed, Making Awesome has a reputation as a place for tinkerers, hobbyists and artists. As such, entrepreneurs may be less likely to use it.

Making Awesome is a non-profit. It is mostly supported by individual donors, and recently received a grant.

6.C.3. Events

❖ Startup Week

For the past few years, TCC has organized a Startup Week for the community to increase awareness about entrepreneurship and celebrate entrepreneurs. For a five-day period, a series of events are held in the community. Different ESPs and other programs participate in the weeklong event. Many communities have created startup or entrepreneurship weeks with a similar purpose.

❖ Startup Weekend

Tallahassee’s Startup Weekend is a way to build awareness about entrepreneurship and provide a glimpse into the startup process. According to TCC, 37 people participated and six teams were formed during the event in 2016. Three businesses were started.

Again, the goal of a Startup Weekend is not business formation, but boosting the visibility of entrepreneurship in a community. For those teams that may be interested in starting a business, they can be referred to ESPs in the community. Startup Weekend, as well as Startup Week, are important for generating interest and visibility for entrepreneurship in Tallahassee-Leon County.

6.D. Support for Businesses in the Later Stages: Growth and Mature

A few resources exist to assist businesses in the later stages, growth and maturity. The majority is not limited to Tallahassee-Leon County and serves the state or other regions in the state. Services at this stage assist with the challenges of scaling and/or operating a business, versus business formation. (See Section 3 for a description of this stage and the ESP models.)

6.D.1. Second Stage

❖ Small Business Development Center at FAMU

As a program of the U.S. Small Business Administration (SBA), Small Business Development Centers (SBDC) provide assistance to small businesses, including first-time entrepreneurs and operating small (defined as less than 500 employees) businesses. The SBDC has local and statewide offices. In Tallahassee, the SBDC is operated through FAMU and located at Innovation Park. It serves an eight-county region.

As typical for SBDCs, it offers low or no cost training programs on startup basics, marketing, accounting, financing and more. One-on-one consulting, which is tailored to the needs of each client, may involve business planning, market research, financial analysis and other topics, and is available at no charge.

The SBDC at FAMU also offers “Growth Acceleration Services” to businesses that have a goal for growth, been in business for three or more years, generate annual sales of \$500,000 to \$10 million, and 5 or more employees. For most of the businesses, the goal is expansion of sales. (Many clients have plateaued.) SBDC consultants, on a one-on-one basis, assist clients for 18 to 24 months, and advise on issues such as cash flow management, financial and capital access, marketing, and strategic business planning. Approximately 60 clients are served each year under this program,

according to Keith Bowers, SBDC Director. At this stage, many companies struggle to add sales, and programs such as this one can have an impact.

The SBDC at FAMU has earned a reputation for assisting companies at second stage, according to several stakeholders in the community. In addition, approximately 70% of the SBDC's clients have been in business for at least three years. For these reasons, the SBDC was placed in the second stage category in this report.

❖ GrowFL

GrowFL is a statewide, second stage program that is based upon the successful economic gardening program from the Edward Lowe Foundation. While not limited to Tallahassee, companies in Tallahassee-Leon County are eligible to obtain assistance. GrowFL defines second stage as companies with 10 to 99 employees and \$1 million to \$50 million in revenue. Specific services include strategic research marketing and sales expansion, peer learning (CEO) roundtables and forums, and leadership development. The goal is to get companies to the next level.

6.D.2. Mature Businesses

❖ Jim Moran Institute

The Jim Moran Institute for Global Entrepreneurship (JMI), established through a donation by Jim and Jan Moran and JM Family Enterprises, serves the community. (The Jim Moran School of Entrepreneurship at FSU is an academic program.) The programs began in Tallahassee but are being expanded statewide. They include assistance program such as the Small Business Executive Program (SBE) and CEO Roundtables, and a few events.

SBE is specifically directed at assisting operating small businesses, which must be second stage or later. Eligible businesses must be in business for more than three years with three or more employees. Some of the participating businesses have been in business for 40 to 50 years, according to Mike Campbell who is the Director of North Florida Operations for JMI. The types of companies vary, but professional services firms are well represented. The program is free of charge.

SBE is designed to help businesses to grow and sustain with an emphasis on business strategy. It helps businesses to improve efficiency. Through an application process, 20 to 25 businesses are selected for the SBE class. Participants must attend all sessions of the program.

Modeled after the popular business model canvas, but geared specifically for existing businesses, the class meets once per month for four hours over a four-month period. Two classes are held each year,

and taught by experts in a variety of subjects who volunteer their time. Participants develop a network of peers with their classmates. To date, a total of 812 CEOs have participated in the program. Stakeholders that had participated in the program said they found it helpful.

CEO Peer2Peer Groups are self-led groups that allow CEOs to discuss their relevant issues and obtain advice from their peer group. It is offered at no charge, but CEOs must apply to join one of the groups that meet in Tallahassee. CEO peer groups are proven, best practice programs as demonstrated through economic gardening programs like GrowFL and incubator programs that commonly hold monthly CEO roundtables.

In addition, JMI holds several events for business and entrepreneurs that are open to the community. The annual JMI Business & Leadership Conference attracts business owners and managers, entrepreneurs, non-profit executives. Seminole 100 recognizes the 100 fastest-growing businesses in the U.S. owned by FSU alumni. The Expert Speaker series brings in recognized business professionals and entrepreneurs to share their experiences in launching new ventures and building successful businesses.

❖ TCC Kim Williams Advanced Manufacturing Training Center

Workforce training is the focus of the TCC Kim Williams Advanced Manufacturing Training Center. It primarily provides customized training, including recertification for federal contracts, according to Rick Frazier who is the Director. The training is both classroom and hands-on. The services are utilized by mature and expanding businesses. Having a local resource for workforce training is important for mature businesses.

While it once offered one small space for one small company (and no services), the space is no longer available. The Kim Williams Center is not set up to assist with prototype development.

❖ Innovation Park

Innovation Park is a 208-acre research park in Southwest Leon County established by state statute and county ordinance in 1980, and managed by the Leon County Research and Development Authority (“the Authority”). The park has partnerships with FSU, FAMU, and TCC, as well as governmental and industrial sector representatives. According to its web site, Innovation Park currently has 17 buildings, totaling one million square feet that house approximately 1,900 employees.

The Park was established as a place to allow businesses to collaborate with researchers at the two universities, and commercialize technology that would result in the creation of high wage jobs in Leon

County. The goal was attracting R&D companies to collaborate with FSU and FAMU. However, that goal has been difficult to attain. More likely targets would be small teams from a larger company that locate in the Park to collaborate with faculty on specific projects, and/or smaller companies that would benefit from the university relationships and access to FSU and FAMU resources. Smaller companies would also benefit from the presence of an incubator, as described earlier.

Research parks can provide the “mezzanine” space for (second stage) companies whether they are graduating from the incubator planned for Innovation Park or attracted from the community or outside. Spaces would typically range from 1,000 to 3,000 sf. Some space is available currently, but eventually retrofitting the remainder of the Collins Building into multi-tenant space, or creating some other multi-tenant space, would have an impact on retention.

Equally important to retaining, and attracting, science-based businesses to the Park is the best practice of creating formal connections that allow Park tenants access to FSU’s core labs and faculty. (See discussion under Section 6.B.1., “Innovation Park Incubator”.) According to the Association of University Research Parks, one of the most important reasons why tenants choose to locate in university research parks is access to faculty, facilities and equipment. UF has found success by actively providing this type of access, as has other research parks across the U.S.

Innovation Park operates a few programs that are open to entrepreneurs in the community. The Tech Grant program is an annual competition for entrepreneurs seeking to commercialize technology. A variety of types of businesses, as well as non-profit organizations, have competed in the Elevator Pitch Night to win a \$15,000 first prize and \$10,000 second prize. Typically, the Park receives 10 to 20 applications. TechTopics brings in a featured speaker three times per year to address an audience of startups and researchers. Approximately 40 people attend each event. The EEP (described earlier) is also a program of Innovation Park.

The Entrepreneurs Club is open only to EEP graduates and winners of the Tech Grant. According to the web site, the Club has over 130 members. Meetings allow members to share their experiences. Seminars are also offered. The Entrepreneurs Club is a resource for information and networking.

6.E. Collaboration Among ESPs

One of the challenges facing entrepreneurs—especially those who are considering whether to start a business—is identifying the available resources in a community, and then determining which one(s) are the right fit for their needs. Every entrepreneur in every community faces this challenge. Referrals are the primary way in which an entrepreneur identifies appropriate resources, and this is true in Tallahassee-Leon County. Yet, many entrepreneurs said they struggled with the question of “where to start.” Better coordination among the various assets and resources in the ecosystem was also

identified as a need in the *Tallahassee Leon County Economic Development Strategic Plan* (October 12, 2016).

In an effort to provide better coordination, several of the ESPs mentioned in this report created the Alliance of Entrepreneur Resource Organizations (AERO). AERO members meet regularly and created a web site (www.bigbendaero.com) that lists all of the member resources. Several of the ESPs mentioned how they cross-refer clients to one another, and utilize each other's resources.

Nevertheless, several of the entrepreneurs (and service providers) that were interviewed did not appear to be aware of AERO or the web site. Therefore, AERO's message is not sufficiently reaching the market. Increased promotion to spread the word to entrepreneurs, as well as the service providers that assist entrepreneurs, is needed.

In addition, the AERO website should be easier to navigate and function more like a portal for entrepreneurs. In particular, someone starting a business, who would not be familiar with the different types of resources or have a path for vetting an idea or creating a business, would have difficulty finding the information and resources that they would need from the current AERO site. An easy solution would be the addition of a FAQ page that answers common startup questions and helps guide them to a starting point. It should be supplemented with one or two short articles on the basics of business startup. These two additions would assist entrepreneurs in determining which ESP is the logical starting place and the types of program options that might be most appropriate for them. The AERO site also should be maintained and current. (For example, the site currently lists a few ESPs, such as Startup Quest, that are no longer operating.)

OEV, like other economic development organizations, provides information on resources for entrepreneurs and businesses. Using the information provided in this report, OEV should update its web site to include and provide links to all of the ESPs in Tallahassee-Leon County, and continue to keep this information current.

6.F. Industry Sector Focus for ESPs

ESPs with a particular sector, or industry, focus benefit their client entrepreneurs and the management of the programs themselves. Programs with a focus create a deep network of contacts and expertise within the particular industry focus that helps entrepreneurs to understand the market and access potential partners and customers more easily. Clients become part of a peer, industry network by participating in a sector-focused ESP. At the same time, managers of the ESPs can direct their efforts on building expertise and contacts in the targeted industry, rather than trying to master a range of industries. Then, with respect to economic development, sector-focused ESPs help to support innovation, commercialization and business startup in the targeted sector, and ultimately,

assists with diversification of the local economy. *Sector-focused ESPs only work well when the sector itself is sufficiently narrow to enable the creation and management of beneficial, industry-specific networks of expertise and partners.*

Sector-focused programs require *critical mass*, defined as continuous, sufficient deal flow in a particular, defined industry that allows an ESP to be selective in its choice of companies for the program. Tallahassee-Leon County has not reached this stage, and therefore, creating or changing the focus of an operating ESP to one particular industry focus would be premature. As noted early, government has long been the driver for business and jobs in the community, and private industry concentrations do not currently exist.

Perhaps, in the future once critical mass is obtained, Tallahassee-Leon County could consider a focus for an ESP, specifically for an accelerator and/or an incubator. In its report titled, *Target Industry Profiles: Tallahassee MSA*, to The Tallahassee-Leon County OEV, Camoin Associates identified four, broadly defined industries: Health Care, Manufacturing and Transportation Logistics; Professional Services and Information Technology; and Applied Sciences and Innovation. While the identified industries are more broad than desirable for an accelerator or incubator program, a specific subsector (or, possibly two or three subsectors) could be considered as a focus *once the criteria of critical mass can be met, and industry-specific networks in the region can be developed*. Therefore, at this time, inclusiveness is the best strategy for most ESPs in Tallahassee-Leon County.

7.0 Capital Access

Bootstrapping is the most common way for entrepreneurs to fund business startup and growth in Tallahassee-Leon County. Businesses use their own resources rather than seeking external ones. This is a common practice in the U.S. Some businesses choose not to surrender a portion of the ownership of their business to equity investors, or do not wish to encumber their businesses (or themselves) with debt or bank loans. However, businesses on a more rapid growth trajectory will eventually require equity capital to scale their businesses.

Tallahassee-Leon County has some sources of equity capital for entrepreneurs that are reasonable, given the size of the community and startup activity. However, as deal flow continues to increase and startups move successfully on to the growth stage, they will be unable to find sufficient equity capital locally.

Debt capital is often used by local entrepreneurs to provide working capital. Local sources exist in the community to fund businesses.

The information in this section discusses capital access from the funder perspective. The entrepreneur perspective on access to capital is covered in Section 5.

7.A Angels and Angel Network

Tallahassee-Leon County has an organized, active angel network, Tallahassee Florida Angel Nexus, which is a chapter of the statewide Florida Angel Nexus. Through the headquarters in Orlando, the chapter has access to expertise, including educational resources for angel investors, and the coaching necessary to help entrepreneurs prepare a pitch. It was established about two years ago.

The value of an organized angel network is tremendous to both entrepreneurs and investors. An organized network provides entrepreneurs with a single access point to a group of accredited angel investors. Without a network, each entrepreneur must network to identify specific accredited investors and then convince an investor to meet with him or her. With an angel group, angels can syndicate deals more easily and spread the risk among several investors. Angel networks also educate investors on how to best increase their financial returns and support entrepreneurs.

Currently, the Tallahassee Florida Angel Nexus has about 20 accredited investor members, of which approximately 10 to 12 are active, according to Matt Johnson, who manages the Tallahassee chapter. It seeks to increase the number of active members in order to have a greater impact.

The typical seed round from the Tallahassee Florida Angel Nexus is \$500,000 to one million. Generally, between two and four angels invest in each deal, with each angel investing \$25,000 or \$50,000. (Sometimes, an angel has invested \$100,000 into a company.) Some angels invest in about four deals per year. The “sweet spot”, according to Johnson, is companies seeking \$1 million or less in funding, with a company valuation of \$5 million. At this point, at least five companies in Tallahassee-Leon County have been fully funded through this chapter, while other companies obtained partial funding. In many cases, the Tallahassee Florida Angel Nexus has provided a second seed round as follow-on funding. Funded companies include enterprise software, hardware, or software-as-a-service (SaaS), with a few manufacturing and medical device companies. The investors prefer product-based companies. Johnson seems to be satisfied with the quality of the deals.

For the most part, angels in the network have experience in the real estate industry, and made their wealth in that industry. This type of a background is not unusual with angel investors in Florida. Some members either own a family business (or a controlling interest in the business), or have started their own businesses, which are valuable perspectives. As is the case when investors have experience in an industry that is very different from that of the potential investments, they may hesitate to invest. And, when they do invest, they are limited in the expertise that they can share with the entrepreneur.

Yet, over time, as angels continue to invest in the “new” industry, and the angel network educates angels about the industry, the angels not only become more confident in investing, but they can reduce their risk and begin to add value to those companies in which they have invested. Therefore, it is crucial for the angel network to not only educate investors about the investment process and how to make investments that will generate a return, but also to educate them about the industry. The Tallahassee Florida Angel Nexus should not only work to increase the number of active accredited member investors, but also provide the types of education mentioned here. Both approaches will help to increase the amount of equity capital potentially available to entrepreneurs with a solid plan and potential financial return.

The Tallahassee Florida Angel Nexus has begun to educate investors. In particular, it wants to increase its members’ knowledge about investing in technology businesses.

Interested companies can participate in a weekly webinar to get information about the network and process. Companies can then apply to pitch to the network. A group of the angels—from Tallahassee and Orlando—then select two to three companies to pitch. Florida Angel Nexus staff at the headquarters in Orlando assists companies with their pitch. One or two of the companies are located in Tallahassee. The second or third company may be located anywhere in Florida, since Florida Angel Nexus is a statewide organization.

The angels, and those familiar with the network that were interviewed, appear to be satisfied with the balance between deal flow and the number of angels, but they recognize the need for increased, quality deal flow in order to attract more individuals to become angel investors and actively invest. Without sufficient investment capital available locally, companies will find capital elsewhere in Florida or out of state and then, ultimately, may relocate out of the community.

One problem cited by angel investors is the inexperience, in general, of entrepreneurs starting businesses in Tallahassee. While the entrepreneurs are certainly passionate about starting a business, they often lack management skills and experience gained from having held a leadership position in a company, whether a startup or more mature business. Some are recent graduates of FSU or FAMU. In order to attract investment, and build successful businesses, entrepreneurs will need experienced team members.

Another important point that arose during discussions with investors is the limited amount of commercialization activity by startups from intellectual property developed at FSU and FAMU. Increasing the activity can be a source of new company startup in the community.

7.B Venture Capital

A clear gap locally is firms with the ability to lead or participate in the first institutional round, called Series A, of venture capital funding, specifically a round of more than \$5 to 6 million. Funding at that scale must be sought in Miami, West Palm Beach, Tampa, Orlando, or Atlanta. (A handful of small private investment firms--each with \$15 million funds--exists locally, but they cannot provide the equivalent of a Series A round.) For the most part, connections between ESPs and venture capital firms in these other cities are not strong or non-existent. One exception is Domi Station, which maintains a connection with its founder, Mosely Ventures in Atlanta.

7.C Matching Funds

Until recent budget cuts, the Florida Institute for Commercialization of Public Research (FICPR) was an important means to increasing seed capital for companies statewide that are commercializing publicly funded research, including research from public and private universities and colleges, and community colleges. Funding is available to any company licensing technology from a public institution in Florida and requires the recommendation of the host institution's licensing office; it is not limited to startups. FICPR provided matching funds through two different programs:

- Seed Capital Accelerator Program (SCAP) provided loans of \$50,000 to \$300,000 as a match for private investment. Approximately 30 companies were funded through this program; however, no new loan money is available due to state budget cuts.
- Florida Technology Seed Capital Fund matches (1:1) \$50,000 to \$300,000 of the first round of private investment. Then, if the company achieves milestones, the Fund can invest an additional \$200,000. As of July 2017, 42 companies statewide had received funding through the program, and most of them also received the \$200,000 in additional funding (which requires a 2:1 match). Companies are required to remain in Florida and create jobs in the state; however, the job requirement does not have a minimum. In order to qualify, a company must undergo a vetting process with multiple stages.

Several stakeholders mentioned the value of these two programs, and could name local companies that had benefitted. Basically, it extends the value of a funding round.

7.D Debt Financing

Many of the businesses that were interviewed have not pursued loans as a funding source. In general across the U.S., most businesses operating for less than two or three years have difficulty obtaining bank loans since they cannot satisfy the bank's revenue/sales requirements and lack sufficient collateral. When asked about loans, the interviewed businesses often expressed a desire to not incur

debt and/or disliked the terms that they had been offered by a bank. U.S. Small Business Administration (SBA)-backed and U.S. Rural Development Administration (RDA) loans, which are available locally, can make some loans that, under traditional lending requirements are not “bankable”, become bankable. However, they still require collateral and repayment.

Regional banks and credit unions are often the best sources for small businesses and, fortunately, Tallahassee-Leon County has several. They include Bank of Tallahassee, Capital City Bank, First Commerce Credit Union, Hancock Bank, Prime Meridian Bank, and others. The most common use of funds is working capital. \$250,000 is the typical loan amount. Most businesses that were interviewed did not have a need to purchase either equipment or real estate. Like all SBDCs across the U.S., the SBDC at FAMU assists clients to prepare loan packages.

8. SWOT Analysis: Strengths, Weaknesses, Opportunities and Threats

Daniel Isenberg, Founding Executive Director of the Babson Entrepreneurship Ecosystem Project, has said, “Each entrepreneurship ecosystem is unique”²¹. Therefore, it is important to view Tallahassee-Leon County’s landscape on its own terms. The table that follows summarizes BCD’s analysis of the community’s business formation landscape, and specifically illustrates the strengths, weaknesses, opportunities and threats (SWOT).

Briefly, Tallahassee-Leon County has a thriving and growing entrepreneurial community that has arisen over the past five years or so. Resources for entrepreneurs, including educational programs and networking events, have developed to support and assist entrepreneurs. However, most of the resources are focused on the development/proof-of-concept stage, and are not designed to assist entrepreneurs in the startup stage of the business life cycle in which they are developing a business plan, completing product development, generating sales and revenue, and raising funding from external (not friends and family) sources. Support is necessary at this stage to help to put the entrepreneurs on a path to success.

Other factors that impact businesses at this early stage are access to capital, and industry expertise, and management talent. Tallahassee-Leon County has an active angel investor network; yet, more angels and education of angels is needed. The angel network is working to address the need. A robust mentoring program, which provides one-on-one guidance over time, is missing. The pool of

²¹ *Forbes*, May 25, 2011.

mentors is shallow, and industry and subject matter expertise is difficult to find given Tallahassee-Leon County's size and lack of industry concentration. Building linkages outside of Tallahassee would begin to provide some solutions. Entrepreneurs often lack experience as senior managers in a mature business, or on a founding team. Science-based businesses have great difficulty accessing resources at FAMU and FSU such as core labs and faculty. As a result, it appears that startups and early stage businesses in Tallahassee-Leon County could be growing faster, but are restrained to some extent by the lack of certain resources. The specific gaps and recommendations are discussed in Section 9.

SWOT Analysis for Tallahassee-Leon County Business Formation Landscape

Strengths	Weaknesses
<ul style="list-style-type: none"> ❖ Thriving and growing entrepreneurial community that has emerged over the past few years ❖ Many entrepreneurs want to start and grow their businesses in Tallahassee-Leon County ❖ Well-regarded ESPs serving development/proof-of-concept stage entrepreneurs ❖ Statewide programs that assist second stage and mature businesses ❖ Active, local angel group with support available through HQ ❖ Networking events for entrepreneurs and community ❖ Cross-referrals by ESPs to help entrepreneurs find the right resource ❖ Entrepreneurs bootstrap to start and grow their businesses 	<ul style="list-style-type: none"> ❖ Lack of incubator program to assist early stage entrepreneurs & provide follow-on assistance to entrepreneurs after development stage; reduces chances for business success ❖ Relatively shallow pool of experienced mentors and industry subject matter experts to advise entrepreneurs ❖ Long-term mentoring program not available ❖ FSU and FAMU expertise and resources (faculty, core labs) generally not accessible to entrepreneurs ❖ Entrepreneurs with limited to no senior management experience and skills ❖ Angel investors lack experience with science & technology-based companies ❖ Lack of local institutional venture funds (Series A)
Opportunities	Threats
<ul style="list-style-type: none"> ❖ Growing number of entrepreneurs completing development stage programs and successfully continuing with their businesses ❖ Access to FSU & FAMU faculty, core labs and interns ❖ While the number of science-based businesses is still relatively limited, the number could increase over time ❖ Education of angel investors in Tallahassee-Leon County about technology & science-based businesses and angel investment best practices ❖ Retention of graduating FSU and FAMU students to start companies or work in startup companies 	<ul style="list-style-type: none"> ❖ Businesses could potentially be growing faster but are constrained by the lack of certain resources (e.g. capital, incubator, mentors, industry subject matter experts) ❖ Local economy historically dominated by public sector ❖ Funding of startups by angel and venture investors outside of Tallahassee places startups at risk of moving out of the community ❖ FSU and FAMU’s lack of engagement with local entrepreneurs and technology and science-based businesses ❖ Limited pool of senior business managers in Tallahassee-Leon County hinders company growth ❖ Growing number of ESPs assisting development stage entrepreneurs could reduce the selectivity necessary for the success of the ESPs and their clients

9. Gaps and Recommendations

BCD has identified five gaps in the business formation landscape in Tallahassee-Leon County, and made recommendations for addressing them in this section. The recommendations begin to work toward meeting the three goals identified from the *Strategic Plan*, and as discussed in the Introduction to this study. Working collaboratively, OEV and stakeholder organizations in the community can take action to address the gaps and strengthen the business formation landscape.

The gaps are listed below *in priority order*:

(1) Gap: Incubation for companies at the startup stage of the life cycle

Once entrepreneurs are ready to advance past the development/proof-of-concept stage in Tallahassee-Leon County, they cannot find support at the startup stage of the life cycle in an organized or programmatic manner, such as a business incubator. Incubation assistance helps businesses to reduce risk and successfully reach the next stage of the life cycle. An often-quoted statistic from the International Business Innovation Association (InBIA) places the five-year survival rate of businesses that graduate from incubation programs at 83%.

Incubators assist with business strategy and plan, product development, sales and distribution strategy, customer acquisition, and securing sources of outside funding and investors. They mentor entrepreneurs over an 18-month to two or three-year period. Building the business and strategy skills of the CEO would be part of the incubation process. The guidance and support provided to the CEO is individualized, geared toward the achievement of mutually agreed upon milestones. It also helps to create and strengthen entrepreneur peer networks.

Incubators can have a significant impact on the number of jobs created by a company. Companies may enter the incubator with 3 to 4 employees, and often reach 15 to 25 employees by the time that they graduate from the program. At that employment level, they are much more likely to choose a location for their business in the community and stay.

Without an incubation program in Tallahassee-Leon County to assist a business to advance successfully through the startup stage to the growth stage, businesses currently tend to move in a parallel manner from one development stage program (e.g. training or accelerator) to another. The need for incubation is present among businesses in a wide range of industries, such as those that complete the EEP and Domi Station programs. One or two incubators, such as the one planned for Innovation Park, lack clear time horizons and, more important, may serve a targeted group, such as science-based businesses or businesses in a particular neighborhood, versus a broad range of industries across the community.

Also, at the rate at which it appears that the entrepreneurial community is growing in Tallahassee-Leon County, the community could easily be served by *more than one* incubation program. This gap in support at the startup stage—which may include businesses that have been operating for approximately, six months to two years—can impact the rate of launch and startup, as well as the rate of business viability over time.

Recommendation: Create a business plan for a business incubator in order to clearly define a program that would address the specific needs of entrepreneurs and the landscape in Tallahassee-Leon County as well as leverage the available assets and resources.

While it might seem that the next step following this report would be the creation of an incubator, that step would be premature. This report does *not* specify the required details that a plan would provide. **All best practices incubators start with the development of a complete business plan.** The business plan would include: mission and objectives, target client profile, organizational structure, partners, program structure and services, marketing, staffing, facility requirements, membership structure, budget, and metrics. It would define the incubator’s fit within the landscape and help to ensure that programs are not duplicated. An incubator business plan not only provides the roadmap, but it contains the details necessary in order to get funding and public support. BCD highly recommends that OEV (within the next six months) fund the creation of a well-thought-out incubator business plan, and hire a firm or organization (that can provide an objective perspective) to develop the plan. BCD also recommends that the business plan identify the most capable stakeholder organization with the requisite skills and experience to lead and operate the incubator. Including the identification of an organization in the business plan will help to ensure that the incubator will move from plan to reality in a reasonable timeframe.

(2) Gap: Expertise in the form of mentoring and subject matter experts

Access to on-going mentoring and subject matter experts is critical, especially during the first two stages of the business life cycle. Entrepreneurs need advice and guidance tailored to their particular situations as they build, and then scale, a business.

A mentor is defined as an experienced entrepreneur, “An industry expert or business service provider who provides ongoing counseling to a client. A mentor provides a voice of experience on a long-term basis, perhaps through one or two stages of a company’s development.”²² In contrast, mentor

²² InBIA Business Incubation Management Certificate course, as modified by BCD.

relationships in Tallahassee-Leon County tend to be short-term (often, a single meeting where advice is provided). The ESPs do not offer robust mentoring programs.

In addition, the pool of mentors in Tallahassee-Leon County is shallow, given the size of the community and lack of industry concentration. While many entrepreneurs praised the advice that they received from experienced business owners in the community, the same names were always mentioned. Expanding the pool to include experience in different industries and businesses will benefit entrepreneurs, especially as their number increases. Also, each mentor will have a set of contacts, and therefore by expanding the number of mentors, the network of contacts that could benefit entrepreneurs, will increase.

Subject matter experts in different industries are more difficult to find in Tallahassee-Leon County due to the lack of industry concentration. Expertise may include potential partners, suppliers, manufacturers, distributors, and customers within that particular industry, in addition to knowledge of the industry itself. This issue is complicated by the wide range of industries (e.g. information technology, consumer goods, life sciences, etc.) in which businesses are starting. ESP staff lack the resources and the time to identify and expand the number of contacts outside of the community. Entrepreneurs need linkages that extend well outside of Tallahassee-Leon County.

Recommendation: Create a robust mentoring and subject matter expert program that not only provides long-term mentoring, but also establishes linkages outside of Tallahassee-Leon County to expand the pool of mentors and access to subject matter experts. Establish a competitive grant program to support the solution to this gap and future OEV strategic goals.

BCD highly recommends a strategic approach that would have a significant impact on the problem: the **creation of a competitive, performance-based grant program by OEV** that would support a solution and the implementation of that solution. It would spur stakeholder organizations in the community to address critical needs with respect to business formation. The ESPs in Tallahassee-Leon County lack the resources to adequately address this gap. Providing funding is the best way for OEV to ensure that the issue is adequately addressed in a timely manner. It is an approach commonly used by economic development organizations to spur action.

Specifically, the grant should fund solutions that establish both a:

1. Mentoring program, whether stand-alone or as an addition to existing ESPs, that would:
 - a. Expand the pool of mentors (local and outside of the community) to include a range of industry expertise and business skills;
 - b. Require training for mentors;
 - c. Provide long-term mentoring, from a few months to the first few years of the business; and

- d. Match mentors with entrepreneurs and monitor the relationship to ensure that it is providing value to both the entrepreneur and the mentor.
2. Network of subject matter experts in a range of industries and professional fields inside and outside of Tallahassee-Leon County.

BCD recommends that the grant program be structured in a way that provides accountability, and includes the following recommended characteristics:

- *Goal-oriented* - The grant program should have a well-defined target that either addresses a goal in the Strategic Plan or a current goal or problem as defined by OEV.
- *Competitive Process* - OEV should use a competitive process to select one or two grant recipients (depending upon the amount of funding available in a given year).
- *Selective Criteria* - The two most important criteria for selecting the winning proposal would be: (1) the **best solution to the problem** or approach to achieving the targeted goal, and (2) the **most capable organization** to develop and implement the solution.
- *Match* - Each recipient must have match (cash and/or in-kind) secured from other private or public sources, resulting in cost sharing for OEV and engaging support in the community.
- *Performance Metrics* - Each applicant must propose performance metrics in the grant application, and grantees must regularly report progress on the metrics to ensure **accountability** and the best use of public funds.

Awards could be made to multiple organizations, depending upon the available budget. Grant awards may be multi-year, depending upon the nature of the problem to be solved and available funds. Not only would a grant program address this particular gap, but it also could be used on an annual basis to target specific goals from the Strategic Plan and other issues that arise.

(3) Gap: Access to specialized resources at FSU and FAMU, including core labs and faculty

Entrepreneurs in Tallahassee-Leon County have difficulty gaining access to the specialized equipment in the core labs at FSU, and engaging with faculty at FAMU and FSU for expertise. Science-based businesses, in particular, need to develop and test products with specialized equipment that is found at universities. Many universities have policies that stipulate how and when specific labs can be used, the staffing required for use, and cost. Faculty seem to be uninterested or unwilling to consult with companies and/or participate as Principal Investigators in U.S. Small Business Innovation (SBIR)/ Small Business Tech Transfer (STTR).²³ Entrepreneurs are, therefore, seeking these resources at other universities.

²³ SBIR and STTR are both grant programs of the U.S. SBA. Federal agencies set-aside a small portion of federal R&D funding for awards to small business (SBIR) and research institutions (STTR) through these programs.

Recommendation: Work with FSU and FAMU to create opportunities for entrepreneurs to access core labs and faculty, and create a “concierge” to facilitate access and help establish a stronger culture of collaboration.

Institutional change will be required. Access involves a shift in institutional thinking about engaging with entrepreneurs and businesses, as well as policy and cultural change. Policies are the easier piece to address. Cultural change, on the other hand, is a long-term proposition. It starts with university leadership, and then must spread among faculty. About three years ago, a change in leadership, including the Vice President of Research and Office of Commercialization at FSU, occurred that appears to be having a positive impact, as described by several of the businesses that were interviewed. Reaching out to faculty and helping them to understand how the experience of working with early stage companies can enhance their research and teaching will be an important part of the process. However, it will take time to develop a culture and then build experience working with outside companies, particularly startups.

Entrepreneurs will also need a clear access point to the university to not only serve as a gatekeeper, but also to facilitate access and introductions. BCD recommends that FSU and FAMU each create a position that is externally focused and serves as a “concierge” for businesses. Rutgers University created a similar position that was specifically designed to help industry, both mature and entrepreneurial businesses, to access university resources. The concierge is responsible for understanding the resources that are available, contact points, and policies that govern access, and then connecting businesses to them. This type of position helps to ensure that access is actually granted.

(4) Gap: Shortage of experienced management talent

The gap in management talent in Tallahassee-Leon County occurs at two stages, business startup and growth. **Lack of experienced management on the team increases the chances of failure.** Also, investors want to see experienced managers in a business before they will invest.

In general, entrepreneurs starting businesses (“founders”) have limited to no experience in business management and leadership. Some founders have a science, engineering, or technology background. Others have businesses experience, but not senior management experience. Other founders are recent graduates of an undergraduate program at FSU or FAMU. It is also difficult to find an experienced manager to join a company founding team. Business management experience and skills are necessary in order to understand how to grow a business, including creating a business plan, developing a staffing structure, planning product and sales strategy, and shifting strategy with changing markets. In general, founders are learning these skills on-the-job, to some extent.

The gap occurs at the growth stage, as well, when businesses need C-level or senior level managers with 15 or 20 years of experience to lead the company beyond startup. Given that Tallahassee-Leon County has been historically reliant upon public sector employment, the base of managerial talent is not present at a level that would support the growth of the businesses that are starting now. Furthermore, recruiting experienced senior managers with specific industry expertise to locate to Tallahassee is equally challenging, according to stakeholders. **This gap makes it much more difficult to grow and retain businesses in the community past an early stage.** It is a threat to a “Grow Your Own” strategy.

Recommendation: Build management skills among entrepreneurs, and attract management talent.

At the early stage, the focus should be building business management skills among the entrepreneurs that are starting businesses. As a start, ESPs such as Domi Station and the EEP should add management skill training to their curriculums, and more importantly, provide mentors (see Recommendation #2) that would coach founders on management skills.

However, to fully address the issue will require attracting management talent from outside of the community, whether it is to join a founding team or a more established company. As an economic development organization, OEV must address the attraction of management talent as part of its business retention strategy, and making Tallahassee-Leon County competitive with other communities seeking to attract talent. Creating a community that has a desirable quality of life is important for attracting management talent. The stakeholder interviews conducted by Camoin Associates for the industry profiles suggested that quality of life has helped to retain and attract people.²⁴ Enhancing the quality of life will be important.

(5) Gap: Access to capital

Gaps in capital access occur at the startup and growth stages. Some resources currently exist to fund early stage companies, but the need will grow as the number of startups increases. Tallahassee-Leon County has a small, but active, angel investor community and an organized angel network (Tallahassee Florida Angel Nexus), which generally fits current needs. However, some entrepreneurs are seeking angel investment from investors and groups in other regions of Florida, from Orlando to Miami. This fact indicates that the region may not have sufficient capital and/or investors that match the needs of businesses (especially science based and technology businesses), or entrepreneurs

²⁴ Camoin Associates, *Professional Services and Information Tech: Tallahassee MSA Industry Profile*, February 2018.

lack the connections to the local investors or local angel group. Alternatively, entrepreneurs have connections to angels in other regions and are leveraging those connections.

Then, as entrepreneurs launch their businesses and move toward growth stage, they will not be able to secure a venture capital Series A round (which is typically between \$2 and \$15 million) locally. The closest venture capital firms are located in Atlanta or South Florida. At this stage, Tallahassee-Leon County risks losing companies because investors may require that the companies relocate to be near them, especially as C-level management talent is added. The presence of venture capital firms requires sufficient, qualified deal flow in the community and region.

Recommendation: Expand the number of educated, qualified angel investors in Tallahassee-Leon County, and establish linkages with funding sources outside of the community.

Solving the access to capital issue is a challenging one across the U.S. and especially in smaller communities. Activating wealthy individuals in the community to become accredited angel investors is the best approach. In Tallahassee-Leon County, the number of angels and education of the angels should be expanded. It seems that Tallahassee Florida Angel Nexus is working on both of these issues. Then, to meet the needs of science-based and technology businesses in particular, local angels must become comfortable investing in these types of businesses. The learning curve to overcome this issue can be long. All individuals who are new to angel investing must learn how they can maximize returns. This approach can have impact over time. At the same time, more outreach appears to be needed within the entrepreneurial community to inform them about the local chapter of Florida Angel Nexus. ESPs should strengthen their connections with the Tallahassee Florida Angel Nexus and angel groups throughout Florida to ensure that startups have access to capital.

Second, connections to traditional venture capital firms in other regions will be the only way to help companies get access to equity capital at the growth stage. ESPs can help by establishing strong connections with venture capital firms that would be aligned with the types of business clients in their programs. Mentors and subject matter experts are great resources for these types of connections, and establishing a program (Recommendation #2) will help to facilitate them. Incubators (Recommendation #1), in particular, include specific programs to help entrepreneurs to prepare to raise capital and provide a network of investors and venture capitalists; and therefore would also be a conduit to funding sources.

Camoin Associates, Inc.
120 West Avenue, Suite 303
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
@camoinassociate



In collaboration with:





August 29, 2018

Mr. Ben Pingree, Director
Tallahassee/Leon County Department of Place
315 S. Calhoun Street, Suite 450
Tallahassee, FL 32301

RE: Innovation Park Business Incubator/Accelerator Facility Funding Request

Dear Mr. Pingree:

On behalf of the Leon County Research & Development Authority (LCRDA), I am excited to provide information about a unique opportunity we have to build an advanced 40,000 square foot mixed use business incubator/accelerator facility at Innovation Park, and to request \$2 million in support from the Intergovernmental Agency to join other partners in making this a reality. This request is for an investment into a \$17 million hard infrastructure construction project that will include wet labs, tissue and bio culture room, engineering/light manufacturing spaces, an innovation lab for prototype development and small run manufacturing, as well as offices and supporting amenities. This facility and its programs will create companies and jobs by realizing this regions potential to commercialize technology innovated by our premier researchers and university assets matched with local entrepreneurs.

The Office of Economic Vitality's Incubator and Accelerator Study documented the gaps in the business formation landscape including: (1) incubation for companies at the startup stage of the life cycle; (2) expertise in the form of mentoring and subject matter experts, (3) access to specialized resources at FSU and FAMU, including core labs and faculty; (4) shortage of experienced management talent; and (5) access to capital. This project will close these gaps while focusing on identified relevant targeted industry clusters. Innovation Park's unique relationship with FSU and FAMU, its recent hiring of an experienced incubator management professional, the past completion of a feasibility study and business plan, and its contribution of land for the facility positions LCRDA to hit the ground running and deliver on this great opportunity.

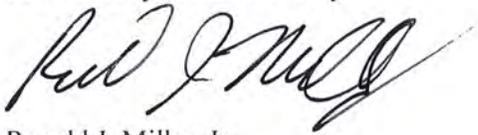
This proposed project's combination of programs, unique spaces, and equipment do not exist in the region. It will complement and work in collaboration with other entrepreneurial resources in the ecosystem, which will only strengthen the entire community. Currently, we cannot compete with other incubation/accelerator programs of this type. We have lost companies to places like Alachua, and Daytona Beach even though investors were local. These companies wanted to stay in the area but were forced to leave due to the lack of available competitive resources.

The accelerated timing of this opportunity is driven by our application to receive \$8.5 million from the Economic Development Administration as a result of a one-time disaster relief supplement to its recurring incubator grant funding which normally does not exceed \$3 million. We are in the process of gaining matching funding commitments from all of our community partners in Innovation Park and the region. FSU Research Foundation has demonstrated its belief in this project with a \$2.5 million pledge. Florida A&M University is supporting the project and is in the process of identifying funding. The Florida Department of Economic Opportunity has been approached and is researching funding opportunities. EDA's deadline for application is September 30th, 2018.

We respectfully request \$2 million from the Intergovernmental Agency as the City and County's contribution to this project. In order to comply with EDA requirements, partner funding commitments must be unconditional and available when needed. If awarded the EDA grant, we expect the project will begin January 1, 2019 with completion expected by January 2021. A project timeline is included.

Included with this request are letters of support as well as plans and documents in support of our application with the EDA. We are grateful to the team at Design Works for their assistance in developing some of these materials. We would be happy to provide whatever information you require and to answer any questions you have.

Sincerely,
Leon County R&D Authority



Ronald J. Miller, Jr.
Executive Director



Site

GENERAL LOCATION MAP



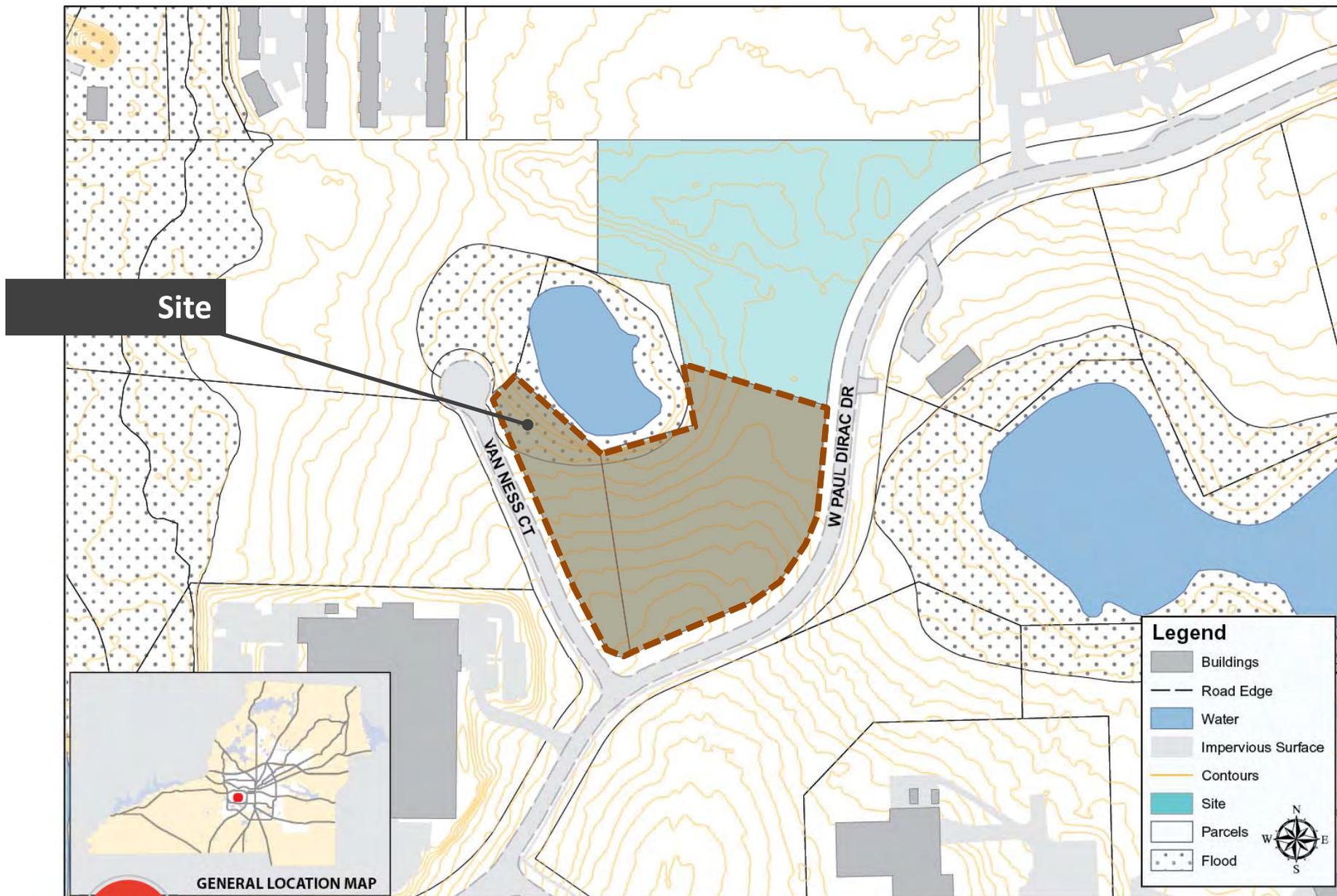
Location Map



Site



Site Location



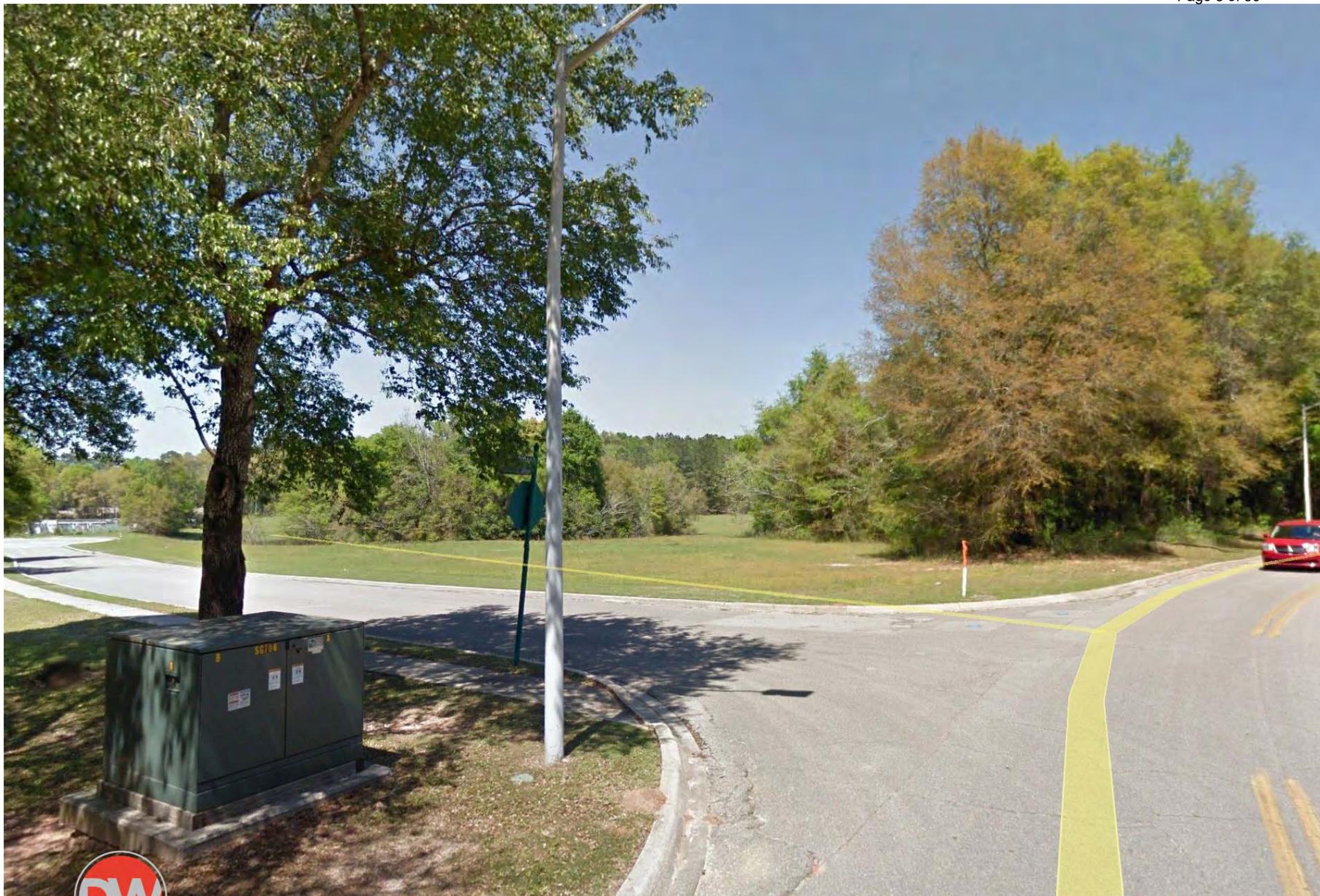
Existing Site Conditions



Existing Site Conditions



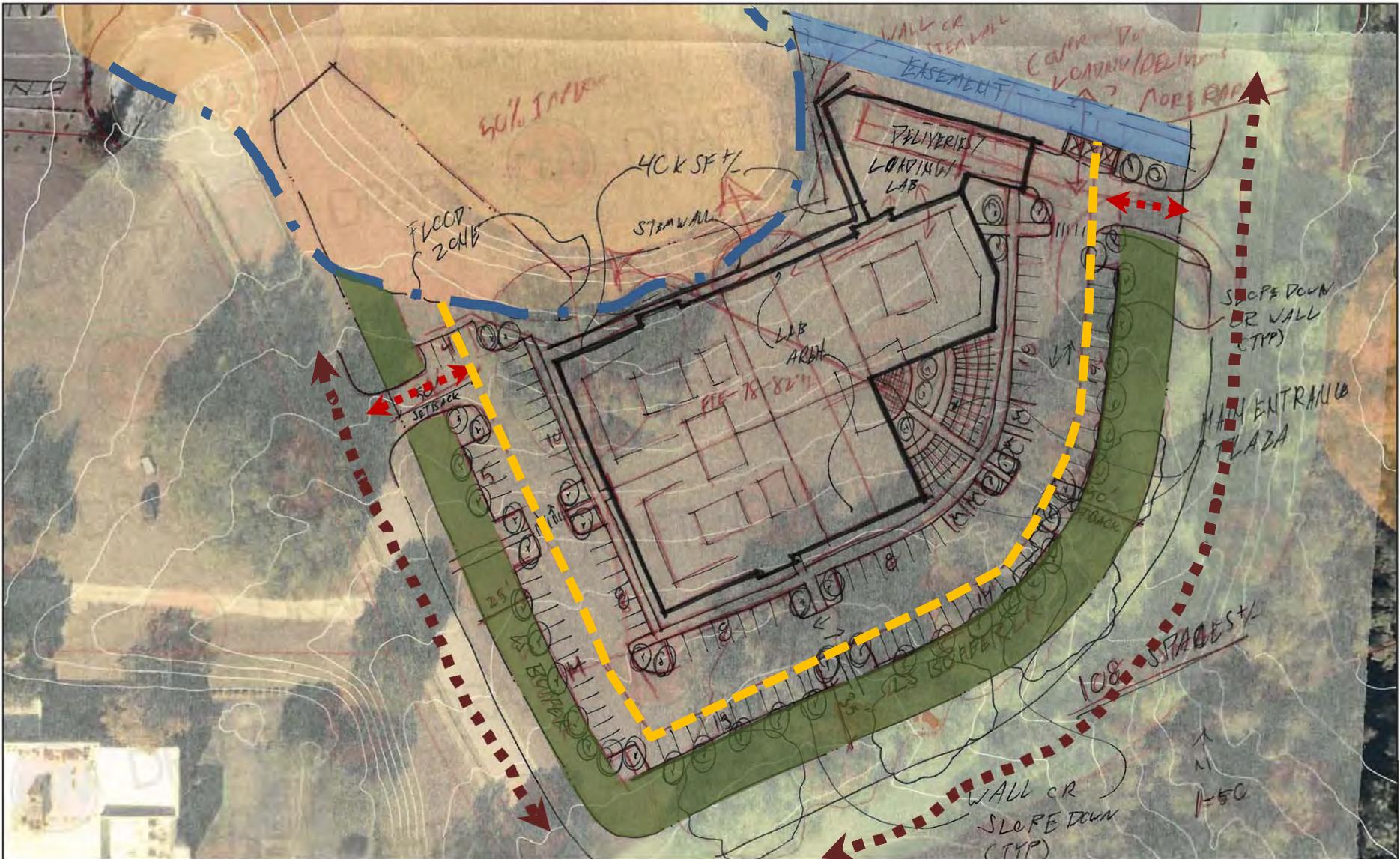
View from West Paul Duric Looking West



View from West Paul Duric and Van Ness Court Looking North



View from Van Ness Court Looking East



Innovation Park Sitefit Sketch - Option B



SCALE: 1" = 50'
DATE: 8/22/18

Note: This draft work is conceptual and prepared solely to demonstrate an idea. It is not to scale nor intended to replace final detailed design documentation and necessary permits or other approvals.



Conceptual Site Study



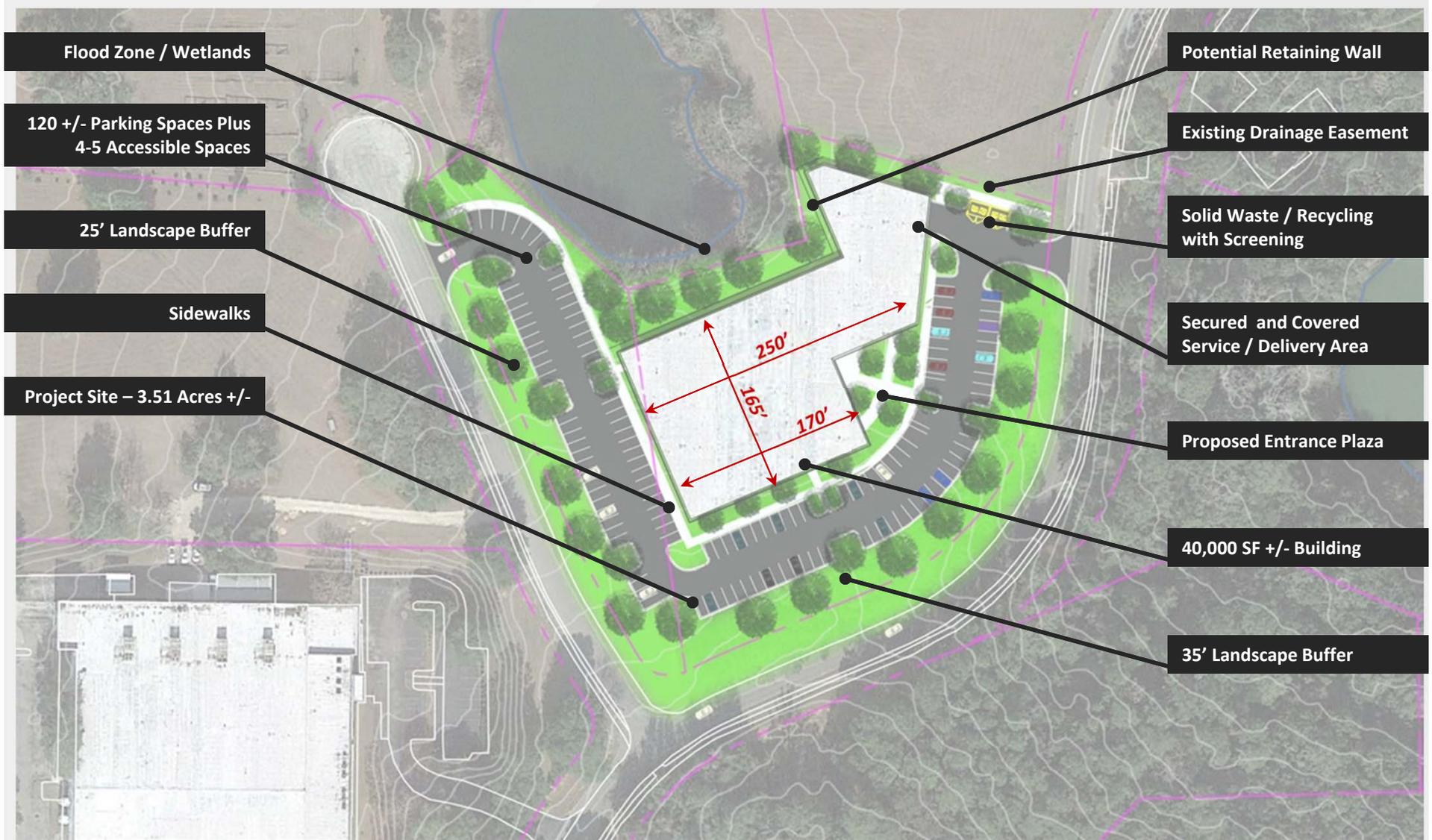
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DESIGNWORKS
PLACE
435 N. Macomb St. • Tallahassee, FL 32301 • 850 891 6400



Conceptual Layout



Flood Zone / Wetlands

120 +/- Parking Spaces Plus
4-5 Accessible Spaces

25' Landscape Buffer

Sidewalks

Project Site – 3.51 Acres +/-

Potential Retaining Wall

Existing Drainage Easement

Solid Waste / Recycling
with Screening

Secured and Covered
Service / Delivery Area

Proposed Entrance Plaza

40,000 SF +/- Building

35' Landscape Buffer



Note: This draft work is conceptual and prepared solely to demonstrate an idea. It is not to scale nor intended to replace final detailed design documentation and necessary permits or other approvals.



Conceptual Layout



Innovation Park Concept



Scale: 1" = 50'

Note: This draft work is conceptual and prepared solely to demonstrate an idea. It is not to scale nor intended to replace final detailed design documentation and necessary permits or other approvals.



DESIGNWORKS
PLACE

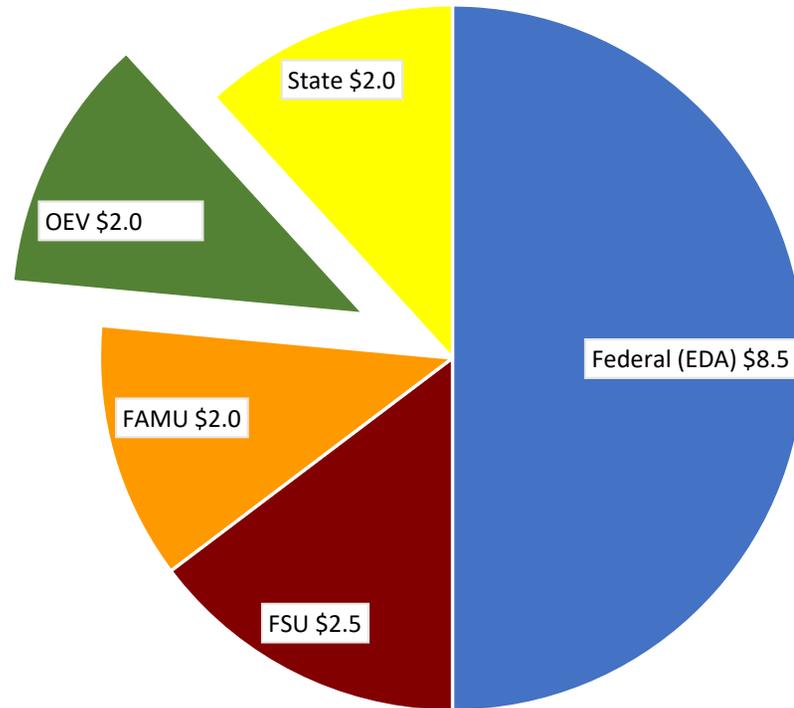
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Ballpark Approximate Costs Estimate						
Total Site Area	3.48 Acres+/-					
Impervious Area	2.17 Acres+/-	62%				
Pervious Area	1.31 Acres+/-	38%				
*2.7 acre feet of impervious allotted for capacity in Central Basin						
			<u>Quantity</u>	<u>Unit Costs</u>	<u>Unit</u>	<u>Line Item Costs</u>
Land Acquisition - Land Lease						
Site Work			1	\$ 600,000.00	Lump	\$ 600,000.00
Stormwater						
	Curb Inlet		6	\$ 4,500.00	EA	\$ 27,000.00
	Manholes		4	\$ 4,000.00	EA	\$ 16,000.00
	Pipe		540	\$ 70.00	LF	\$ 37,800.00
	Grate Inlet		3	\$ 4,500.00	EA	\$ 13,500.00
Retaining Wall			290	\$ 600.00	LF	\$ 174,000.00
Sidewalks			841	\$ 50.00	SY	\$ 42,050.00
Curb Ramps			8	\$ 2,500.00	EA	\$ 20,000.00
Curb and Gutter			3,246	\$ 25.00	LF	\$ 81,150.00
Asphalt Pavement			265	\$ 200.00	TN	\$ 53,000.00
Base for Asphalt			4,829	\$ 18.00	SY	\$ 86,922.00
Solid Waste			1	\$ 10,000.00	Lump	\$ 10,000.00
Landscape			1	\$ 80,000.00	Lump	\$ 80,000.00
Irrigation			1	\$ 50,000.00	Lump	\$ 50,000.00
Building			40,296	\$ 320.00	SF	\$ 12,894,720.00
Sub Total						\$ 14,186,142.00
Contingency				20%		\$ 2,837,228.40
<small>(Includes design, engineering, permitting, etc.)</small>						
Overall Total				\$ 422.46	SF	\$ 17,023,370.40

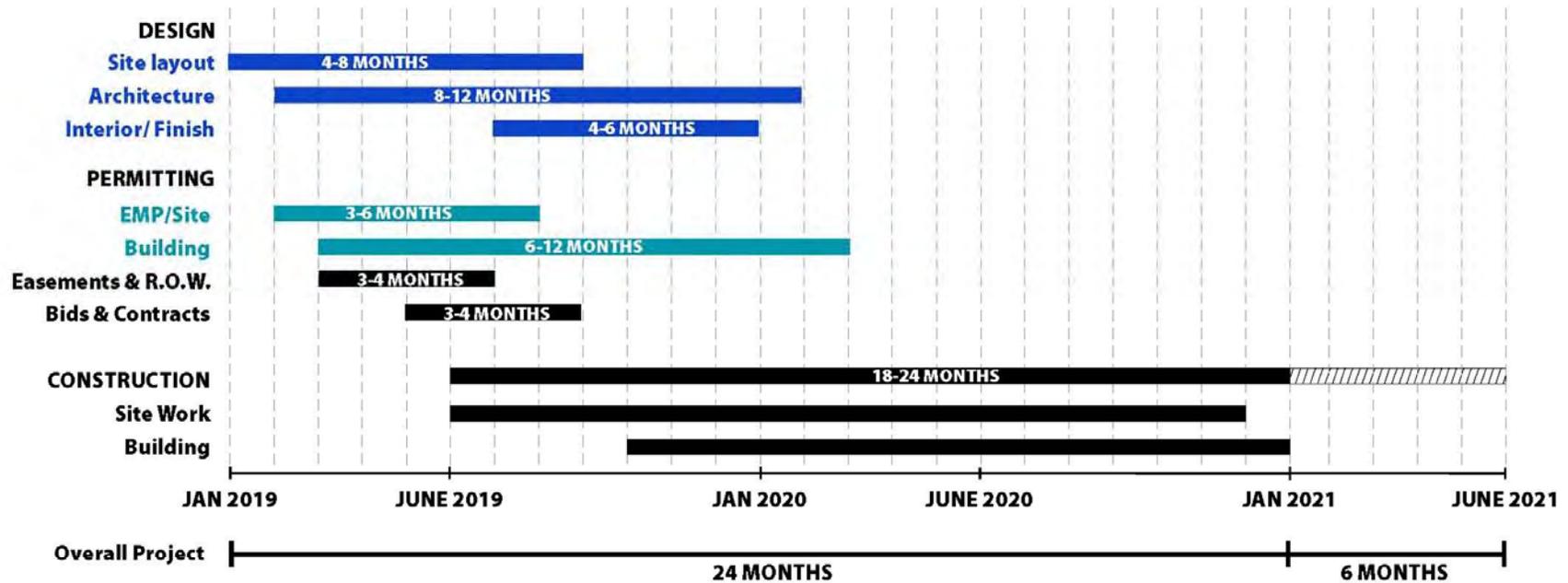


Innovation Park Incubator Construction Cost Contributions

Total Construction Cost \$17.0 Million



Estimated Project Schedule



Note: Project time-line is a rough ballpark estimate only. All time frames and project schedules subject to change based on final design, engineering, environmental conditions, applications, etc. This time-line is provided as a general guide and is conceptual in nature.



Innovation Park Incubator Management Plan

The proposed business incubator will be directed by a veteran incubator manager and overseen by the parent organization; Leon County Research & Development Authority (LCRDA). LCRDA is a Special District governmental unit administered by a Board of Governors.

The incubator will recruit an Advisory Board made up of professional service providers, community leaders, funding sources, and others that will oversee the selection of clients, track performance goals, and recommend any changes to policy as needed.

The following policies and procedure will be implemented upon completion of the incubator facility:

Client selection policy

Prospect businesses sought are specific to scientific and engineering disciplines, and may come from research universities, industry tenants of Innovation Park, and outside entities wishing to commercialize local discoveries. Selection criteria will generally include:

- Technology – Focused on a potential commercial application
- Coachability – Willingness to seek services and mentoring from incubator staff and advisors
- Accountability – Willingness to be responsible to program goals, receiving and accepting feedback, and acting on suggestions
- Seriousness – Organization that filed incorporation papers and are in good standing
- Fit – Presentation to a selection committee and a comparison to direct competitors already in the program
- Business plan (or concept) – Including market size, growth potential, and financial pro formas
- Capacity – Adequate capital to provide for six months of operations

Member fee

(See Pro Forma Cash Flow and Space Plan)

Business assistance

- Flexible Class A office space
- Collaborative space
- Specialized lab equipment (wet and dry labs - separate list available)
- Innovation lab (wood, metal, polymer, and electronic shops)
- Shared office equipment (copier, fax, printer, scanner)
- Loading dock and onsite storage
- Business advice (coaching)
- Mentoring (accounting, legal, insurance, IP)
- Matchmaking / partnership development
- Access to VCs, angels, & bankers
- Wireless Internet access with an optical cable backbone
- Grant and contract assistance (FOA and BAA opportunity searches)

- Strategic location near FSU, FAMU, and government offices
- Internship opportunities (with FSU, FAMU and private industry)
- Reception services; mail handling, notary service, 24/7 access
- Marketing assistance and link on the Innovation Park website
- Conference rooms and presentation room
- Business education programs (seminars & workshops)
- Training facilities (large capacity - additional fee)
- PerfectPitch (presentation training for funding proposals)
- Networking events
- Monthly synergy luncheons
- Monthly business discussions with staff
- Benchmarking (milestones)
- Financial reviews - quarterly

Staffing plan

The incubator program will begin with two assigned staff; an Executive Director and an Administrative Assistant/Program Manager/Member Services Manager. Additional support will be provided by the LCRDA and a facilities management company. The Director has over 20 years' experience managing incubators, from mixed-use to high technology programs. It is generally accepted that an experienced manager can assist ~15 companies before the services become cumbersome. The pro forma cash flow provided assumes an additional staff person is hired in year three to provide additional client support.

Member graduation policy

To prepare for clients exiting from its business incubation program, three options are presented; voluntary termination, involuntary termination, and graduation.

- In the case of voluntary exit, the client provides 30-90 days of advance notice of intent to vacate (documented in the lease)
- In the case of involuntary termination and at the discretion of staff, the severity of the circumstances should dictate the speed of exit of the client (documented in the lease)
- In the case of graduation, several triggering events will be considered and evaluated when determining whether graduation is an appropriate next step for the client:
 - Client has grown the company's employment from 1-3 to 10+ employees
 - Client's length of stay has exceeded the time permitted (up to 36 months)
 - Client space requirements exceed incubator maximum square footage allocation (2,500 square feet unless special circumstances)
 - Client has achieved a liquidity event (IPO, merged or acquired)
 - Client has grown financially viable and no longer has an active use for services

Incubator performance plan

The incubator will track the success of incubator clients by using the following performance measures while in the program and for a period of five years after graduation from the program.

- Number of client jobs created since inception
(There is multiplier effect of 2.0-2.6 additional jobs for every job created)
- Percentage of space occupied by clients as a percentage of total square footage of facility
- Aggregate revenue of all clients over time
- Number of new products/services launched since inception - Innovation Capacity
- Amount of capital investment in clients and client research funded grants
- Number of patents filed and/or applied for by client companies
- Total payroll of all clients divided full-time equivalent employees (FTE)
(Compared per capita wage rate in the region)
- Number of companies coached
- Number of hours providing coaching/mentoring to clients
- Percentage of companies started and still in business five years after graduating
(National average is 87%)
- Number of companies that stay in the service area five years after graduation
(National average is 84%)

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Innovation Park Incubator Member Services

- Flexible Class A office space
- Collaborative space
- Specialized lab equipment (wet and dry labs - separate list available)
- Innovation lab (wood, metal, polymer, and electronic shops)
- Shared office equipment (copier, fax, printer, scanner)
- Loading dock and onsite storage
- Business advice (coaching)
- Mentoring (accounting, legal, insurance, IP)
- Matchmaking / partnership development
- Access to VCs, angels, & bankers
- Wireless Internet access with an optical cable backbone
- Grant and contract assistance (FOA and BAA opportunity searches)
- SBIR/STTR Program training
- Strategic location near FSU, FAMU, and government offices
- Internship opportunities (with FSU, FAMU and private industry)
- Reception services; mail handling, notary service, 24/7 access
- Marketing assistance and link on the Innovation Park website
- Access to conference rooms, kitchen, breakroom
- Business education programs (seminars & workshops)
- Training facilities (large capacity - additional fee)
- PerfectPitch (presentation training for funding proposals)
- Networking events
- Monthly synergy luncheons
- Monthly business discussions with staff
- Benchmark / Milestone setting
- Financial reviews – monthly, then quarterly

**Innovation Park Incubator/Accelerator
Three-Year Financial Pro Forma
Cash Flow Forecast**

Occupancy	Year 1 50%	Year 2 75%	Year 3 90%
Revenue			
Member Fees:			
Resident	\$ 318,100	\$ 477,100	\$ 572,520
Collaborative	3,600	5,400	6,480
Virtual	-	9,000	18,000
Events	-	1,000	2,000
Seminars	4,000	4,000	4,000
Sponsorships/Gifts:	5,000	5,000	5,000
Total Revenue	<u>330,700</u>	<u>501,500</u>	<u>608,000</u>
Operating Expenses			
Staff			
Management Salaries	120,000	125,000	130,000
Administrative Salaries	50,000	52,000	104,000
Benefits & Taxes	51,000	53,100	70,200
	<u>221,000</u>	<u>230,100</u>	<u>304,200</u>
Utilities			
Electricity	52,000	80,000	99,000
Water & Sewer	3,000	4,500	5,400
Security	1,000	1,000	1,000
Trash	2,000	2,500	3,000
	<u>58,000</u>	<u>88,000</u>	<u>108,400</u>
Operations and Maintenance			
Insurance	17,000	17,000	17,000
Repairs & Maintenance	11,000	12,000	13,000
Services: Janitor/Landscape/HVAC	45,000	50,000	55,000
Property Management & Accounting	17,000	17,500	18,000
Data Communications	6,000	6,000	6,000
Supplies	10,000	10,000	10,000
Rental Equipment	30,000	30,000	30,000
Miscellaneous	5,000	5,000	5,000
	<u>141,000</u>	<u>147,500</u>	<u>154,000</u>
Total Operating Expenses	<u>420,000</u>	<u>465,600</u>	<u>566,600</u>
Net Income	(89,300)	35,900	41,400
Less: Capital Expenditures	-	15,000	20,000
Net Cash Flow	<u>\$ (89,300)</u>	<u>\$ 20,900</u>	<u>\$ 21,400</u>

**Innovation Park Incubator/Accelerator
Three-Year Financial Pro Forma
Space Plan**

Type	#	Sq. Ft.	Useable Sq. Ft.	Common	Load Factor	Rentable SF	Rate/SF	Effective Rate	Revenue	Monthly Rent/Unit
Wet lab w/offices	10	460	4,600		1.30	5,980	\$ 30.00	\$ 39.00	\$ 179,400	\$ 1,495.00
Dry lab/engineering/light mfg	35	400	14,000		1.30	18,200	\$ 18.00	\$ 23.40	\$ 327,600	\$ 780.00
Regular private office (furnished)	23	120	2,760		1.30	3,588	\$ 16.50	\$ 21.45	\$ 59,202	\$ 214.50
Regular shared office (furnished)	8	200	1,600		1.30	2,080	\$ 16.50	\$ 21.45	\$ 34,320	\$ 357.50
Storage Room	6	200	1,200		1.30	1,560	\$ 10.00	\$ 13.00	\$ 15,600	\$ 216.67
Coworking	6	400	400			per month	\$ 100.00		\$ 7,200	
	<u>82</u>									
Innovation lab (wood, metal, electronic, additive mfg)	1	5,000		5,000						
Washing/sterilization room	1	300		300						
Test lab/shared equipment space	1	300		300						
Tissue Culture Facility/Bio Culture Room	1	1,000		1,000						
				<u>1,600</u>						
Restrooms	2	375		750						
Break room/Coffee Room	1	300		300						
Lobby/Reception	1	760		760						
Small conference rooms	2	120		240						
Conference/Training room (partitionable)	1	700		700	40 days/year		\$ 500		\$ 20,000	
Fax/Copy/Postage/Printing/Storage	1	200		200						
Loading Dock/Truck Bay	1	1,250		1,250						
IT Room	1	200		200						
Hallways				5,150						
				<u>9,550</u>	1.39					
Mechanical/HVAC/Electrical	1	300		300						
Storage/Maintenance/Janitorial Closet	1	100		100						
Management Office (Executive Director)	1	200		200						
Total			<u>24,560</u>	<u>16,750</u>	41,310	<u>31,408</u>			<u>\$ 643,322</u>	
			59%	41%		76%				



FLORIDA STATE UNIVERSITY
OFFICE OF THE VICE PRESIDENT FOR RESEARCH

August 14, 2018

Mr. Ron Miller
1736 W. Paul Dirac Drive
Tallahassee, FL 32310

Dear Ron,

Thank you for the recent opportunity to meet with the LCRDA Board of Governors and share with them highlights of recent FSU research activities as well as our plans going forward in the Innovation Park. I am very pleased with the positive reception that I received.

I also appreciated the opportunity to attend Michael's presentation on the "Incubator Project". While we all recognize that there is a lot of work ahead of us, he is off to a good start. I was particularly glad to see that he has developed connections to the individuals managing incubators at UF and UCF.

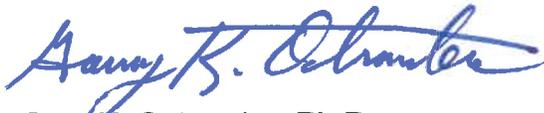
There clearly is some urgency related to competing for and ultimately receiving construction funds from the Economic Development Administration (EDA). It appears that EDA funding, and the required 1:1 cash match, will be critical to this proposed project. Accordingly, to move this forward as swiftly as possible, I will pledge EDA matching money on behalf of FSU Research in the amount of \$2.5 million. This is the pledge amount Michael had identified in his presentation be requested of FSU.

More details can be generated and included in the formal pledge documents you are likely developing. Briefly, this FSURF pledge is conditioned on construction of a mixed use (wet and dry lab) incubator involving a roughly 40,000 GSF structure with total construction costs of about \$17 million or \$425/SF. A clear plan must be in place to cover operations. Should the size, total cost, or cost per SF deviate significantly from that target, we reserve the right to first understand and approve the changes. Our pledge is conditioned on the existence of a fully subscribed total pledge from all donors in the amount of \$17 million and a viable plan to cover operating costs. This will insure that construction and operation of the incubator would at all times be debt free. Draw down of pledge dollars would be even among all participants. This pledge is valid for a period of one year and can be extended upon mutual agreement.

FSU is excited about this possibility. It will be a major benefit to the community as a local source of jobs and facilities to establish and grow small companies. The shortness of time available to compete for the EDA funding means that we all need to step up now to make this happen. For that reason, I am very pleased to be able to provide this pledge at this time which I hope can be leveraged to encourage other stakeholders to respond so that the EDA funding can be obtained.

As this overall effort proceeds please let me know if there are other areas of assistance that we can participate.

Sincerely,



Gary K. Ostrander, Ph.D.
Vice President for Research,
President, FSU Research Foundation

cc: David Ramsay, LCRDA Board of Governors Chair
Kristin Dozier, LCRDA Executive Committee Member at Large
Michael Tentnowski, LCRDA Director of Entrepreneurship
Eric Holmes, LCRDA FSU Representative



Florida Agricultural and Mechanical University

TALLAHASSEE, FLORIDA 32307

TELEPHONE: (850) 412-5102
FAX: (850) 412-5096

OFFICE OF THE VICE PRESIDENT FOR RESEARCH
DIVISION OF RESEARCH
August 28, 2018

Ronald J. Miller, Jr.,
Executive Director
Leon County Research and Development Authority
1736 West Paul Dirac Drive
Tallahassee, Florida 32310

SUBJECT: Letter of Support

Dear Ron:

On behalf the Florida Agricultural & Mechanical University (FAMU) Board of Trustees, I am pleased to provide this Letter of Support conveying our full and enthusiastic support to the Leon County Research & Development Authority's (LCRDA) proposal to establish a new scientific and engineering incubator / accelerator facility at Innovation Park of Tallahassee. I strongly believe that this facility will provide much needed support to the area's existing entrepreneurial programs that currently offer mentoring, business assistance, and SBIR/STTR match-making services to the area's higher education institutions and the community at large.

FAMU recognizes that an affiliation with an incubator will serve to attract and retain top research faculty and enhance the prestige of the University. Because the new program offers business development services (e.g. venture coaching, grant searching, small business match-making, mentoring, networking, etc.), this new Incubator Facility will provide unique opportunities for FAMU's faculty, students and staff. This in turn, will generate attention from private industries, provide real-world internship opportunities for our students, help support our student retention efforts, and establish connections between the University and local entrepreneurs and companies.

FAMU feels that this project will be extremely beneficial to our campus community and our efforts to create minority-owned technology businesses. Consequently, we are fully committed to the project and we are proud to support this regional effort. We understand LCRDA is applying to the Economic Development Administration to seek significant grant funding to help develop the facility. Accordingly, the Division of Research is currently assembling our financial support to contribute to the success of your pending submission.

Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

Timothy E. Moore, Ph.D.
Vice President for Research

TEM:rm/jf



August 27, 2018

Michael Tentnowski, Director of Entrepreneurship
Leon County Research and Development Authority
1736 W. Paul Dirac Drive
Tallahassee, Florida 32310

Leon County Research & Development Authority (LCRDA) proposes to establish a new scientific and engineering incubator / accelerator facility at Innovation Park of Tallahassee. The facility will house entrepreneurial programs that offer mentoring, business assistance, and SBIR/STTR match-making services to higher education institutions and the community at large. To this end, LCRDA is applying to EDA to seek significant grant funding to help develop the facility.

Tallahassee Community College (TCC) recognizes that an affiliation with an incubator attracts and retains top academics and enhances the prestige of the College. Moreover, the new program offers business development services (grant searching, match-making, mentoring, networking), unique opportunities are available for faculty, students and staff. This in turn, cultivates attention from private industries, provides real-world internship opportunities for students, supports student retention, and develops connections with local entrepreneurs and companies.

TCC feels that this project will be beneficial to our overall community and TCC. As a result, we are committed to the project and support this regional effort.

I have read and agree to this Letter of Support and to assisting LCRDA in this endeavor.

A handwritten signature in black ink, appearing to read "Jim Murdaugh", with a long horizontal line extending to the right.

Jim Murdaugh, Ph.D.
President



Danfoss A/S
Danfoss Turbocor Compressors

1769 E. Paul Dirac Drive
Tallahassee, FL 32310
Tel: +1 (850) 504 4800
Fax: +1 (850) 575-2126
www.turbocor.com

September 5, 2018

Ronald J. Miller, Jr., Executive Director
Leon County Research and Development Authority
1736 W. Paul Dirac Drive
Tallahassee, FL 32310

Dear Ron,

On behalf of Danfoss Turbocor Compressors Inc., I am pleased to provide this letter supporting Leon County Research & Development Authority's (LCRDA) proposal to establish a new scientific and engineering incubator / accelerator facility at Innovation Park of Tallahassee. The facility will house much needed entrepreneurial programs that offer business assistance, mentoring, and the use of specialized equipment for developing new discoveries.

Danfoss recognizes that the proposed incubator will help facilitate new technology-based startups leading to more jobs throughout the region. As innovations are commercialized, companies are formed, and technology is developed, Danfoss may take advantage of the innovations as part of their supply chain. This could be in the form adapting new technology, making low-volume, customized products, or even using hybrid manufacturing to print a product and then using traditional manufacturing processes to get it to the appropriate tolerances.

Danfoss feels that this project will be extremely beneficial to our community and complement our own entrepreneurship initiatives. We are fully committed to the project and are pleased to support this regional effort.

Sincerely,



Ricardo Schneider
President



September 5, 2018

Ronald J. Miller, Jr., Executive Director
Leon County Research and Development Authority
1736 W. Paul Dirac Drive
Tallahassee, FL 32310

Dear Ron,

On behalf of General Capacitor LLC, I am pleased to provide this letter of support for Leon County Research & Development Authority's (LCRDA) proposal to establish a new scientific and engineering incubator / accelerator facility at Innovation Park of Tallahassee. The facility will house much needed entrepreneurial programs that offer business assistance, mentoring, and the use of specialized equipment for developing new discoveries.

General Capacitor recognizes that the proposed incubator will help facilitate new technology-based startups leading to more jobs and the recruitment of additional talented individuals throughout the region. As discoveries are made, companies are formed, and technology is developed, GC may take advantage by partnering with other start-ups and adapting new technologies, or by using hybrid manufacturing practices to print low-volume, customized products at the incubator, and then utilize traditional manufacturing processes to get it to market.

GC feels that this project will be extremely beneficial to our community and complement our own entrepreneurship initiatives. We are fully committed to the project and are pleased to support this regional effort.

Sincerely,

Jonathan Shih
Director of Business Development
General Capacitor LLC

September 5, 2018

Ronald J. Miller, Jr., Executive Director
Leon County Research and Development Authority
1736 W. Paul Dirac Drive
Tallahassee, FL 32310

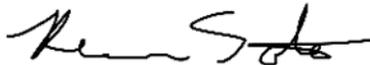
Dear Ron,

On behalf of Sensatek Propulsion Technology Inc., I am pleased to provide this letter of support for Leon County Research & Development Authority's (LCRDA) proposal to establish a new scientific and engineering incubator / accelerator facility at Innovation Park of Tallahassee. The facility will house much needed entrepreneurial programs that offer business assistance, mentoring, and the use of specialized equipment for developing new discoveries.

Sensatek recognizes that the proposed incubator will help facilitate new technology-based startups leading to more jobs throughout the region. As discoveries are made, companies are formed, and technology is developed, Sensatek may take advantage by adapting new technologies, making low-volume - customized products, or by joining the incubator as a virtual member of the program.

Sensatek feels that this project will be extremely beneficial to our community and complement our own entrepreneurship initiatives. We are fully committed to the project and are pleased to support this regional effort.

Very Respectfully,



Reamonn Soto, Founder & CEO
SENSATEK PROPULSION TECHNOLOGY, INC.

BioFront Technologies
3000 Commonwealth Blvd
Tallahassee, FL 32303
USA



Date: September 7, 2018
To: Ronald J. Miller, Jr.
Executive Director
Leon County R&D Authority
1736 W. Paul Dirac Drive
Tallahassee, FL 32310

Re: Letter of Support for Innovation Park Business Incubator/Accelerator Facility Funding

Dear Ron,

I am writing this letter on behalf of BioFront Technologies to enthusiastically support the Leon County R&D Authority's (LCRDA)) proposal to establish a new scientific and engineering incubator / accelerator facility at Innovation Park of Tallahassee.

As you know, BioFront Technologies is a Florida State University spin-off company focused on manufacturing enzyme-linked immuno-sorbent assay (ELISA) kits, lateral flow devices (LFDs) and other products related to diagnostic detection. Having started in 2011 with only one part-time employee, we are now a C-corporation that has raised nearly \$2 million in seed funding and currently employees five full-time individuals, all of whom reside in Leon County. With our revenue projected to nearly double from that of 2017, we hope to hire two more additional individuals by the end of 2018 and five more by the end of 2019.

One problem our company currently faces is that our projected growth leads us directly out of the community which helped make us a successful start-up over seven years ago. There are currently no facilities in Leon County that can support a growing biotech company or provide the necessary amenities that would help us to attract high-level business partners. It is our strong belief that if awarded, this funding will further the development of Innovation Park's public infrastructure facilities and alleviate these problems.

We would love to see Innovation Park take the next step in supporting business incubation/acceleration programs for the region and increase capacity in its buildings to help retain companies such as ours.

Sincerely,

Jason Robotham, Ph.D

President

BioFront Technologies

A handwritten signature in black ink, appearing to read "Jason Robotham", written over a light blue horizontal line.



Investment Toolkit

Targeted Industry Incentives

QUALIFIED TARGET INDUSTRY TAX REFUND

Companies that create **high-wage jobs in targeted high value-added industries** can receive **tax refunds of more than \$10,000** per net new full-time equivalent job created for corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes.

FUNDING SOURCE:

STATE: 80%
LOCAL: 20%

HIGH IMPACT PERFORMANCE INCENTIVE GRANT

Negotiated grant **provided to pre-approved applicants** who operate within designated high-impact portions of the following sectors: advanced manufacturing, clean energy, corporate headquarters, financial services, life sciences, semiconductors, and transportation equipment manufacturing; create at least 50 new full-time equivalent jobs (if a R&D facility, create at least 25 new full-time equivalent jobs) in Florida; and make a cumulative investment in the state of at least \$50 million (if a R&D facility, make a cumulative investment of at least \$25 million) all in a three-year period.

FUNDING SOURCE:

STATE: 100%

TARGETED BUSINESS PROGRAM

Program seeks to incent businesses to locate in designated target areas for economic growth and development; build environmentally sensitive projects; work with other local businesses; and that practice good corporate citizenship while ensuring a sound return on investment to the public. Awarded funds **may be used to reimburse 100% of the cost of development fees** and a portion of the capital investment of the business project based on ad valorem taxes paid.

FUNDING SOURCE:

LOCAL: 100%

CAPITAL INVESTMENT TAX CREDIT

Annual credit provided against state's corporate income tax for up to 20 years. Eligible projects **must create at least 100 jobs and invest at least \$25 million in capital costs** in the following industry sectors: clean energy, biomedical technology, financial services, IT, silicon technology, transportation equipment manufacturing, or be a corporate headquarters facility.

FUNDING SOURCE:

STATE: 100%



Investment Toolkit

Targeted Industry Incentives (cont.)

QUALIFIED DEFENSE & SPACE CONTRACTOR TAX REFUND

Eligible applicants can receive **up to \$8,000 per net new full-time equivalent job** created or retained for **defense, homeland security, and space business contractors** who are consolidating contracts or subcontracts, acquiring new contracts, or converting contracts to commercial production.

FUNDING SOURCE:
STATE: 100%

Workforce Training Incentives

QUICK RESPONSE TRAINING GRANT

Assists new value-added businesses and provides existing Florida businesses with training necessary for expansion. Company may use in-house training, outside vendor training programs, or a local educational entity to provide training. **Reimbursable training expenses** include instructors' and trainers' wages, curriculum development, and textbooks/manuals.

FUNDING SOURCE:
STATE: 100%

INCUMBENT WORKER TRAINING GRANT

Provides financial assistance for training currently employed workers. Available to **all Florida businesses that have been in operation for at least one year** prior to application and require skills upgrade training for existing employees. Eligible companies may participate every other year.

FUNDING SOURCE:
STATE: 100%

ELEVATE FLORIDA'S CAPITAL FOR BUSINESS FUND

Local funding initiative designed to recognize the vital role ecosystem partners play in the economic development landscape and equip them with funds to execute initiatives that directly support the community's first-ever long-term plan for strategic development. Helps with funding to **supply programmatic support and offset costs associated with developing physical assets** that facilitate economic vitality in Florida's Capital.

FUNDING SOURCE:
LOCAL: 100%



Investment Toolkit

Location Based Incentives

TALLAHASSEE-LEON COUNTY PLANNING DEPARTMENT

Urban design services provides placemaking districts, wayfinding signage, special projects, and private design consultations with a focus on improving public spaces at no cost to the business. Program **allows businesses establishing a new facility or renovating an existing facility to determine the highest and best permissible use for their project** before the project begins.

FUNDING SOURCE:
LOCAL: 100%

URBAN HIGH CRIME JOB TAX CREDIT PROGRAM

Provides tax credits to **new or existing small businesses located within one of the state's designated urban high-crime areas** and meet a minimum job creation threshold for qualified employees.

FUNDING SOURCE:
STATE: 100%

YOUR OWN UTILITIES GREEN INCENTIVES

Various **grant or rebate programs** are available to commercial customers who install efficient appliances, use clean or renewable energy sources, augment structural efficiency measures, or participate in a program that curtails energy needs during peak events on the electric grid.

FUNDING SOURCE:
LOCAL: 100%

BROWNFIELD INCENTIVES

Provides **tax refunds of up to \$2,500 for each job created** in a brownfield area. **Low-interest loans** for assessment and cleanup are provided to approved applicants located on a brownfield site as well as **expedited permitting**.

FUNDING SOURCE:
STATE: 100%

URBAN VITALITY JOB CREATION PILOT PROGRAM

A local funding initiative of the Tallahassee-Leon County Office of Economic Vitality, the Urban Vitality Job Creation Pilot Program is designed to provide eligible businesses a **pay-for-performance refund for job creation**. Qualified businesses can apply to receive a **refund based on the number of jobs created and the average annual wage of the created jobs**.

FUNDING SOURCE:
LOCAL: 100%



Investment Toolkit



Infrastructure Incentives

ECONOMIC DEVELOPMENT TRANSPORTATION FUND

Alleviates transportation problems that adversely impact a specific company's location or expansion decision. The award amount is **based on the number of new and retained jobs** and eligible transportation project costs, up to \$3 million.

FUNDING SOURCE:

STATE: 100%

Tallahassee - Leon County Office of Economic Vitality
FY 2019 Proposed Budget

Account	Account Description	FY 2017 Actual Budget	FY 2018 Amended Budget	FY 2019 Proposed Budget
Personnel Services				
511000	Salaries	539,145	611,146	717,662
511200	Capitalized Wages	(1,358)		
511300	Salary Enhancements	--	18,335	21,530
511500	Temporary Wages	13,008	--	14,000
512400	Other Salary Items	15,205	12,006	21,372
514100	Unemployment Compensation	--	95,721	--
515000	Pension- Current	58,277	117,597	136,242
515100	Pension- MAP	21,514	35,908	34,777
515500	Social Security	8,877	--	--
515600	Mandatory Medicare	7,259	9,238	8,941
516000	Health Benefits	66,651	79,690	102,161
516100	Flex Benefits	8,069	15,744	13,777
Total Personnel Services		736,647	995,385	1,070,462
Operating Expenses				
521010	Advertising	7,500	20,500	8,000
521030	Reproduction	4,313	5,000	15,000
521040	Unclassified Professional Fees	500	--	10,000
521180	Unclassified Contractual Svcs	8,272	81,250	31,450
521190	Computer Software	17,617	--	44,360
522080	Telephone	652	2,000	2,880
523020	Food	1,675	--	1,000
523030	Gasoline	620	--	300
523050	Postage	67	1,750	600
523060	Office Supplies	3,592	2,500	2,000
523080	Unclassified Supplies	7,921	--	--
523100	Vehicle- Non-Garage	7	--	--
524010	Travel & Training	37,137	30,266	35,600
524020	Journals & Books	191		--
524030	Memberships	1,913	5,035	7,100
524078	Unclassified Charges	9,625	13,075	11,066
540040	Liability Insurance Premium	791	--	800
541040	Insurance	1,217	--	1,220
Total Operating Expenses		103,609	161,376	171,376
Allocated Accounts				
560010	Human Resources Expense	557	6,684	7,000
560020	Accounting Expense	578	6,867	7,073
560030	Purchasing Expense	696	8,379	8,630
560070	Revenue Collection	0	--	--
Total Allocated Accounts		1,831	21,930	22,703
Total Expenses		842,087	1,178,691	1,264,541

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Tallahassee-Leon County Office of Economic Vitality
Business Recruitment and Incentive Fund
Status: As of August 28, 2018

Revenue	Entity	FY 2017	FY 2018	FY 2019	FY 2020*
	Leon County	500,000	-	-	-
	City of Tallahassee	500,000	-	-	-
	Reserves		820,757	379,405	163,206
	Subtotal	1,000,000	820,757	379,405	163,206

Approval Date	Incentive Program	FY 2017	FY 2018	FY 2019	FY 2020*
	Qualified Target Industry Tax Refund				
	Project Gold: Danfoss Expansion I		3,500	3,500	3,500
Previously approved by County and City Commissions 6/13/2017	Project Presidential: One Loan Place	-	-	-	-
	Project Campus: Danfoss Expansion II	-	-	-	10,500
	Subtotal	-	3,500	3,500	14,000
	Targeted Business Program*				
	Red Hills Surgical Center	19,972	20,610	-	-
Previously approved by County and City Commissions 6/13/2017	Project Gold: Danfoss Expansion I	-	57,242	62,699	69,263
2/28/2018	Project Campus: Danfoss Expansion II	-	-	-	107,240
	Project Fox: Proof Expansion				18,202
	Subtotal	19,972	77,852	62,699	194,705
9/19/2017	Urban Vitality: Promise Zone Job Creation Pilot Program	-	-	25,000	25,000
	Incentive Program Totals	39,943	81,352	91,199	233,705

For the incentive program it is important to note that arget Business Program and Qualified Target Industry Tax Refund reimbursements are typically dispursed in spring. In FY 2020, these reimbursements will be paid out othe economic development portion of sales tax proceeds.

Approval Date	Elevate Florida's Capital Grant Programs	FY 2017	FY 2018	FY 2019	FY 2020*
3/1/2018	Workforce Development		-	100,000	100,000
6/21/2018	Sponsorship/Programmatic Support		-	25,000	25,000
	Elevate Florida's Capital Grant Totals	-	-	125,000	125,000

Approval Date	Business Attraction Programs	FY 2017	FY 2018	FY 2019	FY 2020*
2/20/2017	Target Industry Plan	139,300	-	-	-
3/1/2018	Magnetic Technologies Attraction/Expansion Services		200,000	-	-
6/21/2018	Strategic Marketing Implementation		160,000	-	-
	Business Attraction Program Totals	139,300	360,000	-	-

Capital and Investment Budget Total		179,243	441,352	216,199	358,705
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Revenue - Expenditures	820,757	379,405	163,206	(195,499)
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See note about regarding
incentive payments