

Economic Development Plan Clay County, Florida

Prepared for the

Clay County Chamber of Commerce
Division of Economic Development Corporation

Prepared by

William H. Fruth
POLICOM Corporation

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Economic Development Plan - Synopsis

It is the goal of the Clay County community to lesson its dependence on Duval County, to maintain economic growth, and to significantly improve the quality of the economy over the next twenty years.

- Within the next twenty years, approximately 10,000 new primary jobs shall be created which will pay a wage approximately 145% of the county average.
1. The present economic development existing industry program will have to be expanded.
 - Within one year, the Economic Development Division of the Clay County Chamber of Commerce shall secure sufficient funding to employ a full-time existing industry specialist.
 - Within eighteen months, the Economic Development Division of the Clay County Chamber of Commerce shall identify the existing primary employers in the county and make initial contact with each.
 2. The present economic development marketing program will have to be expanded.
 - Within one year, the web site shall be reconstructed to include a preponderance of the data delineated in the International Economic Development Council's "data standards."
 - Within two years, funding shall be secured to employ a full time economic development marketing specialist and to expand the overall marketing outreach program. The relationship with Cornerstone shall be maintained.
 3. An economic development "Start-Up" program will have to be created.
 - Within one year, a plan for the development of a Start-Up program will be created including securing a relationship with an educational entity to provide technical assistance.
 - Within two years, funding for a Start-Up program will be secured and a site will be identified for the construction of a 10,000 square foot facility.
 - Within four years, the Start-Up Program shall be fully operational including having a building, a relationship with a group to counsel the businesses, a relationship with the community college, and a multi-county outreach program. This task shall be assigned to:.
 4. In order to expand the existing economic development program, more funding is necessary.
 - Within two years, a dedicated source of funding shall be identified which will generate sufficient money to fund an expanded, aggressive economic development program.

5. To be competitive in the economic development marketplace, a *Business Incentives Program* is needed.

- Within one year, the community shall establish criteria which determine the conditions under which a primary employer will receive an incentive to expand in or locate to Clay County.
- Within two years, the community shall identify a source of funding for the costs of providing a comprehensive business incentives program such as worker training, grants, and loans.

Geographic – Economic issues influence the profitability of primary businesses. The Clay County community should reinforce its strengths and cure its weaknesses to become more competitive.

6. Economic development is ultimately a real estate transaction. The most important issue relative to the “site selection” process is having an actual site.

- Within five years, the Clay County community shall purchase and develop one or two multi-use “Enterprise Parks,” between 200 and 500 acres in size, which shall be marketed exclusively to qualified primary employers.

This task shall be assigned to:

- Within one year, the community will identify a source of funding for the purchase and development of an Enterprise Park.
- Within two years, the community will option or purchase the land for the park and begin the approval process.
- Within four years, the horizontal development of the Enterprise Park shall commence and criteria for the sale or lease of the land shall be established.

7. The availability of a trained or trainable workforce is one of the most important issues to a company.

- Within two years, the community will develop a comprehensive worker training system which has the ability to create and fund customized training programs for qualified primary businesses.

8. Commuting time in Clay County is one of the highest in the state.

- The Clay County community shall vigorously pursue the construction of a limited access highway, traveling from the north through the central part of the county then turning east to St. Johns County.

9. Institutions of higher education have been a catalyst for economic growth in many communities.

- Within one year, the Clay County business community, county government, and economic development organization should join in a partnership with the St. Johns River Community College to create long term programs, to be conducted by the community college, which directly help to improve the economy of Clay County.

10. The “Business Climate” created by local government can have a positive or negative influence on the local economy.

- Within two years, the Clay County government and each municipality which has industrial property available shall review its regulations to determine if they have a negative impact upon the expansion of or location to the area by primary employers.

Additionally, each shall devise a program which will expedite the permitting process for projects involving qualified primary employers.

11. Few areas have been able to implement a successful economic development program without the support of the “community.”

- Within six months of the adoption of the Plan, the community will be provided with a series of presentations regarding the need for and the content of the Plan. Included in the presentations will be a discussion of future funding sources to finance the program activities.
- On an annual basis, the community will be invited to participate in a gathering to discuss the status of the implementation of the Plan.

Introduction

In some communities...

Local governments have the financial resources to provide not only police and fire departments, but also money to create parks and recreation programs, well-maintained streets and sewers, and necessary capital projects, even though taxes are low. Local government and community leaders spend time planning for a dynamic future, not burdened with how they will cope with the needs of the present.

The downtown is clean, crisp, and vibrant, and is the center of community activity. Neighborhoods are safe, full of well-manicured lawns and homes, which are kept like new because of the pride the people have in their community.

The corporate and business community is a generous giver to cultural projects and programs, which enlighten the residents. Most people have short commutes to their jobs, freeing hours of their day to spend time with their families and friends.

Schools are well financed, filled with the top teachers and modern equipment, providing the community's children the best chance to prepare for a dynamic future. The best and brightest students come home after college to find good career jobs waiting for them, who in turn raise their families in their "home town," building generations within the community, adding to its social strength.

In other communities...

Local governments struggle financially to provide even the basic services, burdened with the cost of caring for the needy, the impoverished, the unemployed, as taxes are as high as the people can afford.

The downtown lays dormant, full of vacant stores, which attract indigent occupants. Homes, with barred windows, stand in disrepair, with trash and broken down automobiles littering lawns full of tall grass. Churches and charities have little to give to the people except hope for a better future.

Under-funded schools do their best to "fill the day" for the youth of the area as they have few resources to cope with the overcrowded and understaffed classrooms. The smartest youth must leave the area to find financial opportunity in another town.

The difference between these two communities is the condition of their local economies. One is growing economically and is vibrant, the other declining and growing poorer.

Communities cannot control the national or state economy. But they can create programs, which will enhance the condition of their local economy. Throughout the United States, thousands of communities have established economic development programs. Some are very aggressive, others passive in their effort.

However, communities, which do nothing, are destined to endure a declining economy, causing the quality of life for their residents to erode, as they will gradually become poorer and poorer.

The Clay County economy is extremely dependent upon the condition of the Duval County economy as Clay County has very few primary industries which cause internal economic growth. Between 75% and

85% of all economic activity in Clay County is the result of Clay County residents working in Duval County.

The county has grown in size over the last ten years at a rate faster than some of the strongest economies in the nation. The growth in the size of the economy has been the result of the growth of Duval County.

While the county has grown in size, it has actually declined in quality at a rate comparable to some of the weakest economies in the nation. Wages paid in Clay County are some of the lowest in the nation. This is the result of the formation of an extremely large number of low wage service and retail jobs and the absence of high wage primary industries.¹

Economic projections for Clay County show the area will continue to grow rapidly in size over the next twenty years, but continue to decline in quality. The growth in size is dependent upon Duval and St. Johns counties creating approximately 50,000 new jobs for Clay County residents. Should these jobs not be created by the other counties, Clay County's economic growth will stall and the standard of living for the people living and working in the county will decline rapidly. The projections are based upon the assumption the community will not do anything to prevent it from happening.

The Clay County community has the opportunity to influence its "economic future." By creating an aggressive economic development program, it can keep the area from declining and cause it to grow, improving the standard of living for all.

William H. Fruth, President of POLICOM Corporation (hereafter called Researcher) has been contracted by the Clay County Chamber of Commerce to create an Economic Development Plan for the county.

Components of the Plan include not only this document, but also the following:

- *Historical, Comparative Economic Analysis of Clay County* which details the history of the economy, identifies its most important components, and compares the economy to the rest of the nation.²
- *Economic Development Goal Setting Study for Clay County* which projects the condition of the economy to the year 2024, if things are left to chance.³ It then creates a reasonable goal with corresponding annual milestones, which, if achieved, will cause the economy to grow in both size and quality.
- *Business Incentives Qualification Program for Clay County* which describes various investments made by communities to assist in the expansion or relocation of primary businesses and creates a mathematical matrix to qualify companies.
- *Target Industry Study* which identifies the industrial sectors most likely to locate in Clay County.

This Plan was created by the Researcher after reviewing these studies and other documents provided by local government and business organizations in Clay County.

¹ For a detailed description of the Clay County economy, please see the *Economic Development Goal Setting Study for Clay County*.

² An electronic copy of the *Historical, Comparative Economic Analysis for Clay County* is available on the Clay County Chamber of Commerce web site: www.claychamber.org

³ An electronic copy of the *Economic Development Goal Setting Study for Clay County* is available from the Clay County Chamber of Commerce.

Community Economic Development Planning Summit

In order to receive community input and advice regarding the creation of this Plan, the Researcher conducted a *Community Economic Development Planning Summit* (Summit) on March 18, 2005 at the St. Johns River Community College.

Approximately 80 citizens representing a cross section of government, business, and civic organizations attended the all day event.

The Researcher explained:

- How a local economy works and the characteristics of strong and weak economies.
- The condition of the Clay County economy and where it is heading.
- An economic goal which, if achieved, would significantly improve the quality of the economy and cause it to be less dependent upon Duval County.

The Researcher then explained in great detail:

- The three basic economic development programs.
- How economic development organizations are structured in the United States.
- How geographic – economic issues determine the site selection process.

The participants then discussed in small groups and provided their opinions for the following:

- Preferred structure for an economic development organization.
- Funding sources for an economic development program.
- Criteria for a business incentives program.
- Strengths and weaknesses of Clay County's geographic – economic assets.
- The most important issues regarding improving the economy.

Individually, the participants were asked to identify the five most important things (opportunities) the community needs to do over the next five years to improve the local economy. Additionally, they were asked to identify the five greatest threats which would prevent the area from improving the economy.

Each small group was asked to reach a consensus on the five opportunities and threats. The groups then reported their consensus and the entire assembly voted to identify the five opportunities and threats.

The following are the (opportunities) *five most important things the community needs to do to improve the economy of Clay County over the next five years*. They appear in order of importance.

1. Primary job creation (increase high wage businesses).
2. Land (inventory) – zoned, permitted, and infrastructure in place.
3. Create Incentives for primary industries.
4. Streamline Zoning & Permitting.
5. Coordinated infrastructure, improve transportation and water/sewer.

The following are the (threats) *five major issues facing the county which could prevent the opportunities from coming to fruition*. They appear in order of importance.

1. Lack of available sites and existing buildings.
2. Base realignment and closure.
3. Failure of diversified economy, dependent on military and Duval jobs.
4. Anti-business, no growth officials and citizens.
5. Disproportionate residential growth.

The following *Economic Development Plan* presents a series of issues regarding how to improve the economy. Following each issue is a recommendation by the Researcher regarding what action the community needs to take.

Throughout the Plan, there is continuous reference to the **Clay County community**. Economic development influences virtually all businesses, all levels of local government, and virtually every resident in an area. There is no one person or organization which can cause an economic development program to be successful. All stakeholders need to be involved, hence the reference to the “community.”

Before the community can support improving a local economy, it first needs to know what one is....

What is a “Local Economy?”

A local economy is a geographic area in which a preponderance of the population lives and works, earns and spends. The place of work is where the wealth is created; the place of residence is typically where the wealth is spent.

Money flows into the local economy as a result of the activity of the “primary industries.” Primary, or contributory industries, are those which sell their goods or services outside the geographic boundaries of the local economy, thus importing wealth to the area.

The imported wealth or money is mixed and churned within the economy, circulating from business to business, person to person, until it is eventually consumed and leaves the area.

A local economy will grow and expand, decline and fall, in direct proportion to the amount of wealth being imported to the area. A vast majority of the businesses, as well as their employees, depend upon the wealth being imported to the area by the primary industries. These are known as dependent or consumptive industries. Typically, for every one primary job created, there are between two and three dependent jobs also created.

The “quality” of a local economy, which determines the standard of living for the people who live and work in an area, is determined by the wages paid within the primary industries. For the most part, the average wages paid to workers employed in the dependent jobs will approach but rarely exceed the wages paid in the primary industry sectors.

If the primary jobs are “low-wage,” then the overall economy will be a low-wage economy. If the primary industries are high-wage, then the overall standard of living in the area will be pulled upward toward the “high-wage” level.

Local economies with multiple (diversified) primary industries have the best chance of having a stable economy over an extended period of time. Typically, if one of the contributory industries declines, there are others which are still contributing, perhaps even growing, and thus preventing a significant economic decline in the area.

Areas which depend upon one or two primary industries are in a precarious position. Should their main contributor fail, the entire economy will collapse.

It is a characteristic of the strongest local economies in the United States to have multiple primary industries. It is a characteristic of the weakest economies to be dependent upon one primary industry, which has fallen into decline.

An area will grow in size by adding more primary industry jobs, which import more money into the economy.

An area will grow in “quality” if a preponderance of the new primary jobs pays a wage higher than the area average.

General Economic Development Plan

It is the goal of the Clay County community to lesson its dependence on Duval County, maintain economic growth, and to significantly improve the quality of the economy over the next twenty years.

In order to accomplish this, the county needs to have a net gain, from 2005 to 2024, of approximately 10,000 primary jobs. The wage for the jobs created should be about 145% of the county average wage.

Economic development is the activity which increases the size and improves the quality of a local economy through the formation of new primary industry jobs.

The Clay County community must initiate and fund an aggressive economic development program in order to attain the goal.

Participants at the Summit were asked: “How aggressive should the Clay County community be regarding its economic development program?”

On a scale from 1 to 5, with 1 meaning “do nothing” and 5 meaning “very aggressive program,” the participant response averaged 4.8 (very aggressive program).

A comprehensive economic development program includes three basic activities, all of which the community needs to implement as they are of equal importance. They include:

- Existing Industry Program.
- Marketing – Recruitment Program.
- Start-Up Program.

Existing Industry Program

One of the most important yet least expensive economic development programs is the Existing Industry Program. The program is designed to retain and encourage the expansion of contributory businesses already present in the area.

This is accomplished by reducing the cost of doing business and expanding the markets as much as possible for these companies. The more profitable a company is in the area the more likely the company will remain and expand in the community.

Research has shown, aside from market conditions, the principal reason a company moves from one community to another is “local community attitude.” Local community attitude encompasses a wide range of factors from local taxation, fees, and regulatory requirements.

However, many times “attitude” is simply how the company is treated by the community when the company has a local problem. Persistent problems for a company, large or small, add costs and time to the operation of the business, which motivates the company to seek another location when it needs to expand or retool.

The most important element of an Existing Industry Program is quality, confidential communication between the economic development organization and the employer. This leads to problem solving activity for the employer by the economic development organization.

Marketing Recruitment Program

A Marketing Recruitment Program is necessary to increase the number of contributory employers in Clay County. This will lessen the area's dependence on Duval County and improve the quality, increase the size, and add consistency to the local economy.

The program should focus upon business entities, which are contributory in nature and will pay a wage which will meet the goal.

The specific activities of a Recruitment Program are very similar to those of a private company, which sells a product or service.

There are three basic steps, which need to be taken by both:

- 1) determine what you have to sell,
- 2) determine who wants to buy it, and
- 3) establish a plan to contact and sell to the potential buyers.

Most areas believe what they have to sell is a "community." This is not the case. What an area has to sell is a geographic location, which has certain assets and characteristics, which influence the profitability of a private company. A discussion regarding Clay County's assets will follow.

After making an inventory of its assets and characteristics, a community should then determine what type of contributory businesses or industrial sectors can make the best use of them. A plan is then created to contact and sell these companies.

A Marketing Recruitment Program can be very expensive and time consuming. Visible results may not be seen for several years after its initiation. The actual list of marketing activities for a Marketing Recruitment Program is very similar to that of a private company's marketing - sales program.

The following is a list of some of the marketing activities which most community programs include:

- Advertising in trade journals and industry magazines.
- Direct mail.
- Company cold calling.
- Company visitation program.
- Public Relations — Image Program.
- Attend trade shows of target industries.
- Attend association conferences of site selection professionals.
- Web Site.
- Develop a relationship with site selection consultants.
- Develop a relationship with commercial real estate brokers.

Communities sometimes have exaggerated expectations when they initiate a marketing program. For some reason some community leaders fully believe that within a couple months after an advertisement appears a business will move to the area. Usually the process takes several years to yield quality, consistent results.

Additionally, the size of the project is usually much smaller than most people realize. Clay County needs to create approximately 10,000 new primary jobs over the next 20 years. Some in the community believe all the area has to do is recruit ten companies which employ 1,000 people. “No problem.”

However, a vast, vast majority of economic development projects involve businesses which will employ between 50 and 75 people. Annually, the Southern Economic Development Council publishes a list of “projects” which were completed by its members from 17 southern states. In the 2004, this list included about 480 projects. Only seven of them employed more than 500 people and only 20% employed more than 100 people.

The *Target Industry Study* provides a group of business sectors upon which the area should focus its marketing effort.

Start-Up Program

Nurturing home grown companies, which are contributory in nature, is becoming more and more popular throughout the United States. Understanding that Microsoft was once a “start-up” company, communities are placing greater and greater emphasis on “growing their own” economy.

A business start-up program under the economic development program is not a general “business assistance program” popular in most communities. These are designed to help a person start any kind of business. The Small Business Administration, local community college, and even the Chamber of Commerce many times have programs which guide a person in establishing general businesses from a travel agency to a plumbing supply store to a small restaurant.

An economic development program is concerned with creating new companies which, when they evolve, will be primary or contributory in nature. They will eventually sell their products or services outside the area and not be dependent upon the local economy. They will import wealth to the area. There are several elements relating to a “Start-Up” program.

Facility or incubator:

The most important feature is to have a facility in which a company is formed and a product or service is developed. The space provided to a company is usually relatively small, 500 to 2,000 square feet, and the tenants typically share equipment and machines. It is in the incubator where the company develops its products or service, determines the market, and raises the capital to create the business. The rent to the company can be subsidized, but the trend is not to reduce rent, but to provide other services.

Quality Counseling:

Many great ideas never find their way to the market place as the individual has no idea how to do it. Additionally, most “ideas” are not great, and have no market potential. One of the most important features of a successful start-up program is the advice and counsel by individuals with experience on how to take a new idea and cause a company to be created. The counseling involves examining the

marketability of the product or process, running patent searches, teaching the principles how to run a business, and explaining how to be an “entrepreneur.”

University Relationship:

Typically the most successful Start-Up programs are in communities, which have a relationship with a major research university. The new company is able to interface with experts in the field in which the company is pursuing, learning about the latest technology and ideas. Many universities will partner with the incubator start up program, allowing access to equipment and student assistants.

Venture Capital:

In order for the company to begin operations in the incubator or expand outside, venture capital or business financing needs to be available.

Current Economic Development Organization

Presently, the economic development effort in Clay County is being conducted by the Clay County Chamber of Commerce in a strategic partnership with the Clay County Development Authority.

Economic Development is a separate division within the Clay County Chamber of Commerce, with its own budget and funding sources derived from private investors. The principle purpose of the Economic Development Advisory Board is the creation of quality jobs through development of a favorable business climate and improvement of the economic health of the community.

Its “Division of Economic Development” is presently conducting business recruitment or encouraging new businesses from target sectors to locate in Clay County and assisting existing businesses with their retention and expansion needs.

The division is supported by four staff members, a ten member volunteer board, eight trustee leaders and various volunteers serving on committees and/or task force initiatives such as:

- Business Recruitment.
- Incentives Task Force.
- Brownfield Initiative.
- Existing Business Visitation Program.
- Industry Appreciation.
- Higher Education Alliance.
- Infrastructure Development and Transportation.
- Legislative – Government Affairs.
- Marketing.

The Clay County Board of County Commissioners is funding Clay County’s participation in the Jacksonville Cornerstone Regional Economic Development initiative, which markets the six county Northeast Florida region nationally and internationally.

The Clay County Chamber of Commerce does not receive any other funding from the County Commission or the municipalities for economic development. The Chamber also works closely with

Enterprise Florida, Inc., Workforce Florida, Inc., the Governors Office of Tourism, Trade and Economic Development on statewide economic development programs.

Existing Industry Recommendations:

Presently, due to limited staff, the economic development organization has a modest existing industry program which is principally limited to surveying existing businesses. Volunteers from the Chamber of Commerce assist with the program. The most successful programs are conducted by economic development professionals.

The Chamber has identified the largest primary employers in the county and is building a relationship with them. However, given the size of the Clay County business community, it is quite likely there are about 50 small primary businesses, which employ between 5 and 10 people, presently in Clay County of which the Chamber is not aware.

These small groups have the potential to grow and likely need the services of an economic development organization more than a large company. If each one of these companies would add just one employee in 2005, 20% of the annual milestone would likely be achieved for that year. Through a comprehensive existing industry program, it is possible to generate approximately 30% to 35% of the new jobs each year required in the Goal Setting Study.⁴

The Task: Within one year, the Economic Development Division of the Clay County Chamber of Commerce shall secure sufficient funding to employ a full time existing industry specialist.

The Task: Within eighteen months, the Economic Development Division of the Chamber of Commerce will identify the existing primary employers in the county and make initial contact with each.

Marketing Program Recommendations:

Marketing a community is a very expensive proposition. It can easily cost \$1 million a year to conduct a comprehensive national marketing program. Presently the national marketing activity is being conducted by the Jacksonville Cornerstone Regional Economic Development program. Pooling financial resources and marketing regionally is a concept which has been accepted by most areas in the nation. Funds from the Clay County government pay for Clay County's participation in Cornerstone.

Even though the national marketing effort is being conducted by Cornerstone, there are still several marketing activities which Clay County should be doing to enhance the effort.

- A great deal of the community selection process by site selectors is conducted via the internet. The Chamber of Commerce presently has a web site containing some economic development information. However, the content for economic development should be significantly increased.

The economic development organization should complete, as much possible, the International Economic Development Council's "data standards." The web site should follow this format as the data standards have been developed by site selectors. They will look for information in this format. The data standards, which include approximately 1,500 data items, can be very onerous to complete and maintain. However, as much local information as possible should be included.

⁴ The *Economic Development Goal Setting Study* details annual employment and wage milestones which need to be attained each year for 20 years in order to reach the goal.

- The marketing program, after more improved, approved sites are created, should be expanded significantly in the future. Direct focus should be placed upon the industrial sectors identified in the *Target Industry Study*. Additional staff will be needed in the future to assist with this program.

The Task: Within one year, the web site shall be reconstructed and include a preponderance of the data delineated in the International Economic Development Council’s “data standards.”

The Task: Within two years, funding shall be secured to employ a full time economic development marketing specialist and to expand the overall marketing outreach program. The relationship with Cornerstone shall be maintained.

Start-Up Program Recommendations:

Many of the most dynamic economies in the United States have grown partially as a result of an active Start-Up program.

Clay County should create a Start-Up Program. Over the long term, this program can prove to be one of the best opportunities for Clay County if it is structured and financed properly. During the last ten years of the 20 year goal period, the Start-Up program could account for 20% of the jobs required by the annual milestones.

The Task: Within one year, a plan for the development of a Start-Up program will be created including securing a relationship with an educational entity to provide technical assistance.

The Task: Within two years, funding for a Start-Up program will be secured and a site will be identified for the construction of a 10,000 square foot facility.

The Task: Within four years, the Start-Up Program shall be fully operational including having a building, a relationship with a group to counsel the businesses, a relationship with the community college, and a multi-county outreach program.

Economic Development Organization Recommendations:

There are many different structures for economic development organizations around the country. For all organizational structures, there are examples of successful programs. There are also examples of failed programs. The best form is the one which works the best in a community.

The participants at the Summit were asked to provide their preference for the structure of the economic development organization for Clay County.

They were provided with the seven options shown on the following chart. On a scale of 1-5 with 1 being the “least desirable” and 5 being the “most preferred,” having an organization operated by the Chamber of Commerce with funding coming from both the private and public sectors was the preferred choice.

This structure is essentially what the area has today. However, presently the vast majority of the funding is being provided by the private sector. Pubic funding, via the county government, goes directly to the Cornerstone Program.

It is recommended the structure of the organization remain the same, as it is the most preferred.

Funding Recommendations:

However, funding is a problem. Presently there are insufficient revenues to support the expanded programs described in this Plan.

No organized program.	1.1
County Government Office, solely.	1.5
Chamber of Commerce, private funding only.	2.6
Private, not for profit organization, private funding only.	2.8
Two groups, a county government office and a private group.	3.2
Private, not for profit organization, private and public funding.	3.8
Chamber of Commerce, private and public funding.	4.0

Economic development organizations are funded in many ways throughout the United States. Some groups receive 100% of their funding from local government, while others 100% from the private sector, still others have a mix of both.

More than 200 communities in Texas have voted for a ¼% sales tax to fund their economic development programs. Miami’s Beacon Council and the Broward Alliance receive their funding from a special occupational license fee which was approved by the Florida legislature in 1984.

The key to most successful programs, however, is having a dedicated or long term source of funding for the programs. Since having to constantly raise money drains staff resources, programs which are not adequately funded typically fail.

The participants at the Summit were asked: “If a comprehensive economic development program will cost \$1,000,000 annually, from where should the funding for the program come?”

The participants inserted a percentage for each of the following. From this information, the participants desire to have funding for the organization come from both the private and public sector.

Private investment.	40.1%
County government.	36.0%
School system.	7.7%
City governments.	21.4%

However, the share leans heavier toward the government side than the private side. Many areas compromise on this issue and have a 50/50 split.

One means to create a dedicated source of funding would be directing all revenue from a county occupational license fee to the economic development effort. A successful economic development program, importing more money to the area, enriches virtually every business in the area. The occupational license fee, if directed to the economic development effort, would be a small investment by all who will eventually profit.

The Task: Within two years, a dedicated source of funding shall be identified which will generate sufficient money to fund an expanded, aggressive economic development program.

Business Incentives:

More and more communities have come to the realization primary employers are the wealth generators for their communities. As a result, more and more are aggressively recruiting these businesses to their areas. An integral part of the process is offering financial incentives to these companies to defray the costs relating to expanding in or locating to an area.

The Researcher has prepared for the Chamber of Commerce a *Business Incentives Program*⁵ for Clay County. The study describes the nature of business incentives and what is being offered around the country.

Part of the *Business Incentives Program* is a mathematical matrix which assists the community in determining what incentive should be offered to a company and under what conditions.

Participants at the Summit were asked to provide their opinions on two issues relative to business incentives. These included the types of incentives which should be available in Clay County and the criteria which a company should meet to qualify for any or all incentives. The input from the participants was incorporated in the *Business Incentives Program*.

The *Business Incentives Matrix* places emphasis on companies which will be contributory in nature, pay a wage higher than the area average, and will make a large capital investment in the county.

The Task: Within one year, the community shall establish criteria which determine the conditions under which a primary employer will receive an incentive to expand in or locate to the Clay County.

The Task: Within two years, the community shall identify a source of funding for the costs of providing a comprehensive business incentives program such as worker training, grants, and loans.

⁵ A copy of the written portion of the *Business Incentives Program* is available from the Clay County Chamber of Commerce.

Geographic – Economic Strengths and Weaknesses

A primary employer sells its goods or services outside a local economy, importing money to the area. As a result, the company is not dependent upon the local marketplace and does not have to be located in the community.

A retail store depends on the local market and the site selection criteria focus upon proximity to that market. Traffic counts, sign visibility, purchasing power of the customers and many other factors influence where a retail store would locate.

What determines the location of a primary business is a series of geographic – economic factors. The importance of each issue varies among industry sectors. The geo-economic issues determine if a company will be profitable being located in a particular area.

Communities which are very strong in most or all of the factors have the best chance to have a strong economy. Those which are weak have to find ways to overcome this disadvantage.

To be successful in building a strong, dynamic economic, a community must review its geographic - economic characteristics to determine its strengths and weaknesses. From this review, it can reinforce the strengths and correct as much as possible the weak areas.

At the Summit previously mentioned, the participants were asked to evaluate Clay County’s geographic - economic assets and provide their opinion as the area’s strength for each. The Researcher also independently evaluated the area. The following is a lengthy list of geographic – economic issues. For each, a grade is provided by both the Community and the Researcher based upon the following scale.

Strength - Weakness	Very Strong	Somewhat Strong	Average	Somewhat Weak	Very Weak
	5	4	3	2	1

The grades reflect the relative strength of the issue, with 5 being the strongest and 1 the weakest.

After a discussion regarding the issue, the Researcher makes a recommendation for action by the community. The recommendations are based upon the experience of the Researcher and input from the participants attending the Summit.

Real Estate

There are two basic issues regarding real estate which relate to economic development. The first is the availability of sites or buildings for existing or new primary employers to occupy and the second is housing for the employees of companies expanding or locating to the area.

Real Estate	POLICOM	Community
Cost - Availability of industrial sites.	2.0	3.4
Cost - Availability of existing buildings.	2.0	2.9
Cost - Availability of housing for hourly workers.	3.0	3.6
Cost - Availability of housing for executives.	4.5	4.3

Industrial Sites:

The most important issue relative to economic development is the availability of “improved, approved” real estate upon which a company can construct a facility. With no site available, a company (new or existing) cannot construct a facility in which it will hire the employees.

“Improved” means the horizontal infrastructure is in place at the site. Basically the land is “building ready.”

“Approved” means all zoning issues, which would enable the company to begin construction, have been enacted by local government.

Absent either “improved or approved” places a cloud of uncertainty on the property. Companies will not consider the land is “available” for their purposes. Communities which do not have a supply of industrial real estate have little hope of improving their economy.

Not only is the availability of industrial real estate important, but also is its cost. Communities which have a limited supply of expensive property are at a competitive disadvantage with areas which have comparable locations at a lower price. Communities which have an abundant supply of inexpensive real estate have the greatest competitive advantage.

Presently there is not a sufficient supply of improved, approved industrial property available in Clay County.

The Economic Development Goal Setting Study provides for the formation of approximately 10,000 new primary industry jobs through the year 2024. These jobs will form in industries which require “manufacturing type” or office-warehouse structures and low rise office buildings.

If land is not available for the construction of these facilities, the jobs cannot be created. Additionally, land is needed for industrial type businesses which will service the general population, but are not primary in nature. Examples of these are food distributors, plumbing contractors, and electrical supply wholesalers.

To meet the requirements of the primary jobs, between 800 and 1,000 gross acres (includes land for roads, drainage, and other infrastructure) of land will be needed by 2024. This estimate does not provide for large track users (100 – 200 acres) such as distribution centers. As a result, at least 1,200 acres should be identified.

An additional 500 gross acres will likely be needed for the service industrial sector which will be created from the formation of the new primary jobs. This is in addition to the growth of the service industrial users which are being created by population growth. Approximately 300 acres will be absorbed over the next ten years for this purpose.

Of the 2,000 acres identified, about 300 acres will likely be for “office” or office-service” type use and 1,700 for light industrial use.

To provide for market competition, an area should provide in its planning for 1 ½ to 2 times what will likely be absorbed. Therefore, the land use plan should reflect at least 2,500 acres for industrial use.

The land use needs described above are for the twenty year period through 2024. A twenty year planning horizon has been found to be too short a period. If the area is successful in reaching the goal for the formation of new primary jobs, it will discover in twenty years it has no land available to continue the economic expansion.

This is the case for Pinellas County, Florida which absorbed almost all of its industrial property which was identified during the planning process in 1985. Over the ensuing 20 years, the county created more than 20,000 new primary jobs and has run out of industrial property. As a result, its economy has begun to decline as primary employers are having to leave the county in order to expand.

For long term planning purposes, through the year 2044, an additional 2,500 acres of industrial property should be identified in Clay County. Overall, 5,000 acres of industrial property should be identified for long term planning purposes. However, during the planning processes, the location of this land must be reviewed to determine if the property is suitable for use by these businesses. On some occasions, county planners in other areas have identified industrial use property in the least desirable locations in the area. The remote locations are the least objectionable to area residents but the property many times is never developed for industrial use as it lacks highway access, proximately to the workforce, or even the ability to be developed (wetlands).

When identifying the locations for the acreage needed to build the economy, lands which are currently planned for industrial use but will likely not be developed for that purpose should not be included in the acreage total.

Should fifteen to twenty years from now it is determined the county will not utilize all of the industrial property identified, it can be “down zoned” to another use. This is a much easier task for a county than to “up zone” to industrial use.

There is hesitancy if not total refusal by private industrial land developers to invest in real estate for the use by “primary employers” as opposed to “service industrial” users. Market demand for “service industrial” grows as the population grows. Businesses such as electrical supply wholesalers, dry cleaning plants, commercial bakeries, and auto repair facilities will increase as demand grows. The private developer is able to anticipate the volume of the market and sell or lease industrial property to these businesses on a relatively predictable basis.

However, there is no predictability to when a “primary business” will locate to an area. Industrial real estate which is intended to be used by a primary business can sit vacant for years. As a result, the private developer is not interested in investing in such projects. The private developer will offer land in its inventory to a primary employer, but the developer will not wait to sell its property. It could all be absorbed by service industrial users within a short period of time.

Due to the lack of interest by the private sector to invest in land for future primary employers, and since land is absolutely necessary, more and more communities in the United States have taken it upon themselves to create community industrial parks.

These facilities are considered an “investment” in the future of the community.

Recommendation: Clay County must create an abundant supply of inexpensive, improved, approved industrial real estate.

Land for primary employers should be strategically located in the central part of the county to provide the greatest economic benefit for the following reasons:

- The further the property is from the county line in all directions, the greater the likelihood Clay County residents will be employed by the businesses locating on the property. This will cause more “containment” within Clay County of the money earned at these employment centers. This means the wages paid to the workers will more likely be spent in Clay County.
- A “reverse commute” will be created. If the employment centers are located near the Duval or St. Johns county line, Clay County workers commuting to these locations will pile upon the Clay County workers commuting outside the county each morning.

Land needed for service industrial use should be located near the marketplace, the population centers, and will likely be small parcels.

The Task: Within five years, the Clay County community shall purchase and develop one or two multi-use “Enterprise Parks,” between 200 and 500 acres in size, which shall be marketed exclusively to qualified primary employers. In lieu of one 500 acre facility, two smaller projects might be just as desirable if strategically located.

- Within one year, the community will identify a source of funding for the purchase and development of an Enterprise Park.
- Within two years, the community will option or purchase the land for the park and begin the approval process.
- Within four years, the horizontal development of the Enterprise Park shall commence and criteria for the sale or lease of the land shall be established.

Existing Buildings:

Most businesses looking to locate would prefer to lease or purchase an existing building which exactly meets their facility needs. The reasons include 1) the facility cost is certain (as opposed to uncertain construction costs), 2) there typically are not any zoning or community issues to confront, and 3) the time necessary to begin production is truncated significantly compared to constructing a facility.

The most desirable situation for a community is to have a plethora of modern, existing buildings available which meet the specific structural needs of a business which can be occupied on the most desired date of the business. Few, if any, communities in the United States are in this position.

Between 1988 and 1992, there was a collapse of the commercial, industrial marketplace. As a result of overbuilding, millions of square feet of new industrial and office space were available for immediate occupancy at depressed prices. This space has since been absorbed and commercial developers are reluctant to construct speculative product.

After the “dot-com” boom busted in California and Oregon, there was and still is an abundant supply of modern office – high tech buildings available.

However, on a national basis few communities have vacant, modern buildings which have been constructed in the last ten years which specifically meet the needs of most industrial users. Communities which have constructed speculative buildings, however, have a competitive advantage.

Prior to constructing a speculative building, a community must fully understand its potential market in order to design a marketable structure. The potential market is determined by the type of existing primary employers which have located to the area.

Many rural communities in the United States have constructed speculative buildings to attract primary employers. These areas typically lack many of the positive geographic – economic assets which Clay County possesses and the presence of a speculative building overcomes some of their disadvantages. Additionally, they do not have industrial real estate developers in the community which might take on such a project privately.

Clay County has a handful of existing, vacant industrial structures. However, they are aged and are likely not suitable for most potential high wage companies.

Private developers are constructing “speculative” office – warehouse product. These projects are typically marketed to industrial type businesses which are servicing the general population. While they are available to “primary employers,” the owner-developers will not wait for such a user to come along.

Recommendation: Clay County should consider the following regarding existing buildings:

- The community should determine the marketability of a speculative building. The promotion and marketing of Clay County is presently conducted by the Northeast Florida Regional Development Partnership coordinated through the Jacksonville Chamber of Commerce.

Clay County should meet with marketing representatives from the Partnership to discuss the need for a speculative building. The Partnership, from its experience with the needs of its clients, should be able to determine if a speculative building will provide Clay County with a competitive advantage. If so, Clay County should consider such a project.

- If having a speculative building provides only a marginal advantage, relative to the cost and risk of the project, Clay County should consider the following alternative.
 - Two of the important features of an existing building are a shortened time frame for the business to occupy the facility and known costs, Clay County should work with private developers to “pre-design, site plan, and cost estimate” several types of facilities on several parcels of land.
 - These are considered, in the economic development field, “virtual buildings.” Computer generated pictures are created and used as marketing tools. The virtual buildings are, in essence, pre-permitted by the government, expediting the approval process. The cost of the facility is “ball parked” giving the company an idea of how much the building will cost them in your community.
- Clay County should additionally have in place procedures to expedite the site plan approval and permitting process for qualified primary employers. To shorten the time frame for construction, it is desirable to have a process which enables the county to provide site plan approval and a building permit within thirty days of application.

Housing:

Housing availability and the cost thereof influences the wages paid to workers and the ability to attract executives to a community.

In some areas, the cost of worker housing is so high companies are forced to pay wages which exceed market thresholds for their industry. As a result, the business must move from the area, outsource production, or go out of business.

In many rural communities, there has never been a market demand for high quality executive housing. As a result, few are available. Executives, when asked to consider locating to these communities, resist as the quality of the home in the rural area will be much lower than what they are accustomed. Additionally, the executive is reluctant to build an “executive” home fearing a loss upon resale.

The cost of housing for hourly workers in Clay County is less than in Duval or St. Johns counties. However, housing costs are increasing at a rapid rate, not only in Clay County but throughout Florida. As a result of the extremely low wages in Clay County, a much greater share of household income has to be dedicated to housing expenses than in most areas.

The issue of increasing housing costs and the diminishing ability of the average hourly worker to afford a home is pervasive throughout Florida. This is occurring as a result of a constant increase in demand for housing while supply is being limited. The issue is extremely complex and most communities are struggling to find a means to solve the problem.

One of the important benefits of reaching the Goal is to improve the overall “quality” of the Clay County economy by creating higher wage jobs. If this is accomplished, Clay County residents will have a better chance of affording a home.

There is a large supply of modern executive homes in the area. Additionally, the residential development community is ready and able to construct more.

Recommendation: Clay County should resist programs or activities which artificially increase the cost of housing.

Labor

The issue of “labor,” its availability, suitability (skills), reliability (work stoppages), and costs, is one of the most important influencing the site selection process.

Labor	POLICOM	Community
Current skill level of general workforce.	2.0 – 4.0	4.3
Training opportunities.	2.0 – 4.0	4.1
Labor – Management relations (work stoppages).	3.7	4.3
Current wage rates.	4.0	3.8
Labor availability.	4.0	4.5

Current Skill Level of General Workforce:

The preponderance of the workers in Clay County is employed in relatively low skilled positions in the retail and services industries. The overall skill level of the workforce is low to medium low, reflecting the demands of these jobs. This normally would be a significant deterrent when trying to recruit higher wage employers which need higher skills. However, Clay County has the potential to offer employers a moderate to high skilled workforce.

When a site seeker for a higher wage company does not recognize the availability of high skilled workers being present in the workforce, then the availability of trainable or “under-employed” workers is considered. Under-employment is a situation when a worker has educational attainment, special training and/or physical skills in excess of what is needed for the workers current job.

An area might have a large number of under-employed workers for several reasons.

- A high wage employer closed or laid-off workers. The displaced workers accepted positions requiring lower skills at lower wages.
- The area has excellent schools with high graduation rates but few employment opportunities requiring the education provided. The workers, wanting to remain in the community in which they grew up, accept “whatever” positions are available in the community.
- The area is a “nice or exciting place to live” and as a result draws college graduates who accept lower paying jobs just so they can live in the area.

Clay County has the potential to have an abundant supply of trained and trainable labor available for mid to high wage employers. This is evidenced by two factors:

- Presently there are about 50,000 Clay County residents commuting to Duval County each day for employment. Many of these workers are employed in high skill to mid skill positions.

The typical one way commute is 45 minutes. Usually an individual will be willing to accept other employment, perhaps at a lower wage, after the commute exceeds 30 minutes. In the *Survey of Clay County Commuter -March of 2000*⁶ conducted by Ulrich Research Service, Inc. for the Clay County Economic Development Council, 81% of the Clay County commuters surveyed stated they would prefer to work in Clay County.

The commuting workers could provide an excellent workforce for mid to high wage employers expanding in or locating to Clay County.

- The educational attainment level among Clay County residents for high school education is higher than the Florida or national average.⁷ This provides evidence a “trainable” workforce is available.

While the number of college graduates living in Clay County is lower than the state or national average, the overall educational attainment of Clay County residents is as good as Duval County and much better than Bradford or Putnam.

Educational Attainment		
	High School	College
Clay	87%	20%
Duval	83%	22%
St. Johns	87%	33%
Bradford	74%	8%
Putnam	70%	9%
Florida	80%	22%
USA	80%	24%

Recommendation: The community must be prepared to prove to a company a trained or trainable workforce is available. It likely is. Presently, a second commuter study is being conducted. The results of this study should be combined with workforce studies to create a document proving a workforce is available.

Training:

Absent a trained workforce, employers require workers be trained in the specific tasks necessary to conduct the business. The availability of “training” is one of the most important issues relative to the community selection process.

Typically, training is conducted by the local community college or vocational school. In some areas of the country, training facilities are not available. This places those communities in a competitive disadvantage.

Not only is the availability of training programs needed, but the cost of the training of a local workforce is an important issue. More and more employers expect the community to bear the cost of preparing the workforce prior to hiring.

The St. Johns River Community College has an emerging facility in Clay County. Presently it is relatively small in size but has sufficient acreage to grow. There are several private organizations and schools in Clay County which provide education and training.

However, compared to other areas, the ability to provide customized training for new primary employers is limited. Additionally, aside from attempting to get a grant from the state of Florida, there is no dedicated source of local funding to pay for such training for primary employers.

⁶ For a copy of this report, please contact the Clay County Chamber of Commerce.

⁷ Source: United States Census Bureau – 2000 Census.

The Florida Community College at Jacksonville is an exceptional institution and is prepared to create customized training for new and existing employers in the Jacksonville area. It has the expertise to present a program for virtually all disciplines which would be needed by new employers coming to Clay County.

Recommendation:

- The Clay County community needs to develop a comprehensive worker training system which has the ability to create and fund customized training programs for qualified primary businesses.
- St. Johns River Community College, when planning the expansion of its facilities and programs, should integrate the ability to provide customized training for existing and new primary employers.
- The Clay County community should utilize the training resources available to it at the Florida Community College.

The Task: Within two years, the community will develop a comprehensive worker training system which has the ability to create and fund customized training programs for qualified primary businesses.

Labor – Management Relations:

Of great concern to many production employers is the “reliability” of the workforce. In some areas of the United States, there is an extreme adversarial relationship between management and labor. This has caused frequent work disruptions (strikes) in the past. Communities which have had a history of management – labor problems are shunned by most employers.

Clay County does not have such an environment.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Current Wage Rates:

An employer, regardless of the skill level needed, will pay a wage relative to the marketplace. In high cost areas, an employer will likely have to pay a wage higher than the national average. For the same job in a lower cost area, the wages would be lower.

The average earnings for a wage & salaried worker in Clay County are 73% of the Florida average and 65% of the national average.

This places Clay County in a very competitive situation. The national average wage for a business which manufactures steel tanks and containers (NAICS 3324) is \$45,573. It is reasonable to assume an employer in this industry would only have to pay between 65% and 70% of this amount if it operated in Clay County. This is not a bad thing for Clay, as 70% of \$45,573 is \$31,900, which is 135% of the area average wage.

However, one of Clay’s best assets is the availability of a trained workforce commuting to Duval County. The average wage in Duval is 97% of the national average. It is likely these workers are paid

accordingly. Therefore, to lure a skilled Clay County resident away from Duval County, the employer will likely have to pay a wage close to the Duval wage. In some ways, this negates the wage advantage Clay County has.

But, since the educational level is very high among Clay County residents, the most likely source of skilled labor will come from the pool of under employed semi skilled workers. These individuals will be attracted to the higher wage jobs.

Recommendations: See “Training” recommendation.

Labor Availability:

The number of workers available for hire within a marketplace is of concern to employers. In very tight labor markets, when unemployment is extremely low, employers sometimes have difficulty finding enough workers with the proper skills to employ. Under this situation, employers usually have to pay a higher wage than normal to secure the workers needed. This principle applies to the general workforce.

Primary industry employers typically pay a wage higher than the area average. As a result, these employers usually do not have a problem finding enough people who want to work for them. The problem is the “quality” of the worker.

As previously mentioned, there are about 50,000 people a day commuting to work from Clay County in the morning. Many of these individuals work in professional or high skilled positions and do not desire to commute each day. This labor can be “intercepted” by an employer locating in Clay County. Additionally, there are another 60,000 people working in Clay County earning a wage which is 65% of the national average.

Therefore, there is an abundance of available labor for higher paying jobs. If a potential employer placed an advertisement in the local newspaper, stating the business would hire a hundred people and pay \$35,000 per year, the company would likely receive more than 1,000 applicants. Additionally, at that wage scale, workers would also be available in all of the surrounding counties.

The availability of labor for higher wage jobs is not a problem in Clay County.

Recommendations: See “Training” recommendation.

Transportation Systems

The cost of moving products and people has always been an important issue relative to economic growth, for the nation and communities. The cost of transporting products to market, via land, sea, and air, has always been one of the determining factors of most manufacturing businesses. Sometimes high transportation costs can be overcome by other geographic economic features of an area such as low taxes, utilities, and wage rates.

Transportation Systems	POLICOM	Community
Highway system external to area.	4.0	3.8
Roadway system internal – Commuting time	2.0	2.5
Railway	3.0	3.0
Commercial airport	4.0	3.9
Seaport – cargo/container	4.0	4.0
Motor carriers	4.0	3.7

Highway System External to Area.

Virtually every county in the United State which does not have access to the Interstate Highway System or is not adjoined to a metropolitan area has been in economic decline for the last 10 to 30 years. Their remote location has been a deterrent to the expansion of their existing production employers and to the recruitment of new companies.

Clay County is ideally positioned to access two Interstate Highways (I-95 and I-10 via I-295) enabling travel north, south and west. As a result, it has a significant competitive advantage over counties to the south which have limited access to the west.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Internal Roadway System - Commuting Time:

Traffic congestion in some metropolitan areas has caused workers to endure lengthy commutes to their worksite. Oftentimes the commute can be as long as one hour. Not only is this a “quality of life” issue for the employee, but employers begin to have trouble retaining their workforce when commuting times exceed 30 minutes.

As discussed in the Goal Setting Study, Clay County residents have one of the longest commuting times in Florida as thousands travel each day to Duval and St. Johns Counties. This places a heavy traffic burden on existing Clay County roads leading to the north (into Duval) and east (to St. Johns).

As a result, Clay residents who work in Clay near the borders of these counties are delayed and spend more than the normal amount of time traveling to work.

Recommendation: Future employment centers in Clay County should be located in the central to west-central parts of the county. This will afford a timely “reverse commute” and enable employers to recruit workers from all parts of the county.

Additionally, the Clay County community should make every effort to facilitate the construction of a limited access highway, traveling from the north through the central part of the county then turning east to St. Johns County. This will facilitate all commuting and also provide much faster access to the Jacksonville airport by corporate executives in Clay County.

The Task: The Clay County community shall vigorously pursue the construction of a limited access highway, traveling from the north through the central part of the county then turning east to St. Johns County.

Railway:

During the 1970’s and 1980’s, as a result of reduced market demand, many railroad companies abandoned rail lines and spurs in rural communities. The rights-of-way were sold or donated to the local government and the rails were sold for scrap metal.

Clay County is fortunate to continue to have rail service provided by the CSX Railroad. However, the line hugs the eastern border of the county running north and south. An industrial area in Green Cove Springs is serviced by the rail system. It will likely remain as the only area which will have rail service. Expanding rail service to other parts of the county is not practical.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Commercial Airport:

Virtually every county in the United States has an “airport.” A vast majority of these are general aviation facilities (GAF) which serve the local recreational flyer. If they are limited to this service, they do little to help the economy as little new money is imported to the area. However, a community’s GAF should have a runway length sufficient to accommodate private corporate jets. This enables corporate executives to visit their company’s facilities bypassing the commercial airport.

Still, however, a commercial airport, one which provides direct jet air service to major hubs, is essential to most businesses today, as their employees need to travel to meet with customers, or customers need to travel to the business. Communities which have air cargo capability provide an additional service to many manufacturers which make high value, low bulk products.

Communities which are not located within a 60 minute drive to a commercial airport are placed in a significant competitive disadvantage. An extremely large number of companies simply will not locate in an area which does not have a commercial airport.

Clay County has direct access via I-295 to the Jacksonville International Airport. The airport has been expanding its service and number of flights for several years.

As the airport is located in the northwest part of Duval County, except during “morning rush hour,” it is likely a shorter drive to Jacksonville Airport from Clay County than St. Johns or even the southwestern part of Duval County.

Air service is a market driven industry. As the corporate community grows in the Greater Jacksonville area, more flights will be added making the area even more desirable to the corporate community.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Seaport:

The Jacksonville Port Authority (JAXPORT) operates three marine terminals. These terminals can handle every type of general and project cargo.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Motor Carriers:

There is an abundance of motor carriers in the greater Jacksonville area.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Utilities:

For many industries, “utilities” are an integral part of the production process. Communities which have an abundant supply of inexpensive energy and large volumes of water have a competitive advantage.

Utilities	POLICOM	Community
Electric power	3.7	4.2
Sanitary sewer	3.2	3.9
Potable water	4.0	4.0
Natural Gas	3.1	3.1
Telecommunications	3.0	3.5

Electric Power:

Clay County has sufficient electric power capacity to service most industrial users. It is served by five different utilities companies. While businesses which use extremely large amounts of electricity in their process (electric fired steel mill) might seek a lower cost state such as Texas, the cost in Clay County is competitive for the region and is not a deterrent.

However, the Green Cove Springs Municipal Utility, since it is a revenue generator for the municipality, has excessively high electric rates. As a result, it is not likely a heavy user of electricity will locate in this community unless there are other issues of greater importance which necessitates the location.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Sanitary sewer:

The ability to serve industrial sites with sanitary sewer is important. The first consideration is the removal of the human waste of the workers at the facility. Clay County has the treatment capacity to meet this need if the sanitary lines are taken to the site.

Recommendation: The County should cause sanitary sewer lines to be extended to future industrial sites.

Potable Water:

Clay County has a sufficient supply and treatment capacity to service the population and the general needs of industry.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Natural Gas:

Clay County has a sufficient supply of natural gas which might be needed by industrial users.

Recommendation: Aside from causing gas lines to be extended to new industrial areas, there is no specific action the community needs to take regarding this issue relative to economic development.

Telecommunications:

High speed telecommunications service is presently available in the northeast portion of the county. However, it will have to be extended as more land is developed to the south and west.

Recommendation: When planning future employment centers and industrial parks, the most modern systems should be made available to the property.

Education:

Education and training programs can be a significant catalyst for economic growth. Many of the strongest economies in the United States have used their educational resources to drive the development of their economies. Universities and communities colleges serve to prepare and train the workforce. The quality of the local public school system sometimes influences the site selection program when a large number of executives are being asked to move to an area.

Education	POLICOM	Community
A. Four year and post graduate university	3.0	3.5
B. Technical – vocational school	2.0	3.4
C. Community college	3.0	4.1
D. Public school system – quality thereof	4.2	4.2

Four Year and Post Graduate University:

Sometimes the presence of a four year university can be one of the most important tools to cause economic growth for an area. Universities with post graduate programs, especially those in new technology disciplines, can be one of the most important reasons a local economy grows.

The words “can be” were used twice in the above paragraph. This is because in seven out of ten university towns the school has not caused economic growth unless there was an increase in enrollment.

In most university towns, the school imports to the area a great deal of money. It therefore contributes to the economy. However, most schools do not grow unless the legislature allows them to. Therefore, their impact is “capped” pretty much in line with inflation.

In a vast majority of the communities in which a university is located, the university does not have any interest in assisting the region in economic development. As a result, there is little if any economic growth as a result of its presence.

The exception is when the university becomes a partner with the community or region to improve the local economy. One of the specific missions of the institution is to “utilize the resources and talent of the university community to enhance the regional economy.” This is accomplished by joining with the community’s economic development program by providing academic resources to the local business community.

The closest four year university is the University of North Florida located in Jacksonville. The University has been growing and has positive leadership. Its curriculum offerings are expanding to new technology disciplines.

The University is making a diligent effort to be directly involved with enhancing the local economy through its participation in the First Coast Technology Park. As a result of this and other direct relationships with Jacksonville, the school’s first loyalty will be to businesses in Duval County. This

places Clay County in a competitive disadvantage with Duval relative to businesses which need a university relationship.

However, the school will likely assist and cooperate with a business locating in Clay County.

Recommendation: The Clay County community should take advantage of any programs offered by the University of North Florida which will assist in expanding the Clay County economy. The Clay County community should additionally approach the university with the idea of creating a counseling team to assist businesses which will be participating in the Clay County “Start-Up” program.

Community College

As previously mentioned, the St. Johns River Community College has a small but growing facility in Clay County. Clay County presently has a population of more than 160,000 people. Within 20 years, it will grow to more than 300,000 people. As a result, the St. Johns River Community College will have to grow to service the local population.

As discussed earlier, a four year university can have a significant impact upon the economic growth of an area providing it is a willing partner with the community in this endeavor. Clay County does not have a four year university nor is it likely to create one.

As a result, it is in the best interest of the community to have the St. Johns River Community College step into the shoes of a four year university, providing as much as possible, academic resources and facilities to the primary employers in the area.

As the community college plans its growth, the Clay County community should encourage it to direct a large portion of its growth toward enhancing the local economy.

Recommendations:

- The Community College should direct future curriculum programs toward “new technology” disciplines.
- The Community College should prepare to offer customized, fast track training for businesses which are qualified by the economic development organization.
- The Community College should provide direct assistance to the occupants of the Start-Up incubator, enabling them to access instructors, facilities, and student assistants.
- The Community College should consider allowing the business Start-Up incubator to be constructed on its campus.

The Task: Within one year, the Clay County business community, county government, and economic development organization should join in a partnership with the St. Johns River Community College to create long term programs, to be conducted by the community college, which directly help to improve the economy of Clay County.

Public School System

The quality of the local public school system becomes an issue when a company is considering locating several management personnel to a community. If the system is poor, the company will experience resistance by these individuals if their children are presently attending a system of high caliber. Sometimes, the ability to transfer key personnel influences the site selection process.

However, a community should not make improving the local school system an economic development issue. If the quality of the local schools is not a good as it should be, then it should be improved for the benefit of the children in the area.

There is, however, a direct correlation between the quality of a local economy and the quality of the local schools. When an economy is growing, especially in quality, then the taxable base grows, enabling the school system to finance a better program. In declining economies, the financial resources are not available to pay for the top teachers or the most modern facilities.

The quality of the Clay County public schools is not being evaluated as an asset or liability for the economic development plan. The participants at the Summit rated the school system as a strong asset.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Local Government:

Local government, including city, county, township, or regional organizations, plays an important role in influencing the local economy. Policies enacted locally can create an atmosphere conducive to economic growth. Economic development organizations in most of the strongest local economies have the complete cooperation of local government officials relative to creating a business friendly environment which enables profitability for primary employers.

There is unfortunately a long list of communities which have fallen into economic decline as a result of the actions of local governments. Due to the promulgation of excessive regulations and punitive taxes, these areas have been losing their primary employers to communities which have a more favorable business climate.

Local Government	POLICOM	Community
Property taxes	3.8	3.7
Income taxes	5.0	4.3
Fees and assessments	3.4	3.4
Business climate	3.0	3.3

Property Taxes

Locally levied property taxes have a significant impact upon companies which have a large capital investment in their facility. The overall millage rate in Clay County is not exceptionally high and is comparable to Duval and St. Johns counties.

Recommendation: Mechanisms need to be in place to abate or reduce the property taxes for qualified companies.

Income Taxes

Some cities, mostly in the Midwest, have enacted municipal income taxes. Clay County has a competitive advantage as there are no state or local personal income taxes levied.

Recommendation: There is no specific action the community needs to take regarding this issue relative to economic development.

Fees and Assessments

Locally levied fees and assessments have added significant costs to primary employers in some areas. Most of these communities are located in California, Florida, Oregon, and most of the states on the eastern seaboard. Many times the fees are enacted to create a new revenue source for local government. In lieu of increasing taxes on the voting residential population, the corporate community is mined for more money.

Excessive fees and assessments might be an issue in Clay County. Several participants at the Summit suggested the county has or is going to begin levying more fees.

Recommendation: The community should resist attempts by local government to add special fees, charges, assessments, or taxes against its primary employers. The County Government should have provisions to waive fees and certain regulations for qualified primary employers.

Business climate

The overall business climate is a reflection of how cooperative local government is with its primary employers. In some communities, there is an adversarial relationship between government employees and the business sector. Some of this is caused by the “political philosophy” of the government worker, perhaps at the direction of elected officials. In today’s political arena, it is not uncommon for a government worker to carry the position that “business is evil.” In fact, along the eastern and western seaboard of this county, this attitude is pervasive.

As a result, many communities have not only levied excessive fees and taxes upon the business sector as previously mentioned, but have manifested a regulatory climate so restrictive primary employers must literally move from the area.

There will always be business people who will complain about local government, even in communities which are the most cooperative. However, research has shown the most frequent reason (aside from market conditions) a primary business will move from one community to another is how it has been treated over the years by the community. The community, in this case, is usually local government.

Several participants at the Summit suggested the county has and is in the process of creating more regulations which will stifle economic growth. Additionally others commented the county is not “business friendly.”

Participants were asked at the Summit to identify the five greatest threats which would prevent the county from growing economically. The group consensus ranked “Anti-business, no growth officials and citizens the fourth greatest threat.

The Researcher will not provide an opinion as to whether these observations are accurate. However, the very fact the issue is being discussed and ranked so high as a “threat” should be a “red flag.” Perception can be as devastating as reality. If a potential primary employer is investigating a community and repeated hears the area is not business friendly, the company will seek another location.

Recommendation: The community should insist the county and all city governments be as cooperative as possible, with the limits of the law, with primary employers, including expediting their needs when necessary.

The Task: Within two years, the Clay County government and each municipality which has industrial property available shall review its regulations to determine if they have a negative impact upon the expansion of or location to the area by primary employers.

Additionally, each shall devise a program which will expedite the permitting process for projects involving qualified primary employers.

Quality of Life

Quality of life in essence refers to the “livability” of an area. In this regard, beauty is in the eye of the beholder. The residents of virtually every community in the United States believe where they live is the best place to be. There is nothing wrong with this as community pride is very important.

However, some communities indeed have more “amenities” than others. These might include more parks, better schools, walking paths, abundant recreation programs, museums and other cultural facilities. In communities which do not have such amenities, if you asked the residents “would you like them” most would say yes. Then ask if they are willing to pay for them. The answer is usually no.

Communities with the greatest amount of quality of life amenities are usually those with the strongest economies. They have the parks and museums because there is more wealth in the area to pay for such things.

The importance of “quality of life” issues relative to economic development has been overstated in recent years. Some economic development consultants have advocated that the “livability” of an area is the most important site selection criteria. It is not. A company must first consider all of the economic issues stated earlier before examining “quality of life” issues. If an area does not show itself to be a profitable location, all of the parks and museums in the world will not influence the decision to move to an area.

However, since Clay County is adjacent to Duval County, it can enjoy and utilize all the “quality of life” amenities offered in Jacksonville, including NFL football.

Recommendation: At the present time the community should resist using economic resources, which could go toward an economic development program, to create “quality of life” amenities. After the economy improves there will be financial resources available for such projects.

Community Education

Few areas have been able to implement a successful economic development program without the support of the “community.” The term “economic development” is not understood by most people. When individuals do not understand something, they usually resist it.

In order to be successful, the “Clay County community” must support the program, politically and financially.

As a result, the Clay County Chamber of Commerce, in conjunction with all other stakeholders, needs to launch a community education program. The program should describe the implications of not working to improve the economy, how it will gradually decline, and its impact upon virtually every facet of the community.

The Plan itself should be explained, why each program is needed, who will do it, and especially why it will cost what it does. Most important, the benefits of being successful should be thoroughly presented.

Community education is vital in order to secure a dedicated funding source for the program.

Recommendation:

- Several presentations to the community regarding the need for and the content of the Plan should be given by the leadership of the community. At these presentations, representatives of all branches of government, the educational system, and the business community should be participants, demonstrating a unity of effort.
- Copies of the Economic Development Plan and all support studies should be made available to the general public.
- Community forums regarding the economy and the status of the implementation of the Plan should be held on a regular basis.

The Task: Within six months of the adoption of the Plan, the community will be provided with a series of presentations regarding the need for and the content of the Plan. Included in the presentations will be a discussion of future funding sources to finance the program activities.

The Task: On an annual basis, the community will be invited to participate in a gathering to discuss the status of the implementation of the Plan.

Conclusion

Clay County has the opportunity to direct its economic future. As a result of having a large, skilled workforce available and the ability to create a large supply of industrial property, it can create a dynamic economy which not only grows in size, but also in quality.

This will improve the standard of living for all Clay County residents and provide the financial resources to government to afford providing many of the “quality of life” amenities desired by the people.

However, improving the economy will not come about by accident. It will take a commitment by the entire community to implement an aggressive economic development program.

About the Researcher

William H. Fruth is the President of POLICOM Corporation; an independent economics research firm located Palm City Florida, which specializes in studying the dynamics of local economies. Through his analysis, he determines if an economy is growing or declining, what is causing this to happen, and offers solutions to maintain or improve the situation.

He has personally evaluated the data for more than 600 local economies in the United States, created more than 150 community economic studies, and has provided presentations and workshops for state associations and local communities in 30 states.

He is a nationally recognized leader in the field of geographic economics and has extensive experience in economic development.

From 1988 to 1995, Fruth served as Vice President of a major industrial land development company, directing the development and marketing of a 500-acre corporate park in the West Palm Beach, Florida area.

Previously he was President of the Business Development Board of Palm Beach County, the economic development organization for the area. During that tenure he was named Florida's Economic Development Professional of the Year in 1987.

From 1980 to 1984, Bill served in a full time capacity of Mayor of Tiffin, Ohio. During this time, he was named one of the "Five Outstanding Young Men in Ohio" and was heavily involved in economic and community development both locally and statewide.

Fruth has been recognized by the Florida Administrative Court as an expert witness regarding local economies, is a member of the American Institute for Economic Research, and the American Economic Association.

Fruth received the Bachelor of Science and Master of Arts degrees from Bowling Green State University in Ohio studying political theory, communications, and journalism.

POLICOM Corporation
2740 SW Martin Downs Blvd. #279
Palm City, FL 34990

fruth@policom.com
www.policom.com

PH: 772-781-5559
FX: 772-220-2642

Task Schedule

By the end of	2005	2006	2007	2008	2009	2010	2011	Assigned To:
Existing Industry Program								
Within one year, the Economic Development Division of the Clay County Chamber of Commerce shall secure sufficient funding to employ a full time existing industry specialist.	-					-	-	
Within eighteen months, the Economic Development Division of the Chamber of Commerce will identify the existing primary employers in the county and make initial contact with each.								
Marketing - Recruitment Program								
Within one year, the web site shall be reconstructed and include a preponderance of the data delineated in the International Economic Development Council's "data standards."								
Within two years, funding shall be secured to employ a full time economic development marketing specialist and to expand the overall marketing outreach program. The relationship with Cornerstone shall be maintained.								
Start Up Program								
Within one year, a plan for the development of a Start-Up program will be created including securing a relationship with an educational entity to provide technical assistance.								
Within two years, funding for a Start-Up program will be secured and a site will be identified for the construction of a 10,000 square foot facility.								
Within four years, the Start-Up Program will be fully operational including having a building, a relationship with a group to counsel the businesses, a relationship with the community college, and a multi-county out-reach program.								
Funding								
Within two years, a dedicated source of funding shall be identified which will generate sufficient money to fund an expanded, aggressive economic development program.								
Business Incentives								
Within one year, the community shall establish criteria which determine the conditions under which a primary employer will receive an incentive to expand in or locate to the Clay County.								
Within two years, the community shall identify a source of funding for the costs of providing a comprehensive business incentives program such as worker training, grants, and loans.								

Geographic Economic Assets and Liabilities								
By the end of	2005	2006	2007	2008	2009	2010	2011	Assigned To:
Real Estate - Industrial Sites								
Within five years, the Clay County community shall purchase and develop a multi-use "Enterprise Park," between 400 and 500 acres in size, which shall be marketed exclusively to qualified primary employers.								
Within one year, the community will identify a source of funding for the purchase and development of an enterprise park.								
Within two years, the community will option or purchase the land for the park and begin the approval process.								
Within four years, the horizontal development of the enterprise park shall commence and criteria for the sale or lease of the land shall be established.								
Training								
Within two years, the community will develop a comprehensive worker training system which has the ability to create and fund customized training programs for qualified primary businesses.								
Highway System								
The Clay County community shall vigorously pursue the construction of a limited access highway, traveling from the north through the central part of the county then turning east to St. Johns County.								

By the end of	2005	2006	2007	2008	2009	2010	2011	Assigned To:
Community College								
Within one year, the Clay County business community, county government, and economic development organization should join in a partnership with the St. Johns River Community College to create long term programs, to be conducted by the community college, which directly help to improve the economy of Clay County.								
Business Climate								
Within two years, the Clay County government and each municipality which has industrial property available shall review its regulations to determine if they have a negative impact upon the expansion of or location to the area by primary employers and devise a program which will expedite the permitting process for projects involving primary employers.								
International Business Program Community Education								
<u>Within two years, the Clay County Chamber of Commerce will initiate an International Business Program to build awareness and capacity for international trade and foreign direct investment</u> Within six months of the adoption of the Plan, the community will be provided with a series of presentations regarding the need for and the content of the Plan. Included in the presentations will be a discussion of future funding sources to finance the program activities.								
On an annual basis, the community will be invited to participate in a gathering to discuss the status of the implementation of the Plan.	-	-	-	-	-	-	-	-
Community Education								
<u>Within six months of the adoption of the Plan, the community will be provided with a series of presentations regarding the need for and the content of the Plan. Included in the presentations will be a discussion of future funding sources to finance the program activities.</u>								