

Council for Economic Outreach

Special Task Force – Space / Land



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Executive Summary

The Council for Economic Outreach (CEO), the economic development arm of the Gainesville Area Chamber of Commerce, has experienced an increased volume of inquiries and investigations regarding available building space and land for medium to large businesses interested in the possibility of locating or expanding in Alachua County. From January 2006 through March 2007, more than forty-two companies have contacted CEO looking for sites on which they could open/operate new businesses. (See Appendix A – CEO Space Audit) Our community's inability to provide locations, or locations within a reasonably rapid timeframe, has directly impacted our corporate and business growth potential and compromised our competitive standing as a southeastern regional employment hub.

With existing large employers including the University of Florida, Shands Healthcare, Santa Fe Community College, the Veteran's Administration, Nationwide Insurance, and Florida Farm Bureau, Gainesville remains a localized economic force. In the recently released *Cities Ranked and Rated*, authors Sperling and Sander justified Gainesville's number-one ranking by stating: "The economy has diversified far beyond the university, attracting research and high-tech..."

It has been suggested that our ability to foster this growth in markets other than the institutional and service related professions will determine if we can compete with other highly-ranked communities. Economic Development professionals in the community are concerned that growth in these highly-desirable industries will be limited, due to lack of suitable space for potential employers and locations for their operations. In January, 2007, the Chairman of the Gainesville Area Chamber of Commerce commissioned a Special Task Force to examine the issues of Space/Land availability in the geographic area served by CEO. This area consists of Alachua County and all of the municipalities located within Alachua County.

Both the goal of this Task Force and the purpose of this report are to determine our strengths and weaknesses in the marketplace and to prioritize the community's inventory of lands suitable for meeting current demands and anticipated growth trends. This was accomplished by conducting a spatial analysis of the County, using Geographic Information Systems (GIS) software, which makes use of an extensive variety of data sources including the Alachua County Property Appraiser's database, the State of Florida Department of Revenue database, regional market trends, national industry sources, etc. Additionally, vignettes which offer snapshots of availability in various areas of interest throughout the county are included.

The final product looks at not only industrial lands, but office and potential corporate campus locations as well. As discussed in the Special Task Force's meetings, many lost opportunities are due to corporations' desire to house workers in a more campus-like setting. These corporate campuses represent a large part of the creative culture's synergetic entrepreneurial spirit, which capitalizes on quick access to other professionals, food and beverage offerings, recreation, housing, and of course, the office think tank.

Local Availability

In conjunction with the Task Force, the Causseaux, Hewett, and Walpole, Inc. staff graciously performed several iterations of analyses using Environmental Systems Research Incorporated (ESRI) Geographic Information Systems (GIS) software. The GIS software was used to determine the locations of lands that are both available and ready for employers in Alachua County. Both industrial and office lands were chosen for inventorying due to their applicability to the corporate demands experienced by the CEO and Chamber.

From the perspective of the corporation looking to locate in a particular area, several factors play into the ability to effectively “open up shop.” The mere fact that land is for sale is not always a key to success. This report also analyzes the steps necessary for opening a business. It includes an explanation of how the steps necessary to open a business can affect an employer’s ability to locate in a particular area, and/or how readily an area can respond to potential employers looking to locate within the community.

Future Land Use

Throughout the State of Florida, Alachua County and its local municipalities, numerous regulatory factors must be addressed prior to serving the first customer. Both, the County’s and the local municipalities’ Comprehensive Plans and their associated Future Land Use Maps, often called FLUMs, must allow for the specific use of the land and account for its associated impacts on traffic, potable water, sanitary sewer, open space, stormwater management and ground water recharge, and recreation levels of service. These are just to mention a few of the categories which are affected by concurrency related standards. Concurrency is broadly defined as the ability to maintain infrastructure services, such as roadway, potable water, or sanitary sewer capacity, in synch with the demand from either residential or non-residential customers.

Zoning

Land Development Regulations (LDRs) or Land Development Codes (LDCs) must also permit the range of specific occupational activities and adequately provide the spatial area for buildings, parking, open space, buffering, and a host of additional items such as sidewalks, bike racks, landscaping, etc. Certainly not unique to Alachua County and its municipalities, and an item with which most national industries and employers have experience, are the additional requirements for Special Area Overlays, Studies, Corridor Design Policies, and similar regulatory restrictions. These requirements are generally more prevalent in new construction. However, companies wishing to occupy or renovate existing facilities may be faced with an onerous task. They may find meeting these requirements to be outside the financial realm of possibility or to exceed the timeframe that can be afforded prior to the conduction of business.

Other Planning Considerations

All of the requirements of relevant Comprehensive Plans and Land Development Codes (Regulations), and their associated sub-documents and policies, must be in agreement and allow for the desired business uses before a particular business can open its doors. Usually, this information can be obtained through a zoning verification request to an appropriate municipality; verification can, generally, be accomplished within a two to three-week period. Nonetheless, these tasks need to be completed by an individual who can wade through the regulatory requirements and not become discouraged by the process.

What Are They Seeking?

Most biotech companies have similar requirements, and their desire is for “flex-space.” Flex space is best defined as a combination of office/lab. Building shells that allow for the rapid reconfiguration of internal workspace and provide a company with the ability to simply set up shop are key. As in the Alachua Progress Corporate Park, many start-ups that have graduated from a campus setting such as the Gainesville Technology and Enterprise Center (GTEC) need these types of facilities, and that need is not being met within the Gainesville Metropolitan Area (MSA). The President/CEO of future GTEC graduate SinMat, Inc., for example, explained to CEO that both domestic and international communities are recruiting this particular company, and that he would rather remain in the Alachua County market, regardless of a minimal financial incentives package. The consistent barrier to entry (or barrier to remain in this case) is the lack of suitable space. While Alachua County is seeing a healthy influx of high-tech and biotech interests, CEO fears that this wave could pass by Alachua County, as these companies and their investors discover other opportunities, particularly in the Southeast.

Do We Have It?

Ultimately, the desired space in Alachua County and the study area of this document are what are most important. Most large employers are looking to satisfy the creative class and present their business in a manner that is conducive to the employee base. Therefore, while the traditional Industrial Park design works for large manufacturing and/or distribution facilities, it may not be the best fit for the growing technology and clean industry targets, which are the focus of most recruiting efforts in competing communities.

Future Short and Long Term Availability

From this Report, the Task Force hopes to catalog the majority of available lands that are currently carrying both Land Use Classifications and Zoning Categories that are conducive to the current trends and requests for space in Alachua County. In addition, this report also attempts to project future needs and anticipate growth areas in the County, based on input from the Council for Economic Outreach, the Gainesville Chamber of Commerce, and industry experts, such as those individuals represented on the task force.

For the purposes of this report, lands have been grouped into three (3) primary categories with divisions based upon availability. Please keep in mind that the information on the land parcels is accurate at the time of distribution of this report. For a current list, please contact the staff at the Council for Economic Outreach.

Category One is defined as lands available for occupancy within six (6) months. These lands also have the desired existing land use and zoning in place and only the standard occupational licensing, establishment of utilities, and installation of traditional furnishings would be required.

Category I - 6 months

Small (<10 acres)	Medium (10-20 acres)	Large (>20 acres)
3 parcels	2 parcels	7 parcels (2 only partial availability)

Category Two is defined as those lands that can be available within the range of six (6) to eighteen (18) months. These lands usually require a land use amendment, whether in the form of a Large-Scale Comprehensive Plan Amendment (CPA), a Small-Scale CPA, and/or a rezoning, in order to obtain the proper land use classification conducive to business-specific requirements. The standard occupational licensing, establishment of utilities, and installation of traditional furnishings will still be required.

Category II - 6-18 months

Small (<10 acres)	Medium (10-20 acres)	Large (>20 acres)
0 parcels	0 parcels	0 parcels

Category Three is defined as those lands that can be available in a time frame that exceeds eighteen (18) months. These lands consist of target areas that local municipalities need to designate, in their long-range plans, for activity center or employment center type development. Alternately, these lands may be targeted as key redevelopment areas that may become the next corporate campuses. Such areas as the Depot Avenue Corridor, the Southwest Second Avenue area, and the West Sixth Street area are all areas within close proximity to the University of Florida and Santa Fe Community College downtown campuses, as well as the Shands AGH site. This close proximity helps fuel the synergy that many corporate employers desire in the Research and Development industry.

Category Three lands most certainly require a land use amendment, whether in the form of a Large-Scale CPA, a Small-Scale CPA, and/or a rezoning, in order to obtain the proper land use classification conducive to business-specific requirements. The standard occupational licensing, establishment of utilities, and installation of traditional furnishings are also required.

Category III - >18months

Small (<10 acres)	Medium (10-20 acres)	Large (>20 acres)
0 parcels	2 parcels	2 parcels

As you can see from the tables, parcels of available land are limited, especially in Category Two where there is none. This makes it critically important to have a plan on how, what and where our current and future needs will be met.

Why Are We Losing Businesses?

There are several factors that are taken under consideration by a company when making decisions about potentially locating in a community. However, if a suitable land or building option as defined by the project is not available, then the community is eliminated very early in the decision-making process. In reviewing the 42 projects that have been worked by CEO over a 15 month period, there was a total of 1.8 million square feet of building space requested. There was only 580,000 square feet of space available and the same space was offered repeatedly for various projects. In only 11 of 42 projects could CEO fulfill the requested space requirements. The most requested size space was 30,000 – 50,000 SF of office space and 10,000 – 25,000 SF for biotech use.

The Alachua County underemployment study completed by Lockwood-Greene Consulting concluded that we have an under-employed workforce. The success of our two local incubators suggests we have intellectual capital and product. So why are we not enjoying more success in recruiting new businesses? One reason might be that we have a lack of quality space. It is now fairly well-known that Network Solutions expressed more than a casual interest to be in Gainesville. The community scored #1 across the board in all measurables of the company’s desired qualities in a community. We simply did not have adequate space in which they could locate. They offered 300+ jobs with an average wage of \$16-18/hour. This high-tech company preferred to be in a professional setting. We could only offer converted retail space, a look they

did not want to project. The company was not willing to compromise on this requirement. They chose not to locate a facility in Alachua County. It is the belief of CEO staff that they still want to be in Alachua County. Network Solutions continues to be in contact with CEO to see if there are any new options available.

Larger companies want a professional looking building, often times in a campus-like setting, close to amenities such as coffee shops, lunch spots, and recreation. Biotech companies prefer to be near other biotech companies. They like leveraging the intellectual edge that comes from being near others with similar missions. According to Booker Schmidt, Director of GTEC, as these companies progress through the different stages of development, there is a sharing/redeployment of resources that is common. Employees will flow between different companies. As their skills have been utilized in one company, it is common for that employee to move to another company now requiring those talents. Schmidt indicated that such migration occurs with investors and other outside advisors as well. These companies prefer to be near restaurants, shopping and recreation/fitness amenities.

Two incubators in our area are beginning to graduate these types of highly-desirable companies. GTEC is currently housing nine start-up companies with one potential graduation in the next 12 months. The Sid Martin Biotechnology Development Incubator (BDI) currently has thirteen start-up companies with two to five graduations expected in the next 12 months. We would prefer that these companies, if they so desire, remain in Alachua County. And in many cases, home grown companies that have launched their businesses here have a desire to continue to be in Alachua County. Unfortunately, the type of space needed by these companies is scarce in Alachua County.

The Council for Economic Outreach is surveying existing businesses in the targeted industries identified by Enterprise Florida including manufacturing, biotechnology and financial industries. These targeted industries also reflect the targeted industries identified for Alachua County by the *Healthy Community Initiative* in 2005.

The survey conveys an executive perspective on planned business expansion in Alachua County and tangible feedback on important opportunities and obstacles to business growth. While the survey is not completed to date, CEO's analysis so far indicates 71% of those surveyed are actively expanding or plan to expand within the next 3 years. These firms plan on adding over 500 *NEW* jobs to Alachua County and will require approximately 81,000 square feet of new office space. Planned capital investment is over \$100M. Information Technology, Biotechnology and Professional Engineering Service firms represent the industry sectors with the highest planned investment and job creation. Several of these firms are emerging companies planning significant growth over the next three years.

In the survey, representatives of several firms, especially in the medical device or biotech industries, expressed concerns about availability of suitable sites to build manufacturing facilities. Several firms with plans to expand into production manufacturing phases may consider contracting with manufacturing providers outside the area or locate company-owned facilities in other, more-established manufacturing clusters.

If we have the space/land available, then we can at least participate further in the decision-making process. As evidenced by the project information supplied by CEO, we did not have the requested space in 31 of 42 projects. If viable space is not available, the community will continue to be eliminated from consideration. Additionally, as cited by existing local industry leaders, our community may be facing competition from other areas for future manufacturing/biotech facilities, due to lack of suitable space.

Where Is Our Competition?

Our competition lies in communities that have existing, vacant facilities. Often, these communities will have business parks that offer the above-described amenities. CEO is seeing more projects with implementation timelines in the 3-9 month range. This would require both the community and the company to mobilize quickly in lease negotiations, obtaining necessary permits for renovations, hiring a workforce and other numerous efforts to meet this type of quick deadline. In short, we are competing with communities that have a ready facility and a fast-track permitting process. Included in this report is an audit of all space-related projects on which CEO has worked from January, 2006 through March, 2007. Where possible, we have given a status update regarding each of the projects.

The following locations have already been chosen or closely considered over Alachua County within the past 12-18 months.

- *Ocala*
- *Tallahassee*
- *Valdosta*
- *Birmingham*
- *Greenville, SC*
- *Raleigh-Durham*
- *Colorado Springs*
- *Boston*
- *San Diego*

In looking at some examples of other communities and their available space:

- Raleigh-Durham currently has 37 office projects under construction. 20 of those projects are for spec buildings. A “Spec Building” is development or construction with no formal commitment from the end users of the finished building. The speculative builder anticipates that a demand exists or will form for the product when it is put on the market.
- Ocala currently has well over 1 million square feet of industrial space available.
- Valdosta and South Georgia communities regularly offer free land or very inexpensive land as part of their incentive package.

What Else Can We Do?

As part of the redevelopment review of the current Alachua County Fairgrounds site and the development of the Weseman property, Fishkind and Associates, Inc. was contracted to assess the fiscal and economic impacts of these projects on both the City of Gainesville and Alachua County. They recently submitted a report aptly called, *Alachua County Fairgrounds and Weseman Property Economic and Fiscal Impact Analysis*.

The consultant was asked to review the following documents provided by Alachua County:

- Competitive Assessment of the Gainesville Region, April, 2001
- Alachua County Underemployment Study, May, 2001
- Strategic Plan for Sustainable Economic Development
- Plan East Gainesville Final Report, February, 2003

The Fishkind report states:

“After reviewing these documents, the over-riding theme is that for the proposed projects to be successful, the City and County will need to be more amenable to current and incoming business needs and requests. With sound planning and coordination with the local economic development office, the Consultant feels that a job center adjacent to the airport in East Gainesville has strong potential for success.”

In order for this community to be successful in attracting targeted industry and assisting local industry with expansion, we recommend that the local government entity implement a “fast-track” permitting process and a commitment to review their regulatory, zoning and planning procedures to see how the processes can be expedited.

At a recent County Commission meeting it was asked: if there was such demand for space, why was the private sector not meeting it? When this question was posed to builders/developers, the answers seem to come back to the same thing – time and costs associated with building in Alachua County. The process for permitting, development, etc. is so long, that it escalates the costs to a point where the risk is too high. Add in the uncertainty of the pending impact fee discussion, and it may drive the costs even higher.

Fishkind also reports in this study, that Alachua County has had relatively low volumes of new non-residential space installed over the last few years, but that based on historical and near-term projections of office space absorption within the County, Alachua County is expected to absorb approximately 220,000 square feet of office space annually. This further explains why we are short on space, if this amount of square footage is not being built annually. Additionally, CEO had requests for 1.8 million square feet over a 15 month period. If only 10% of the requested space was met, that would equate to 180,000 square feet of space.

Conclusion

What do we know?

- Last year, the Council for Economic Outreach concluded a 5-year fundraising campaign, raising more than \$3 million to be used for business retention, expansion and attraction efforts. This shows a strong commitment and broad support from the local community that we want corporate business to expand and locate here.
- Given the budget challenges faced by county government it would be wise for officials to look to grow commercial and industrial properties in order to increase the tax base.
- CEO is in the middle of an on-going existing business survey that indicates 71% of those surveyed are or plan to expand in the next 3 years, adding 500 NEW jobs. These projects will require approximately 81,000 square feet and will have over \$100 Million in planned capital investment.
- We have 2 incubators from which 3 - 5 companies will graduate in the next 12 months. Many of those companies are asking CEO for assistance in finding suitable facilities in Alachua County.
- In a 15-month period, 42 companies contacted CEO about locating in Alachua County. Of those, in only 11 projects did we have the requested space. There was a total of over 1.8M square feet requested.
- One of the targeted industries for Enterprise Florida and Alachua County is biotechnology. According to Workforce Florida, the average wage of a biotechnology job is \$50,909. That represents a 69% increase in the current average annual Alachua County wage, which is \$30,004 (per Enterprise Florida).

What do we need?

- We need existing square footage. As this report states, we have a severe shortage of space. Specifically, we need buildings that are ready for occupancy within 6-8 month timeframe, offering 10,000 – 50,000 square feet.
- We need buildings that have amenities on-site or nearby.
- We need vigilance to be sure the properties are available now and also for the future.
- We need to accelerate the permit/building process so that timelines can be shortened to three to nine months.
- We need pre-approved sites so that timelines can be met.
- We need supply to meet demand. As the report indicates, we have limited suitable space to meet the needs of the companies contacting CEO.

What is next?

We need the following commitments from CEO:

- An improved property database. CEO has just signed a contract to improve its website. It will include a more user-friendly property search tool and will allow easier data updates. It is scheduled to roll-out in 4th quarter, 2007. This will allow CEO to better highlight and organize available space for both expansion and attraction projects.
- To investigate successful Public/Private partnerships on spec space and report findings.
- To continue to serve as the leader in implementing the recommendations of this report.

We need the following commitments from the Private Sector:

- Local developers and real estate professionals to work on buildings/lands in targeted areas outlined in this report.
- Bankers to work on financing options, considering examples of Public/Private Partnerships, vis-à-vis spec space.

We need the following commitments from the Public Sector:

- Create “fast-track” development/permit/approval process for projects in targeted industries.
- To adjust policies to allow identified sites to be “pre-approved” for zoning, concurrency, permitting, etc.

We have support from the local community; we have an opportunity to increase county revenues; we have local companies that want to expand and outside companies that want to locate here. What we do not have is space for them to do so. In order to attract targeted industries, we must ensure that we have a competitive inventory of sites.

We must be organized in our approach because other communities are competing for the same projects. We have identified available tracts of land which are included in this report. It is our goal to identify specific parcels for development and work with the local government to have these sites Category I and Category II ready, as defined by this report. Concurrently, we would like to begin discussions on Public/Private Partnerships to move forward with plans for spec space.

For more information on this report, or to participate in the process, please contact Ann Collett at the Council for Economic Outreach.