

**ECONOMIC ELEMENT  
DATA AND ANALYSIS**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
LIST OF TABLES .....	ii
Introduction .....	1
Poverty Reduction/Alleviation .....	1
Revenue and Economic Diversification .....	2
Compatibility of Growth with Environmental Preservation .....	3
Inventory of Economic Development Organizations .....	3
Economic Issues In the Community .....	5

LIST OF TABLES

TABLE		PAGE
1	Comparison of Poverty Rates: Alachua County & Florida .....	1
2	Alachua County Employment by Industry .....	3

INTRODUCTION

Economic Development in Alachua County will be guided by the Strategic Plan for Sustainable Economic Development. The Alachua County Commission appointed an Economic Development Advisory Committee (EDAC) in February 1999. Their directive was to develop a Strategic Economic Development Plan and to develop criteria by which economic development projects, seeking County assistance, shall be evaluated.

The plan was adopted by the Alachua County Commission in July 2001 and comports with the Economic Element of the Comprehensive Plan. The key issues in the Economic Element of the Comprehensive Plan can be summarized under three headings as follows:

- 1) Poverty Alleviation
- 2) Revenue and Economic Diversification, and
- 3) Compatibility of Growth With Environmental Preservation

Other issues of importance to the Commission are: living wages and the process for funding economic development organizations.

## **I. Poverty**

The 1990 and 2000 census data indicate that the poverty rate for Alachua County is higher than that of the rest of the state. The figures are as follows:

<b>Table 1: Comparison of Poverty Rates: Alachua County &amp; Florida</b>		
<b>Year</b>	<b>Alachua County</b>	<b>Florida</b>
1990	23.5%	12.73%
2000	18.3%	14.4%

Source: United States Bureau of the Census, 1990 & 2000.

The distribution of poverty is also a major concern. Most of the poverty is concentrated in urban East Gainesville particularly in Census Tracts 2, 6 and 7 which have been designated distressed communities by the United States General Accounting Office.

While the unemployment rate for the County fell to a record low of 2.1 percent, the poverty rate remains higher than the rest of the state at 18.3%.

Under employment is another persistent problem. The Lockwood Green Study was commissioned by the Council for Economic Outreach and reported their findings in March 2001. The study concluded that Alachua County had an underemployment rate of 23.6%.

The December 2001, *Evaluation and Appraisal Report Proposed Amendments of the North Central Florida Planning Council* contains very detailed data on the employment and poverty conditions of Alachua and all the other counties in the North Central Florida Regional Planning area. The report, like many other analyses on poverty in Alachua County, seems to suggest that the simultaneous occurrence of low unemployment and high levels of poverty is due to the predominance of service jobs in the local economy and the lack of industrial jobs.

An economy that has services as its economic base, as Alachua County is, should not necessarily be a low wage economy. The trend in economic development is that services are employing more people. The challenge is to develop the skills that are needed in the community and that pay a higher wage. The Economic Element stresses improving workers' skills.

## II. Revenue and Economic Diversification

According to Alachua County's Office of Management & Budget, 48% of the property in the County is off the tax role. With an increasing demand for services, the County must find ways to increase and diversify its revenue sources. One way to do so is to increase the number of businesses operating in Alachua County.

The Economic Element of the Comprehensive Plan and the Strategic Plan for Sustainable Economic Development each place great emphasis on local business development. Both plans stress the development of businesses that use the County's resources.

The training institutions - the University of Florida and Santa Fe Community College - are two of the County's greatest resources. The Economic Element stresses collaboration among the institutions, potential employers and the County.

The commercialization of technology developed by the University of Florida is also a potentially important source of economic growth. The Gainesville/Alachua County Technology Enterprise Center (GTEC) was constructed in 2000 at a cost of \$3.6 million to help in this technology commercialization process. The City of Gainesville and Alachua County each contributed nearly \$500,000 to the development of this center.

The economy of Alachua County is very dependent on services and the retail sector. According to the Florida Statistical Abstract, the breakdown of employment by industry is as follows:

<b>Table 2: Alachua County Employment by Industry</b>	
Industry	Percentage of Workforce
Agriculture	1.8

Mining	.01
Construction	6.1
Manufacturing	7.33
Transportation/Communications	3.12
Wholesale	3.02
Retail	28.6
FIRE	6.82
Services	42.6
Other	.25

Source: Florida Statistical Abstract - 2000; University of Florida Bureau of Business & Economic Research.

Services and retail (with the exception) of the professional services have historically paid low wages. The economic element attaches a lot of importance to vocational training and entrepreneurship development to try to diversify the County’s economy, reduce poverty, and reduce the relative importance of retail and service jobs.

**III. Compatibility of Growth With Environmental Preservation**

Both the Economic and the Strategic Plan for Sustainable Economic Development stress the importance of ensuring that growth occur in harmony with economic development. The County Commission’s directive to the Economic Development Advisory Committee was to develop a consistent set of criteria for evaluating projects which are seeking financial assistance from the County. The equal weight is given to the project’s social, economic and environmental impacts.

**IV. Inventory of Economic Development Organizations**

The following represents an inventory of organizations within Alachua County whose primary focus is economic development. A brief description of each organization is also provided.

**East Gainesville Development Corporation** is a non-profit community development organization. Its primary purpose is to create new growth, development and investment in east Gainesville. The organization also provides a multitude of services to residents and businesses in eastern Alachua County.

**Enterprise North Florida Corporation (ENFC)** works with emerging growth technology

companies to accelerate commercial success and prepare for capital investment. ENFC manages the North Florida Venture Capital Network, which provides access to early-stage investors, and the Technology Enterprise Center in Jacksonville - the region's first technology "accelerator."

**Gainesville/Alachua County Technology Enterprise Center** is technology incubator that seeks to promote the growth and development of new enterprises by providing flexible space at affordable price and a variety of supportive services. The main goal of the incubation program is to produce successful graduates –financially viable client that graduate from the incubator to become independent companies.

**The Gainesville Area Chamber of Commerce** is an advocacy Organization for the business and professional Community. The Chamber provides a forum for business to grow through a wide array of member services including networking and marketing opportunities and community involvement.

**Gainesville Area Innovation Network** is a network of investors , entrepreneurs, business people, professionals, investors, professors and service providers who share ideas energy and talents.

**Gainesville Council for Economic Outreach** is the primary economic development organization for Gainesville and Alachua County . CEO assist companies considering Alachua county as a possible location for new facility and existing companies considering an expansion.

**The Gainesville Sports Organizing Committee** brings tourists to the Gainesville Alachua County area by organizing sporting events and by recruiting sporting events to the area. The organization gets most of its funding from the County's 3% hotel bed tax.

**North Central Florida Regional Planning Council** assists businesses with financing through the Small Business Administration's 504 Loan Program. Business financing assistance is available throughout their twelve-county service area that includes Alachua County. The 504 Loan program is an economic development program that provides fixed interest rate and low down payments on real estate and equipment financing for businesses that would preserve and create new jobs.

**Service Core of Retired Executives** is a volunteer group of retired and active business executives who assist new and existing businesses through planning and counseling. In addition to free and confidential advisory work, SCORE offers seminars and workshops, at nominal fees on such subjects as: How to Start Your Own Business, Marketing, Administration, Public Relations, Sales and Foreign Trade for Small Business.

**Sid Martin Biotechnology Development Institute** is a biotechnology incubator that provides services to technology-based start-ups. Working closely with the University of Florida faculty and graduate students, the BDI supports business development through seminars and programs designed to link investors with business and financial leaders.

**United Gainesville Community Development Corporation** serves five counties in North Central Florida and is primarily focused on providing technical assistance to small and minority business.

The agency also administers the Gainesville/Alachua County Enterprise Revolving Loan Fund and Small Business Administration Micro-Loan Program. Qualified businesses can receive \$2,000 to \$50,000 in loans for starting or expanding a small business.

**University of North Florida Small Business Development Center** serves Alachua , Bradford, Dixie , Gilchrist and Levy Counties and is part of a national outreach program of the United States Small Business Administration that is partly funded through the states university system. The organization provides free and confidential services to business owners and prospective business owners.

**V. Economic Issues in the Community**

**A. Living Wage**

The County and the City of Gainesville are currently studying the issue of a living wage. The living wage is intended to raise the wages of the lowest level employees. The economic impact goes well beyond raising the wages of the lowest paid. The lowest paid are generally the least skilled. Those immediately above the lowest paid who are more skilled will also seek wage increases, and those immediately above the second lowest paid group will seek an increase – the compression effect. Businesses that contract with the County will also be bound to pay their employees a living wage. Implementation of a living wage directed at 200 of the lowest paid workers could cost the County millions of dollars.

**B. Process for Funding Economic Development Organizations**

The Strategic Plan for Sustainable Economic Development recommends that groups which are involved in economic development utilize a formula for how the funds allocated to economic development shall be distributed. The County has allocated \$75,000 for Economic Development for FY 01-02.