



# Clay Florida

Economic Development Corporation

**Possibility Flows** | JUST SOUTH OF JACKSONVILLE

## ECONOMIC DEVELOPMENT PLAN

Volume 1

Strategies and Recommendations



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## Table of Contents

Overview and Summary .....	1
Detailed Strategy and Action Plan .....	3
1 Maximize First Coast Expressway Investments for Economic Development .....	4
Metrics and Monitoring:.....	6
2 Institute High Visibility Entrepreneurial Support.....	7
Metrics and Monitoring:.....	9
CONCEPT.....	10
3 Support Industry Clusters: Manufacturing/Distribution, Marine, and Aviation Industries, and Health Care Sector.....	11
Metrics and Monitoring:.....	14
4 Implement Placemaking .....	15
Metrics and Monitoring:.....	17
5 Increase Community Focus on Economic Development .....	18
Metrics and Monitoring:.....	20
EDC Roles & Responsibilities for Implementation .....	23

## Overview and Summary

The Clay County Economic Development Corporation, with support from local government and business partners, contracted with The Balmoral Group to update its Economic Development Strategy. This report provides the results of an effort that included business surveys, roundtable discussions, review of published and proprietary data, and interviews with local and regional stakeholders. Through this process, economic development strategies were identified that are compatible with the County's existing assets and amenities, match its aspirations for economic growth, and which can be realistically targeted, measured and implemented. Constraints or potential policy adjustments for plan implementation are also identified, and potential solutions recommended.

The following page provides an overview of the recommended strategies. The Overview is followed by the Strategy and Action Plan, which examines the inputs, outputs, and intermediate outcomes for each of the five recommended strategies. For each strategy several one-time or initial actions are identified, in addition to a trajectory of actions and anticipated outcomes. Following each strategy, metrics and a series of milestones are proposed for monitoring and evaluating economic development within the County. The metrics proposed follow the SMART principle - Specific, Measurable, Achievable, Relevant and Time bound.

A separate volume includes detailed information about Clay County's economy that was gathered during the four-month research period. Baseline data is included for current population, workforce and consumer demographics, retail leakage/surplus, relative competitive/comparative advantage by industry sector, industry trends and outlooks, and business owners' perception of the local economic outlook. This research formed the foundation for the strategic recommendations included herein.

Clay County has a positive future, and specific strategies will serve as catalysts to maximize the economic return from the County's assets, while maintaining the integrity and character of existing amenities. An important objective of local economic development is to ensure prosperity and quality of life for residents, while maintaining a cost of living commensurate with local incomes. The costs to provide basic government services increases with inflation each year; increasing the proportion of costs for government services that is supported by commercial growth offsets the share that households bear.

	Identified Strategy	Desired Outcome	Actions
1	Maximize pending FCX/ Infrastructure Improvements	<ul style="list-style-type: none"> <li>Improved ad valorem tax base in newly serviced areas</li> <li>Improved capture of retail expenditures and associated tax revenues</li> <li>Intentional economic development plans near infrastructure improvements</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that Evaluation and Appraisal Report, Amended Future Land Use Map, Master Plans and zoning support strategic development of property linked to FCX</li> <li>Facilitate broadband/dark fiber/gas line extension discussions; build business development leads around amenities</li> </ul>
2	Institute High Visibility Entrepreneurial Support	<ul style="list-style-type: none"> <li>Retention of innovative, high-growth startup activity</li> <li>Improved perception of Clay County as a destination for small business and start-up activity</li> <li>Start-up cluster activity that retains millennials, revitalizes blighted areas, builds on existing sectors</li> </ul>	<ul style="list-style-type: none"> <li>Identify champions for startup support; ensure resources are allocated</li> <li>Implement Boots-to-Business, BBIF, SCORE, incubator support</li> <li>Align incentives offerings with retention of small businesses</li> <li>Identify Young Professionals to cement relationships with next-gen businesses</li> </ul>
3	Support Manufacturing, Marine, and Aviation Industries	<ul style="list-style-type: none"> <li>Increased jobs and supply chain elements in each industry sector</li> <li>Capitalize on proximity to Cecil Field and Camp Blanding, recent successes</li> <li>Address veteran workforce capabilities in marine/aviation</li> </ul>	<ul style="list-style-type: none"> <li>Recruit and reward County “ambassadors” that have located or expanded their operations in Clay County</li> <li>Utilize supply chain networks to expand County connections within industry</li> <li>Publicize County commitment to manufacturing incentives</li> </ul>
4	Implement Placemaking that Builds on Clay County’s Distinct Amenities	<ul style="list-style-type: none"> <li>Increased recognition of County-wide brand as an economic development driver</li> <li>Recognized corridors for medical, ecotourism and innovation - and increased revenue</li> <li>Higher visibility for cultural/heritage, military, environmental/agricultural-based visits; differentiate offerings for out-of-state visitors</li> </ul>	<ul style="list-style-type: none"> <li>Launch County brand signage and incorporate with land use planning</li> <li>Designate corridors to call out economic zones, such as health care, education corridors, innovation hub, natural settings</li> <li>Collaborative efforts to promote tourism strategy; increase funding</li> <li>Update website with available properties data, one-sheet of incentives and contacts</li> </ul>
5	Increase Community Focus on Economic Development	<ul style="list-style-type: none"> <li>Increased recruitment and retention efforts; improved ability to generate and respond to inquiries</li> <li>Improved collaboration between local governments at all staff levels</li> <li>Increased speed of economic development activity: jobs, wage growth, property values</li> </ul>	<ul style="list-style-type: none"> <li>Allocate Ombudsman resources to support Economic Development Specialist</li> <li>Continue to collaborate with regional and state partners</li> <li>Blitz local government for awareness</li> <li>Support strong K-12 and post-secondary education investment to retain value of workforce</li> </ul>

## Detailed Strategy and Action Plan

The following pages provide detail about each strategy, including the action steps needed, intermediate outcomes, and ultimate goal for each recommendation. In addition, metrics for monitoring incremental progress over the next five years – Key Performance Indicators (KPI) – are proposed.

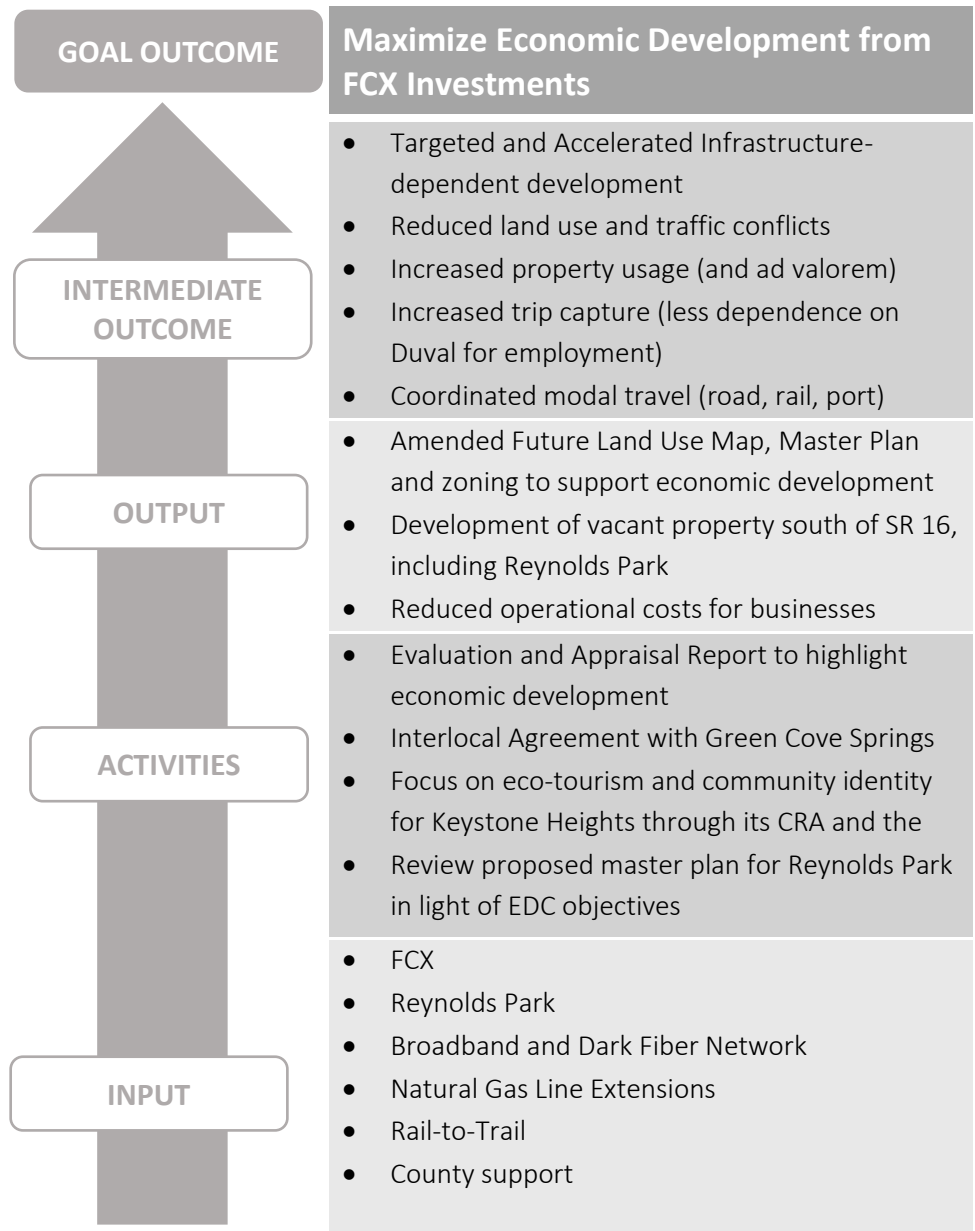
Economic development has a life cycle that builds on itself. It is important to have realistic expectations about the extent to which local economic development efforts influence overall market performance. The economic baseline data provided in the second part of this report addresses the local competitive advantages that are evident from statistical data, and the comparative advantages perceived by those working with the community, either from within or regionally. Stability in funding and staffing, continued investment in infrastructure needs to support industry and commerce, strong K-12 and post-secondary educational systems and a business-enabling environment are facets of economic development that local government can strongly influence. Toward that end, business owners' perceptions over time can be a barometer for how well the local economic development efforts are perceived – satisfied, improving, or declining. Engagement of local business owners and managers is crucial to any economic development success, and the strategies suggested herein identify specific roles for local business “ambassadors”, in coordination with Clay County’s Economic Development Corporation staff and investors.

# 1 Maximize First Coast Expressway Investments for Economic Development

## ABOUT THIS GOAL

Clay County is poised for transformation, largely through the completion of the First Coast Expressway (FCX). The road will not just improve access to I-10 and I-95, but will create new hubs of development. It is important for the County to re-evaluate how it orients itself and its activities to this facility: pro-active and informed decisions will be preferable to a laissez-faire approach to development, both patterns and content. The Branan Field and Lake Asbury Master Plans are models for the process of addressing the expected highway's impacts to County south of SR 16; however, the land use mix for the rest of the FCX corridor may be different. The County 2025 Future Land Use Map may warrant amendments, especially relating to the planned FCX interchanges along the corridor and at Reynolds Park. Comprehensive Plan updates, preferably through the Evaluation and Appraisal Report, could clarify land uses consistent with economic development objectives and infrastructure versus land use less dependent on these resources.

With its 1700 acres, rail and road access, air strip, port and riverfront, Reynolds Park itself represents unique infrastructure for Clay County; in private ownership, the decisions



made regarding this parcel may have important impacts for the County and should be closely monitored.

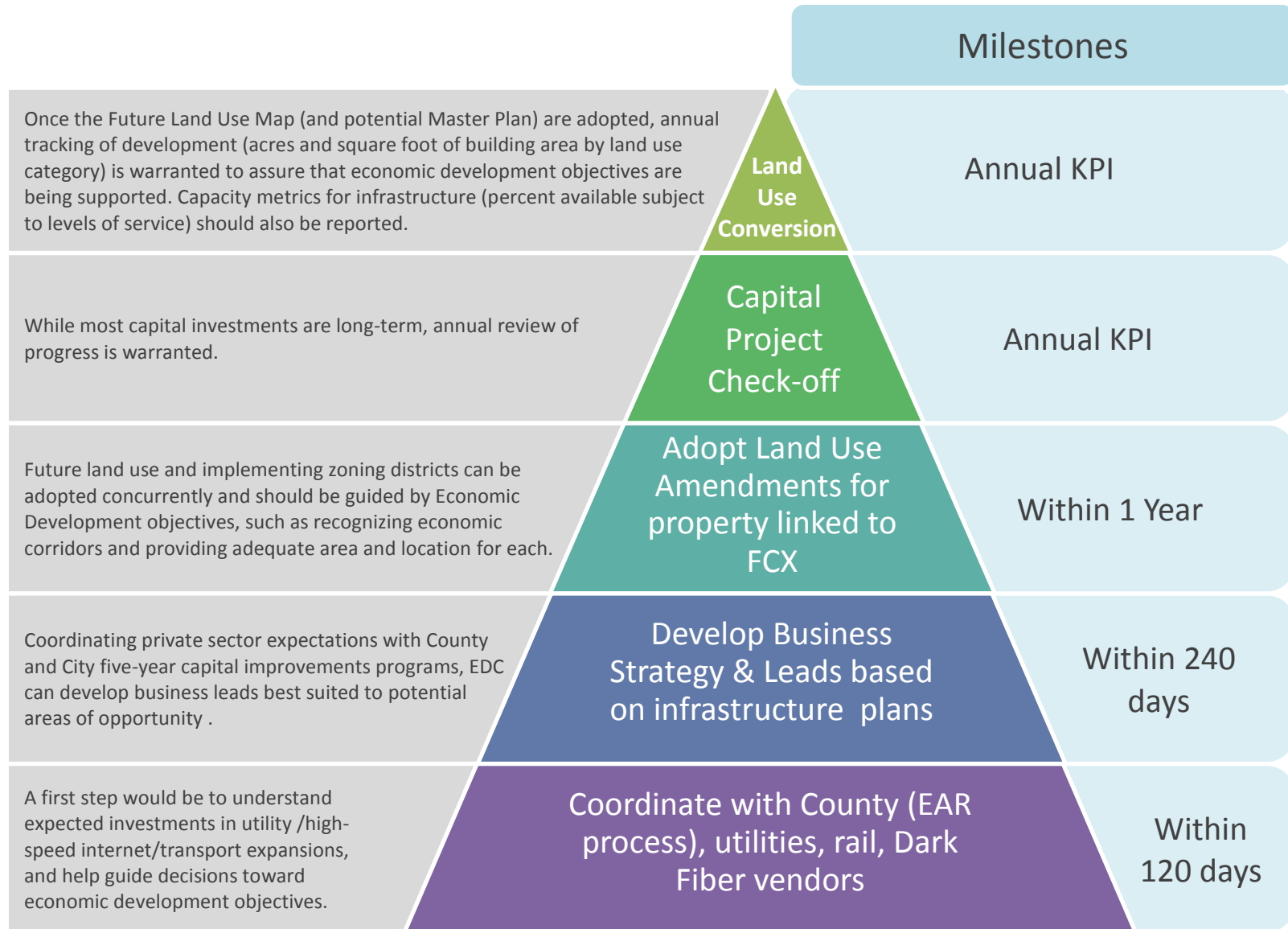
The Rails-to-Trails initiative through Clay County presents another class of infrastructure, one dedicated to preserving community identity and fostering eco-tourism, recreation and general quality of life. Keystone Heights is positioned to take advantage of economic returns on investment from trail completion, through the provision of user/visitor services from equipment rental, food and related sales, and limited overnight accommodations. Rails-to-Trails initiatives have brought wholesale change to the economies of a number of counties in Florida, and its potential impact warrants attention.

Last, Community Redevelopment Agencies (CRAs) can offer advantages for specific classes of economic development within designated areas subject to a finding of necessity and the adoption of a redevelopment plan. CRAs can leverage the impacts of new infrastructure such as the FCX and expanded broadband capacity through the capture and targeted reinvestment of the (ad valorem) tax increment into complementary projects. CRAs can help implement placemaking, be used to enhance private properties (e.g., with façade grants) and can accelerate development by providing amenities such as improved stormwater, public access, and parking. CRAs in Florida have offset rent for early months of an industrial lease to entice a business expansion to property owned and managed by the CRA. CRAs work best when implemented as an integrated partnership with all levels of local government and the private sector.

At this time, the only CRA operating in Clay County is that within Keystone Heights. The Keystone Heights CRA (in place since 2006) targets the downtown business district and Commercial Circle. Its primary tools have included signage, landscape standards, enhanced streetscapes, on-street parking, and additional pedestrian access to parking. Completed projects that foster development include increased public parking, an information sign, streetscaping and several building façade upgrades. The County and Green Cove Springs have explored the adoption of an Interlocal Agreement to cost-share select capital improvements. When implemented, the choices for longer-term improvements should be vetted for their nexus with the County's Economic Development objectives to maximize return on investment.

## Metrics and Monitoring:

### Maximize Economic Development from FCX Investments





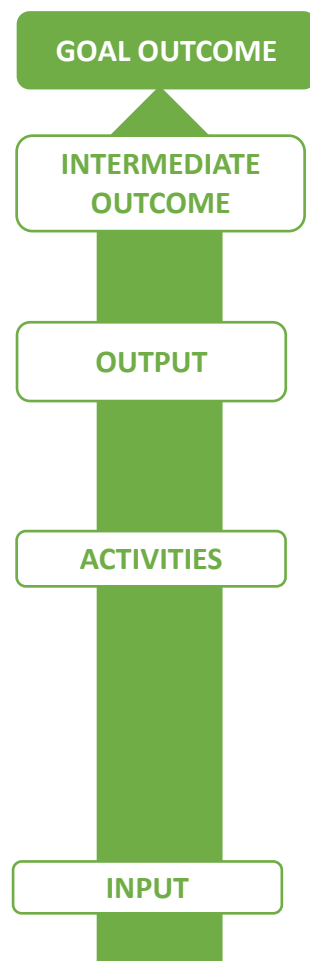
## 2 Institute High Visibility Entrepreneurial Support

### ABOUT THIS GOAL

Incentives geared toward retaining second-stage entrepreneurs in Clay County can also play a role. Effective incentives tend to be tied to hiring, and can be geared to address the availability of currently underemployed workers (based on current unemployment status or current wage level -moderate, low, very low or extremely low), specific skillsets or expertise (based on BLS<sup>1</sup> occupational code); or specific industries the county wished to encourage (based on NAICS code<sup>2</sup>). Incentives that are tied to hiring, such as quarterly reimbursement of FICA payments for a new hire over a certain income threshold, work to expedite hiring at small firms – an employee that may have been hired in the fall may be hired six months earlier, increasing community income and firm growth potential.

Programs like Boots-to-Business and BBIF specifically exist to support small business growth; the former is a program of SBA that focuses on equipping military veterans with business management skills to start and grow their own businesses – ideally suited. BBIF provides specialty lending to support small business growth throughout Florida. The frequency of engagement in these programs is one useful measure of how well the community is supporting small business growth.

A number of communities have launched co-working spaces and business incubators as a catalyst to small business growth. The success of programs throughout Florida and elsewhere provides guidance to the critical attributes of



**Employment growth in Florida occurs primarily through small firms, and statistically, most growth occurs during the phase when startup firms pass 10 employees and rapidly expand to about 100**

- Heightened perception of Clay County for innovative, high-growth entrepreneurial activity
- Expanded financing and available co-working space for small businesses in Clay County
- Improved retention of small businesses, startups and millennials
- Consider incentives for employment growth: e.g., payment of FICA for new hires
- Accelerate Technical assistance through module training, SBDC, SCORE, veterans mentoring, BBIF-type capital sources
- Publicize patents, product milestones, R&D grants, press releases
- Champion young professionals to build strong linkages to Clay County entrepreneurs
- Identify champions for startup support
- Identify entrepreneurs/startup firms (QCEW data, business licenses) and nexus of industry

<sup>1</sup> BLS – Bureau of Labor Statistics

<sup>2</sup> NAICS – North American Industry Classification System

productive programs: a summary of the important points, and a case study of how they may be applied in Clay County, is provided in the following pages.

Clay County has an impressive philanthropic network, which successfully organizes training sessions, continuing education, networking opportunities, and awards and recognition events. There may be opportunity to build on the infrastructure in place through local philanthropic endeavors to initially help organize corollary start-up and knowledge transfer sessions.

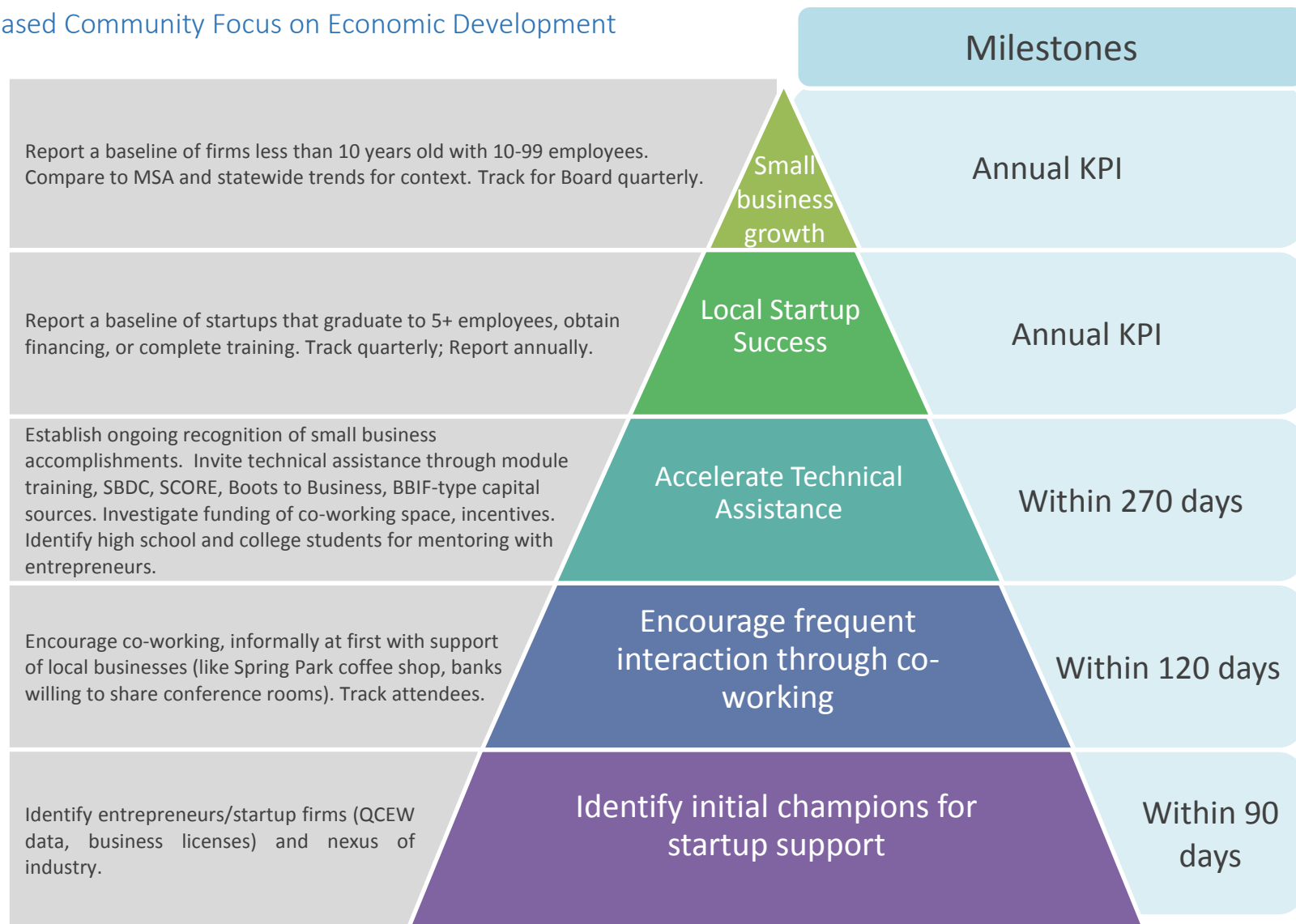
**Table 1. Start-Ups, less than 5 employees, starting between 2013-2015**

Sector	Fleming Island	Green Cove Springs	Jacksonville	Keystone Heights	Middleburg	Orange Park	N/A
Education and Health Services	6	2	—	2	6	31	7
Financial Activities	3	2	1	—	2	9	—
Information	2	1	—	—	3	5	2
Leisure and Hospitality	2	4	3	1	3	14	3
Manufacturing	—	4	—	1	3	11	—
Professional and Business Services	19	19	3	4	24	50	5
Retail Trade	4	8	6	4	11	32	1
Transportation, Warehouse, and Utilities	7	3	—	2	7	8	2
Wholesale Trade	2	4	—	—	3	11	3
Total Number of Firms by Geography	45	47	13	14	62	171	23

Source: QCEW; TBG Work Product

## Metrics and Monitoring:

### Increased Community Focus on Economic Development



## CONCEPT

### CCDA Sprout



*working to connect startups to a broader entrepreneurial ecosystem that will help them grow*

Co-working spaces can make it easier to build a company by providing a comfortable, 24/7 workspace, weekly events, mentorship & a supportive community of fellow entrepreneurs. Co-working spaces provide a place where startups can learn from each other, meet other entrepreneurs, and engage with the community. Ideally, locations that are outside the urban core possess the other attributes knowledge workers are interested in:

- ready access to the outdoors, where recreational activities can be underway within minutes (running, paddle-boarding, biking);
- authentic buildings with character and history that lend themselves to unique cafes, shops, workspaces and craft breweries;
- high-speed internet;
- convenient to primary transportation corridors but in an area of connected neighborhoods;
- a nexus of other innovators

and  
entrepreneurs;  
• support from  
the local  
business  
community and  
local  
government.

Figure 1. Conceptual rendering, Co-working space.



The corridor south of Fleming Island and into Green Cove Springs appears to be ideally matched to these criteria. Vacant buildings exist in the area that could support, with some renovation, basic co-working space. A unique coffee shop in the area may be an informal launching pad to build critical mass toward an innovation hub.

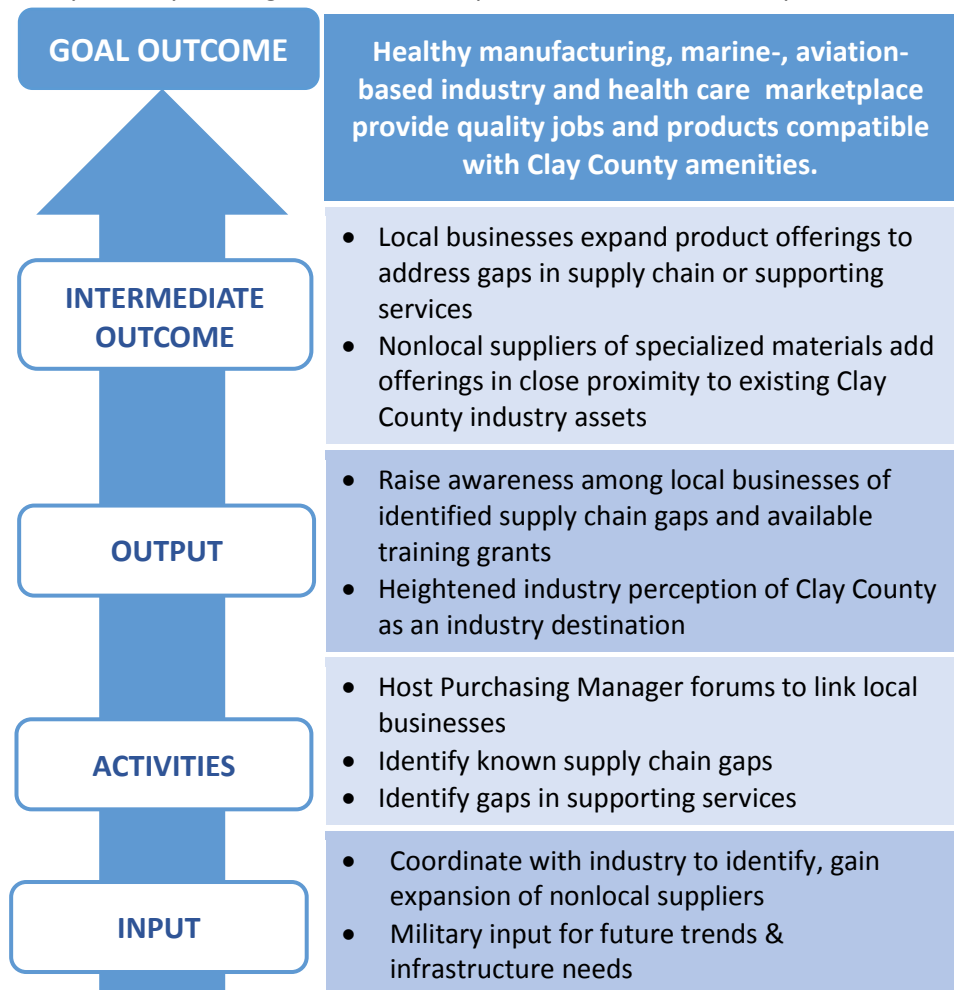
Source: TBG Work Product

### 3 Support Industry Clusters: Manufacturing/Distribution, Marine, and Aviation Industries, and Health Care Sector

#### ABOUT THIS GOAL

Clay County residents value a high quality of life and appreciate their rural and suburban settings. These settings are also a strength, and complement the county’s proximity to Cecil Field, Naval Air Station, the St. Johns River, and the new First Coast Expressway (FCX). The county has a relatively strong existing supply chain network for manufacturing, and available land along the St. Johns River to support nautical industry. Based on federal government contracts alone, these three sectors brought \$30 million into Clay County through 41 local companies in 2011-2014. Expertise in manufacturing,

maritime industry and aviation-related skills and technology is a valuable asset for a number of reasons. All three industries offer the prospect of good jobs at a spectrum of wages that are suitable to sustaining Clay County residents throughout various stages of their career. Many veterans possess technical skills in nautical and aviation-related jobs, and are excellent candidates for the employers. A foundation is in place with the specialized nature of skills and hard assets required to build these industries. Engaging with the military to understand their specific needs in coming years will be important.



**Manufacturing** Previous research completed by SRI identified advanced manufacturing as a target sector for Clay County; in today's market, advanced manufacturing includes 3-D printing, which is rapidly replacing traditional methods of manufacturing and is clean, compact, and evolving quickly. Clay County has recent successes in a number of disparate manufacturing sectors, and a review of recent payroll tax data shows that the top 25 manufacturing employers work in disparate sectors. The related sectors of wholesale and distribution are likewise disperse; medical equipment, lumber, industrial equipment, farm equipment, and chemicals are represented with the most firms and employment. Overall, this indicates that Clay County's workforce and infrastructure support a broad array of manufacturing and distribution activity, and the EDC can pursue most manufacturing sectors with confidence.

Table 2. Existing manufacturing subsectors among top employers

Subsectors among Top 10 manufacturers in Clay County
Industrial truck, trailer, and stacker manufacturing
Railroad rolling stock manufacturing
AC, refrigeration, and forced air heating manufacturing
Metal heat treating
Fluid power valve and hose fitting manufacturing
Semiconductors and related device manufacturing
Fabricated structural metal manufacturing
Ready mix concrete manufacturing

Source: QCEW

Through existing assets, Clay County industry can build linkages for supporting services through offerings by local business, through expansion into new product lines, or recruitment of additional locations for currently non-local suppliers. The County has had recent successes in the manufacturing sector, and can build on its momentum to grow this critical mass.

**Health Care** The Health care sector has seen dramatic growth in Clay County during the past five years, and will continue to require support from County resources. Economic development efforts can focus on a few key areas to maximize the return from health care assets in the community:

## Get Skills to Work

An initiative originally launched by GE, "Get Skills to Work", offers training or re-training for military veterans interested in technical or manufacturing jobs. Given Clay County's strong military workforce, this initiative is worth exploring, as it marries two key opportunities – optimizing and upgrading the existing workforce, and raising community income through higher-skilled jobs. A great summary can be found at this link:

<https://hbr.org/2013/05/companies-should-help-veterans-ge>

The St. Johns Rivers State College has developed more than 50 workforce programs in collaboration with private sector requirements, but start-up costs are significant and state funding that used to be available to support program initialization no longer exists. SJRSC has pursued federal grants for recent programs, and served as the funding agent for workforce training grants. Continued funding is necessary to initiate programs that are responsive to rapidly evolving workforce needs.



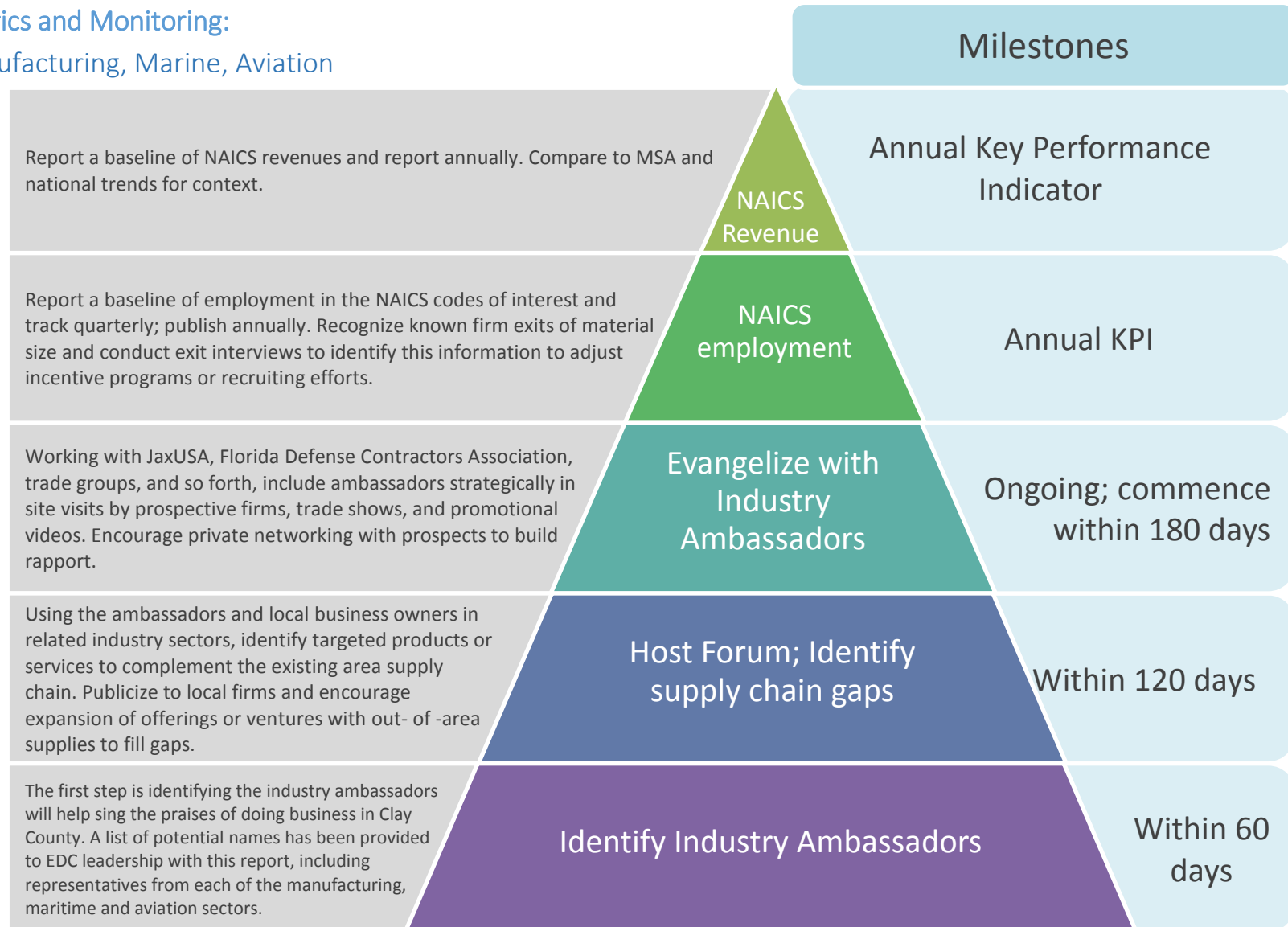
- Engaging Purchasing Managers (and Senior management, in general) at major health care facilities to understand common needs for services, specialized equipment or supplies, toward multiple objectives:
  - introductions to suppliers for potential recruitment or expansion in Clay County
  - identification of future needs that local firms could grow to provide
  - understanding certification or other processes that local firms need to complete in order to provide services or products.
- Continuing to invest in education systems to support strong workforce education and quality of life for professionals moving into the area.
  - “Graying” of the workforce requires continued investment in workforce training to ensure a steady supply of qualified employees, and opportunities for the next generation of Clay County residents at a variety of skill levels.

*Aviation/Avionics* Clay County has both Keystone Heights Airport and a runway on the Reynolds Industrial Park site, the latter being in private ownership. Land associated with the **Keystone Heights Airport** is located in both Clay and Bradford Counties, with the county line dividing the site roughly in half. Most of the airport itself, runways, and hangars are on the Clay County side; these facilities make up the majority of the aviation- and avionics-related activity near the airport, while the majority of industrial activity at the airport is located in Bradford County. Estimates imply that the avionics portions of the Clay side contain 15% to 25% availability. There is a perception that the Bradford County portion is the more sought-after side due to a more flexible development environment, with permitting and other potential hurdles seen as less of an obstacle. Bradford qualifies as a Rural Economic Development Initiative (REDI) County, giving it an edge over the Clay portion, at least at first glance, due to a more comprehensive package of development-friendly incentives. Some stakeholders have suggested a more organized promotional effort of the existing incentives offered for the Clay side of the airport.

With regards to Reynolds Park, the private owners are seeking expanded runway certification. Continuing to monitor land use plans at the park to ensure economic development objectives are met, while quality of life is balanced, will be important in the next five years for this site.

## Metrics and Monitoring:

### Manufacturing, Marine, Aviation



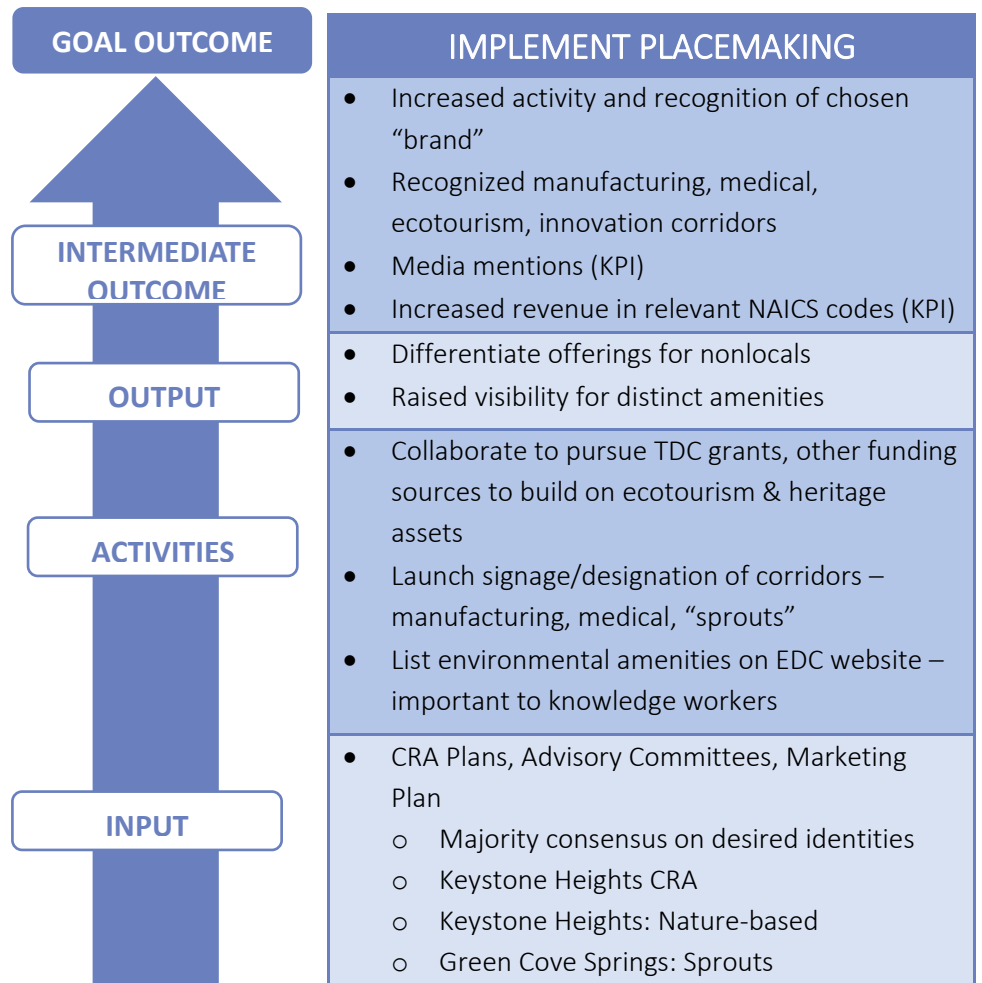


## 4 Implement Placemaking

### ABOUT THIS GOAL

Placemaking can make a substantial difference for communities hoping to better define their cultural and economic identity. Stakeholders consistently raised the lack of distinct economic development or marketplace identity for Clay County; the County is simply “not on the radar” as a business destination for many. Consistent promotion of Clay County’s economic development opportunities can be implemented through placemaking. Through the production of a consistent and well-planned aesthetic that introduces distinct sub-areas within the larger area of interest, placemaking weaves together an overall brand that celebrates the features that make an area unique. Using EDC’s brand County-wide, distinct identities can then be reinforced continuously through promotion, planning, and physical markers with consistent style<sup>3</sup>.

Clay County has a number of opportunities to reinforce the unique character of the County and its subareas. For instance, the often lush and beautiful open landscape of Keystone Heights can be contained and coordinated in that specific portion of the County. Installing green banners along popular streets in Keystone Heights that read “Keystone Heights: The Jewel of Clay County,” for example, alerts visitors that this is its own unique section of the County while reinforcing the County presence. Consistent aesthetics and coordinated messaging also reinforce land use planning efforts to optimize the massive infrastructure investments currently underway.



<sup>3</sup> Clay County’s 2015 Marketing Communications Plan included a number of good recommendations, but it did not deeply explore the subject of placemaking.

Logical messages raised by stakeholders include:

- Kingsley Street area in Orange Park for a Health Care Corridor.
- Keystone Heights for nature-based tourism. Planning to populate Keystone with bed and breakfast establishments near the lakes will also reinforce this role.
- The corridor between Green Cove Springs and Orange Park as Startup Central.
- The northwest portion of the County, near Cecil Field, may become the center of technological or industrial innovation.
- Penney Farms may become the go-to destination for raising a family.

County, EDC and private sector opinions will evolve over time on preferred images; a logical first step involves promoting the County itself, and supporting corridors that can rapidly raise the profile of an area, which can in turn raise County and community incomes. **Figure 2** shows examples of Clay County EDC promotion in prominent areas.

Figure 2. Example: Clay County EDC Signage

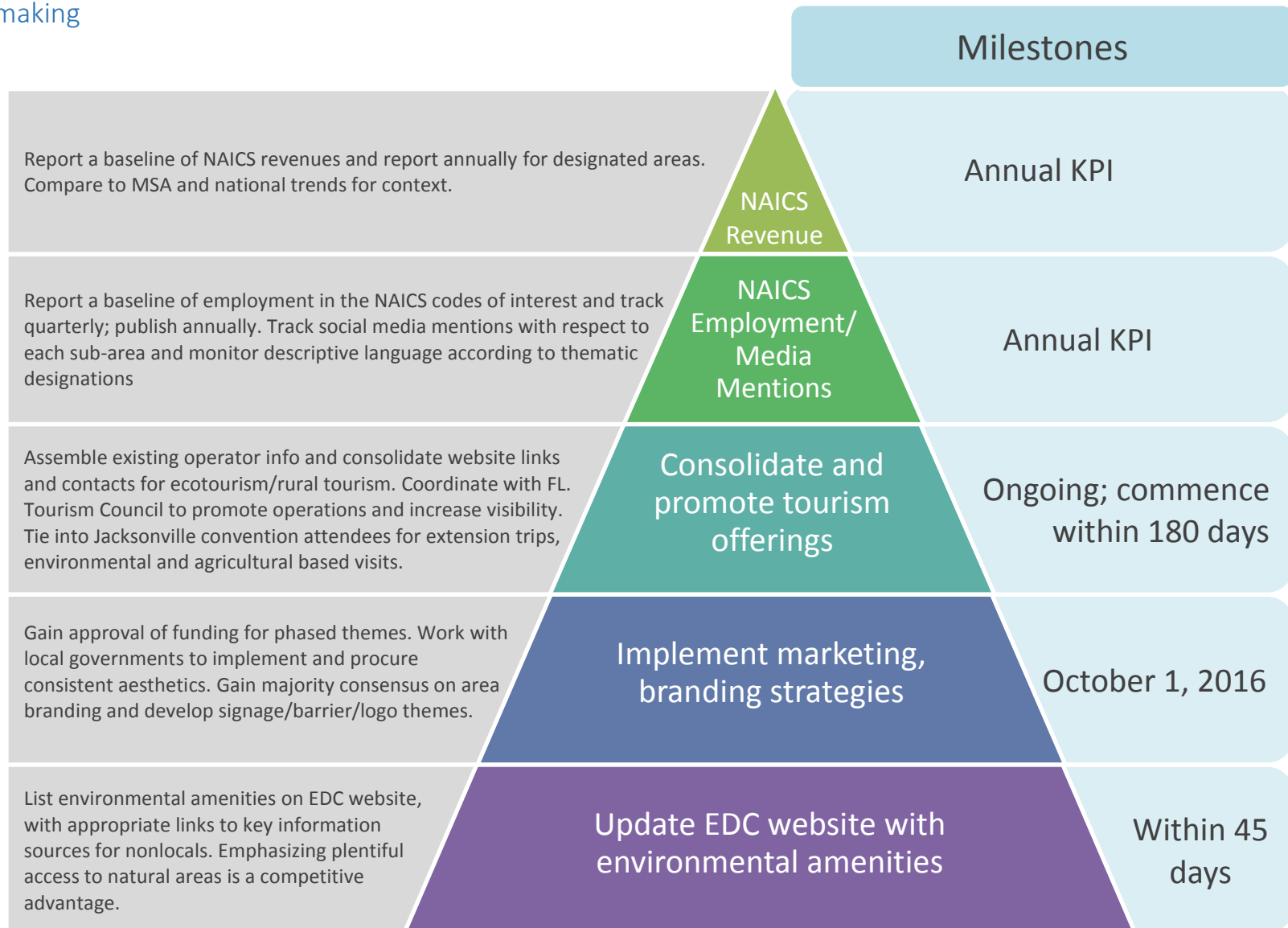


Source: TBG work Product

Additional placemaking efforts include:

- updating the Clay County EDC website to mention environmental amenities - this is an important draw to knowledge workers and their families, and a distinction for Clay County.
- Collaborating to draw funds from state and other sources to support Tourism Development Council efforts. Clay County has strong ecotourism, heritage and military assets on which to build tourism revenues. Proximity to millions of visitors a year traveling south on I-95 is an opportunity to build on, as is Jacksonville's convention business, which can serve as a source of extension trips for conference attendees, with coordination.

## Metrics and Monitoring: Placemaking



## 5 Increase Community Focus on Economic Development

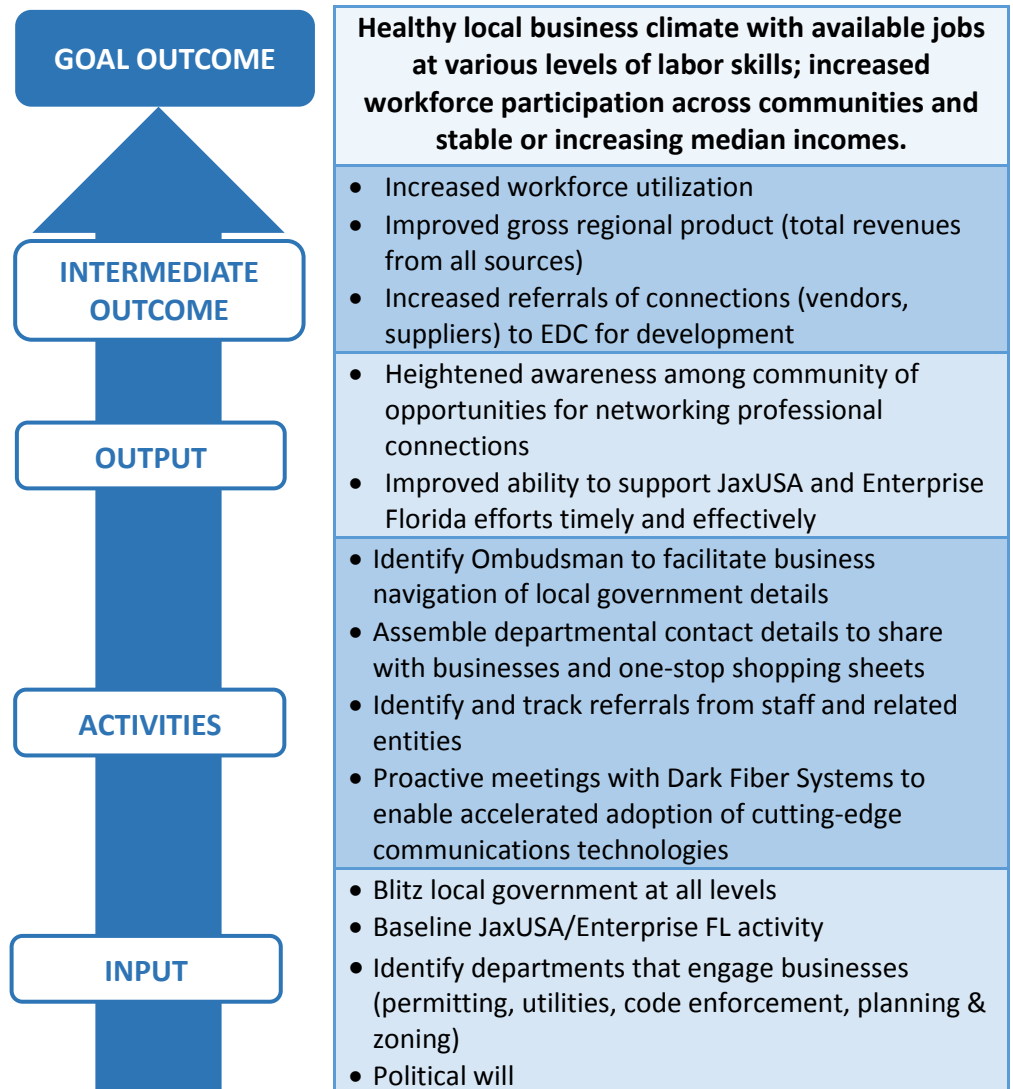
### ABOUT THIS GOAL

Economic development in Clay County depends largely on the EDC staff and key Board members' efforts. JaxUSA routinely provides leads for potential businesses interested in relocating to the area, and Enterprise Florida also fields prospects; both avenues generate a substantial volume of response efforts. Additional mid-level staff support for EDC efforts – and to facilitate Commercial Ombudsman-style support for businesses – will pay off through improved communication, such as assembling one-stop shopping information for individuals looking to start or relocate a business in the county – a primary recommendation in all three prior economic studies conducted regarding Clay County.

Additional opportunities lie in daily interactions with vendors in all facets of local business: law enforcement purchases specialized supplies from a vendor in another state, who may be ready to

expand and might consider Clay County if someone brought the county's desirable attributes to their attention – including proximity to a large pool of potential customers. Increasing the working knowledge of local government staff in unearthing opportunities is critical to multiply the resources of EDC – and can be done in one fell swoop as a major initiative of local government, with uniform messaging and recognizable Clay Florida EDC logos. Economic development priorities must also embrace technological innovation in a targeted way, harnessing the power

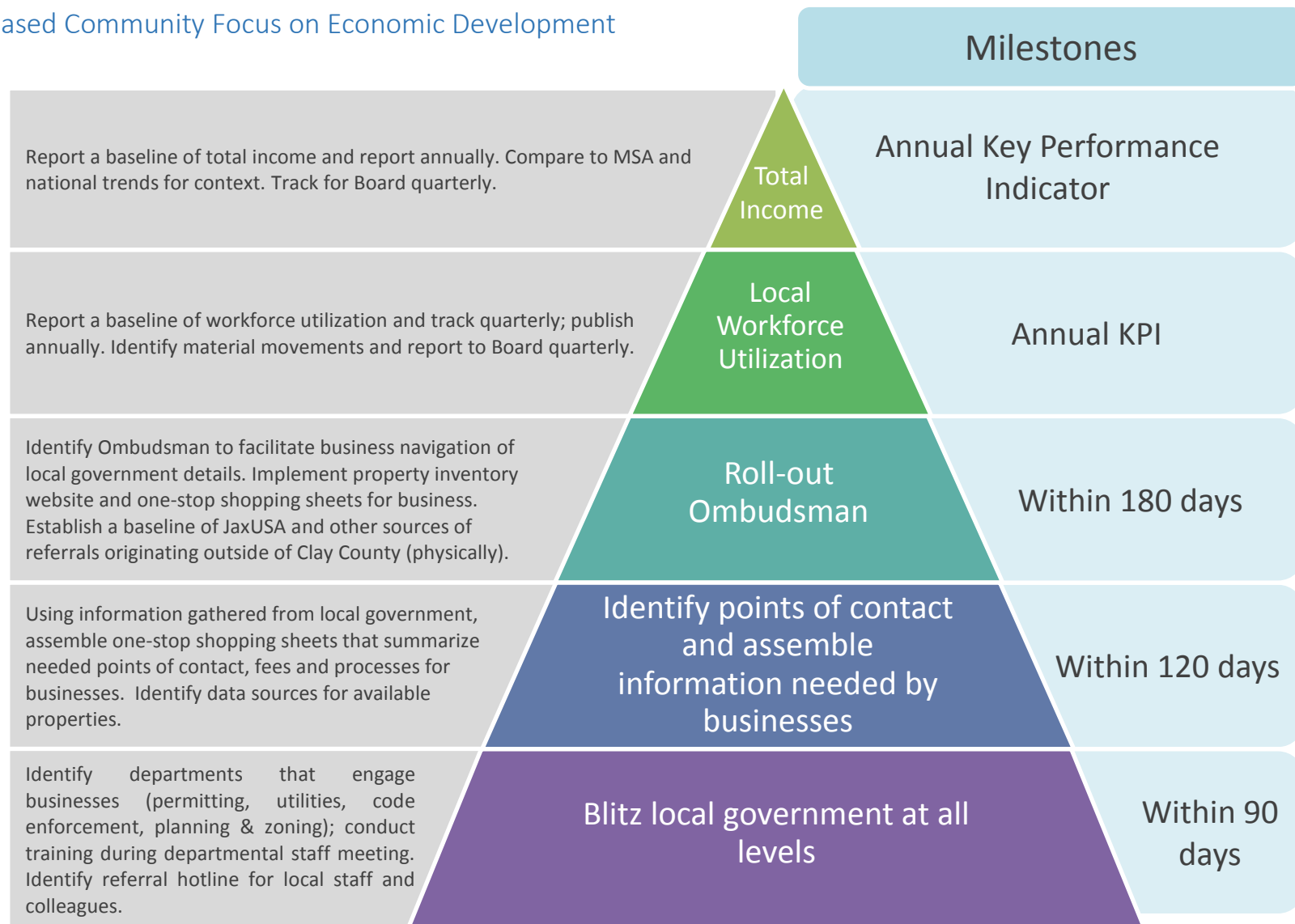
of nearby resources that can drive business growth through attractive web infrastructure and other



amenities. Clay County representatives should continue to reach out to companies like Dark Fiber Systems (DFS), for instance, who have expressed openness to direct coordination with the County. Meeting with DFS to help them comply with fire department and sheriff's regulations to create a "backbone" of infrastructure will speed along critical communications developments that will vastly expand the potential of businesses in the County.

## Metrics and Monitoring:

### Increased Community Focus on Economic Development



## Summary of Key Reportable Metrics

	Strategy	Baseline	Value <sup>4</sup>	Metric / Report
<b>1</b>	<b>Maximize Investments for Economic Development</b>	2015, numbers of acres and building area (sq ft) in commercial and industrial categories	1,797 improved parcels, 9,092 acres 23,579,427 sq ft \$1.31 billion Just Value	Annual change in acres developed and new building area (sq ft)
		2015 Clay County Capital Improvements List (infrastructure)	29 Scheduled Projects \$143.4 million	Check-off of number and cost of economic development associated Capital Projects
<b>2</b>	<b>Institute High Visibility Entrepreneurial Support</b>	4 <sup>th</sup> Qtr 2015 Number (and list) of Start-ups with 1-4 employees	375 firms (615 employees)	Annual increment of listed firms graduating to 5+ employee
		4 <sup>th</sup> Qtr 2015 Number of younger firms (<10 yrs) with more than 10 employees	556 firms (18,569 employees)	Annual report of the percentage of local firms in this class compared to MSA and State
<b>3</b>	<b>Support Manufacturing, Marine, and Aviation Industries</b>	2015 Revenues by NAICS category (2-digit)	\$65,487,910 ( wages) \$296.8 million (Revenues, 2014)	Annual report of change in revenues by industry class, compared to MSA
		4th Qtr 2015 Employment by NAICS category	1,216 employees	Annual report of change in employment by industry class, compared to MSA

	Strategy	Baseline	Value <sup>4</sup>	Metric / Report
4	Implement Placemaking	2015 Media Mentions of Clay County Economic Development activities	---	Annual report of increase in number of media mentionsa and Website visits (counter)
		2015 Revenues by appropriate NAICS categories (2-digit)	\$34,614,931	Annual report of change in revenues by NAICS categories, and compared to MSA
5	Increase Community Focus on Economic Development	2015 Clay County Total Business Income	\$11.22 billion	Annual report of Total Income and change over previous year
		2015 Clay County Workforce Utilization	62.3%	Annual report of Workforce Utilization and change over previous year

<sup>4</sup> Values for Baseline Data are as follows:

- a) Parcel data are from the FL Dept. of Revenue tax roll files, as provided by the Clay County Property Appraiser
- b) Capital Improvements are from Table 1, FY08-FY13 Capital Improvements Element: (9) Traffic Circulation projects; (12) Non-Plan Transportation projects; and (8) Non-Plan Public Works projects
- c) Numbers of firms by size, numbers of employees, and wage data are from QCEW
- d) Revenue data are from QCEW
- e) Workforce Utilization per <http://lmsresources.labormarketinfo.com/library/press/release.pdf> and U.S. Census American Community Survey 1-year estimates



## EDC Roles & Responsibilities for Implementation

Implementation of the identified strategies will require collaboration among private and public sector parties, and an orderly timeline of completion. Preliminary role assignments have been considered to develop a framework for implementation, and to identify logical “lead” and “support” entities for each action step. In some instances, local government carries a particular responsibility by statute, and the EDC’s role is to ensure economic development objectives are being met as a particular action is carried out. In other cases, the EDC will need to work very closely with other parties or lead other parties to accomplish the ambitious, but viable goals identified in this report. The following page details the recommended implementation plan, and methods to ensure the metrics are maintained and achieved timely.

Strategy	Task	EDC	CCDA	County	Local Govt	Other
<b>Maximize First Coast Expressway (FCX) investments for economic development</b>	Amended Future Land Use Map, Master Plan and zoning to support economic development; Strategic development of non-sensitive property linked to FCX	Stakeholder; ensure EDC objectives are met	Stakeholder; ensure strategic objectives are met	Lead for County	Local Leads (GCS, KH, OP)	Major property owners
	Evaluation and Appraisal Report to highlight economic development	Stakeholder; ensure EDC objectives are met	Stakeholder; ensure strategic objectives are met	Lead for County	Local Leads (GCS, KH, OP)	
	Monitor proposed master plan for Reynolds Park in light of EDC objectives	Lead; facilitate as needed		Support	Support (GCS)	
	FCX, Broadband/Dark Fiber Network, Natural Gas Line Extensions	Develop Business Development strategy/leads based on amenities		Lead on FCX, Dark Fiber, Gas		
<b>Institute High Visibility Entrepreneurial Support</b>	Consider incentives for employment growth: e.g., payment of FICA for new hires	Support; ensure strategic objectives are met	Support	Lead		
	Accelerate Technical assistance through module training, SBDC, SCORE, veterans mentoring, BBIF-type capital sources, Boots to Business	Support; ensure strategic objectives are met	Lead on finance sources	Coordinate and support		Chamber, SBDC, SBA, SJRSC; lead and support
	Publicize patents, product milestones, R&D grants, press releases	Support Chamber; facilitate recognition				Chamber; SBDC; NFIIG; Local Press
	Champion young professionals to build strong linkages to Clay County entrepreneurs	Support Chamber; facilitate recognition	Support Chamber; facilitate recognition			Chamber; SJRSC; CTE
	Identify champions for startup support	Lead; facilitate with SBDC	Co-lead; facilitate with SBDC			Jax Bridges
	Identify entrepreneurs/startup firms (QCEW data, business licenses) and nexus of industry	Support SBDC	Support SBDC			SBDC; Chamber of Commerce
<b>Support Industry Clusters, including Manufacturing/Distribution, Marine, and Aviation Industries as focused sectors, and Health Care as strong existing sector</b>	Host Purchasing Manager forums to link local businesses	Lead				
	Identify known supply chain gap	Lead				
	Identify gaps in supporting services	Lead				
	Coordinate with industry to identify, gain expansion of nonlocal suppliers	Lead				
	Military input for future trends & infrastructure needs	Co-lead; facilitate	Lead; ensure strategic objectives are met		Support	Chamber of Commerce; promote and organize
	Identify ambassadors, trade groups, evangelize	Lead	Support		Support	Support
<b>Implement Placemaking</b>	Launch Countywide brand; Launch signage/designation of corridors – manufacturing, medical, “sprouts”, natural identity	Support; ensure strategic objectives are met		Lead	Lead	SBDC; Chamber of Commerce
	Collaborate to pursue TDC grants, other funding sources to build on ecotourism & heritage/military assets	Support; ensure strategic objectives are met		Lead	Co-lead	
	Keystone Heights CRA, Rail-to-Trail promotion	Support; ensure strategic objectives are met		Lead	Lead (KH)	Lead; CBJTC
	Update EDC website; list environmental amenities – important to knowledge workers	Lead		Support		
	KH CRA Plan, TDC Advisory Committee, Marketing Plan	Support		Lead		Chamber; co-lead and support
<b>Increase Community Focus on Economic Developmnt</b>	Blitz local government at all levels; Identify departments that engage businesses (permitting, utilities, code enforcement, planning & zoning); assemble departmental contact details to share with businesses and one-stop shopping sheets	Lead; ensure continued support and collaboration	Support		Support	Chamber; CCUA
	Identify Ombudsman to facilitate business navigation of local government details; Identify and track referrals from staff and related entities	Lead		Co-lead	Support	
	Continue to show support for regional and state partners	Co-lead	Support	Lead	Support	Support



# Clay Florida

Economic Development Corporation

**Possibility Flows** | JUST SOUTH OF JACKSONVILLE

## ECONOMIC DEVELOPMENT PLAN

Volume 2

Economic Baseline Report



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## Table of Contents

Industry Composition.....	1
Survey of Businesses .....	3
Analysis of Strengths, Weaknesses, Opportunities and Threats .....	9
Obstacles.....	11
Culture and Community Assets.....	12
Industry Sector Analysis.....	13
Evaluation of Business Incentives and Disincentives .....	15
Incentives .....	15
Disincentives .....	16
Alignment with Existing Plans .....	18

## List of Figures

Figure 1: County Employment by Business Sector.....	1
Figure 2: 2013 MSA and County Businesses by Number of Employees .....	2
Figure 3: Number of Businesses by Sector - County Composition versus Survey Respondents .....	4
Figure 4: Business Expansion by Industry Growth .....	5
Figure 5: Business Outlook by Growth Category .....	5
Figure 6: Quality of Infrastructure Services & Amenities Provided .....	6
Figure 7: Annual Revenue, 2014 .....	7
Figure 8: Perception of Economic Development Programs.....	8
Figure 9: Business Owners’ Benefits from Development Programs, by Growth Category.....	9
Figure 10: Location Quotients - Clay County, Duval County, and Jacksonville MSA, 2014.....	14
Figure 11: 2006 Economic Development Plan Objectives .....	20
Figure 12: 2011 Industry Cluster Analysis for Clay County Objectives .....	21
Figure 13: 2015 Marketing Communications Plan Objectives.....	22
Figure 14: Past Plan Alignment Process.....	23
Figure 15: Merged Goal 1 - Staff Additions.....	24
Figure 16: Merged Goal 2 - Business Information Resources .....	24
Figure 17: Merged Goal 3 - Relocation Marketing & Outreach .....	25
Figure 18: Merged Goal 4 - Maintain Positive Relationships with Existing Local Businesses.....	25

## List of Tables

Table 1: Jacksonville MSA Industry Employment Growth (Thousands).....	3
Table 2: Strengths, Weaknesses, Opportunities, and Threats: Clay County.....	10
Table 3: Clay County Business Incentive Policy: Countywide Programs.....	15
Table 4: Top Five Industries by Employment, Clay County.....	19
Table 5: Clay County Target Industry List (2014) .....	21

## Baseline Economic Profile

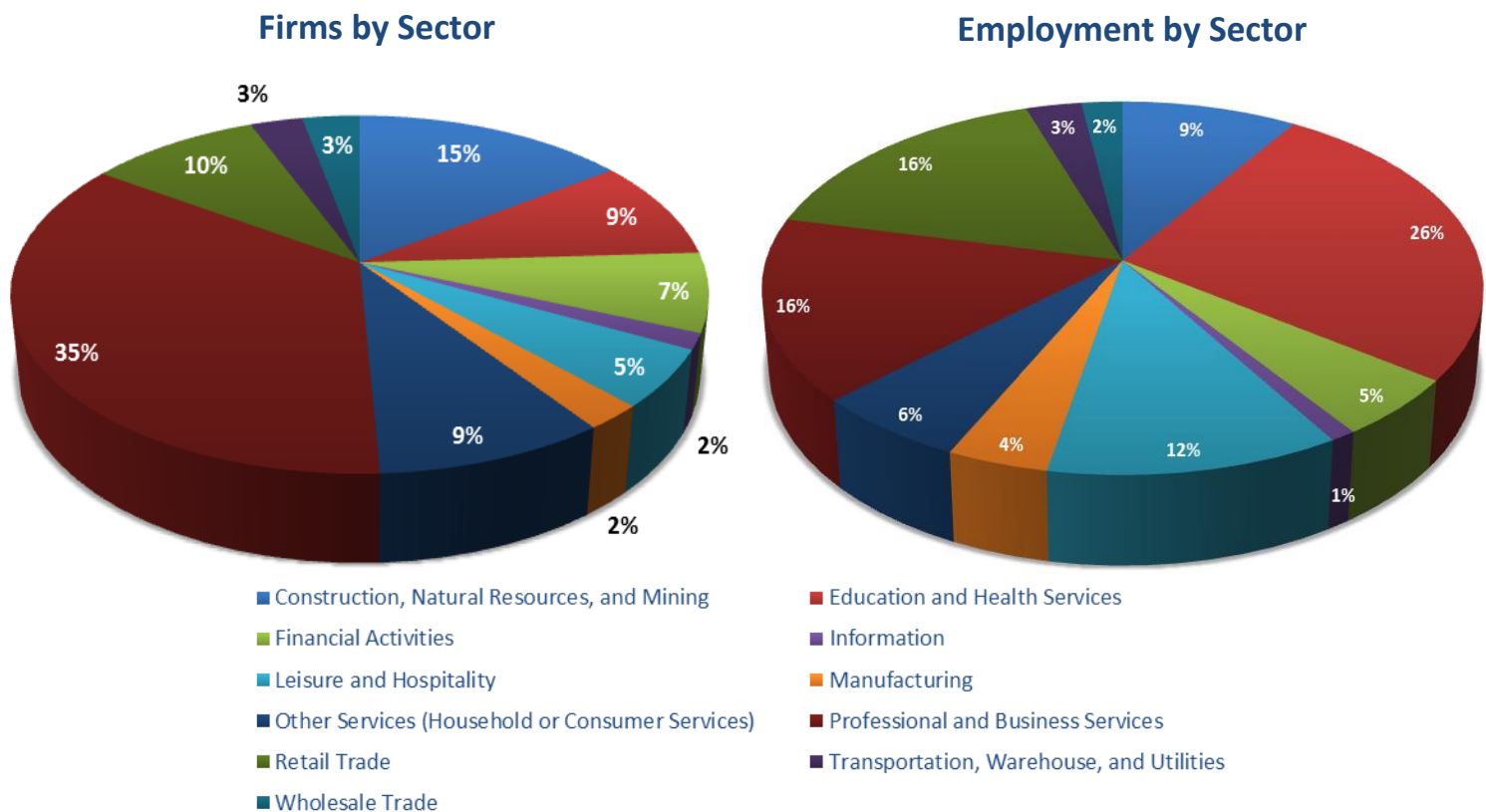
A baseline economic profile was prepared to allow evaluation of Clay County's existing conditions, and to provide a framework for discussing the County's economic development objectives. The profile is organized as follows:

- I. Industry composition
- II. Results of Business Survey
- III. SWOT Analysis
- IV. Industry Sector Analysis

### Industry Composition

Clay County has a diverse economy, as seen in **Figure 1**, which shows the current employment breakdown.

Figure 1: Industry Composition by Business Sector



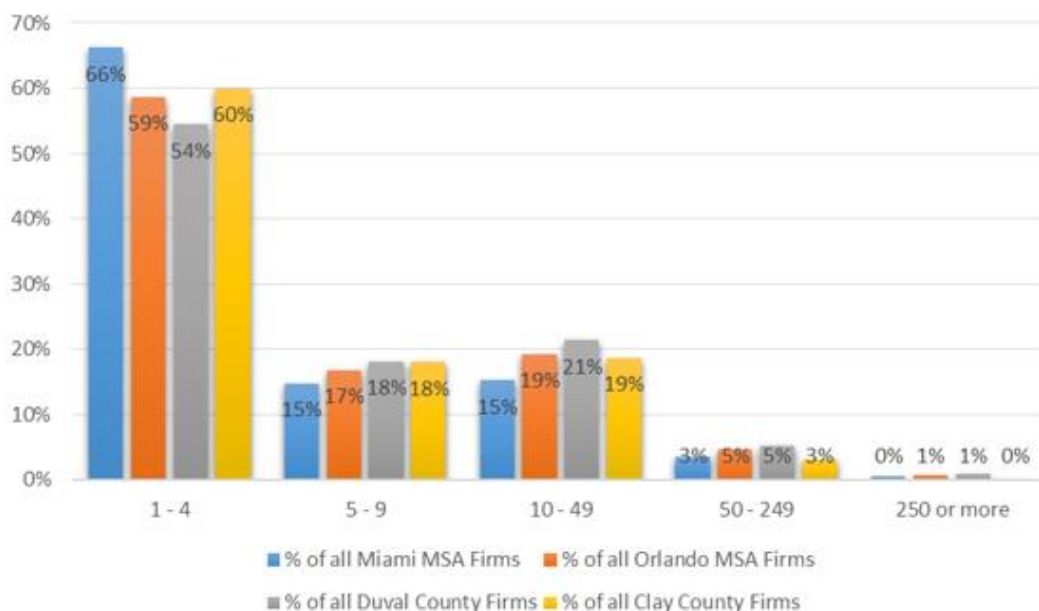
Source: QCEW 9/15 (DEO)

The relative contribution of various industries to Clay County's overall income can be evaluated by comparing the number of businesses in a sector to the employees in that sector. For example, if the number of firms in an industry sector comprises only 2% of the overall economy but 10% of overall employment, the sector would be characterized by fewer, larger large firms; conversely, if 10% of firms

support 2% of employment, then the sector would consist of many smaller firms. Employment (**Figure 1**) is more evenly distributed than firm count (see **Figure 3, County**). While professional services comprise about 16% of employment but 35% of the number of firms (i.e., many small firms), the leisure and hospitality sector supports about 12% of total employment but only 5% of businesses fall into that category (fewer, larger firms).

An additional characteristic to examine is how the economy is populated by firm size, measured by number of workers and number of firms. It is generally considered desirable to have a healthy representation of small and medium-sized businesses, especially when such a presence indicates widespread successful entrepreneurship. Under the right conditions, small firms can perform as “gazelles” – that is, they can be particularly effective at creating large amounts of jobs at a rapid pace. Creating the right conditions can lead to significant stimulation of the local economy. Clay County’s concentration of small firms (from 1-4 employees) keeps pace with other communities in Florida, including the Orlando and Miami MSAs. The County also is well represented in the 5-9 employee range. These data suggest that Clay County has a strong foundation in terms of business demographics. Capturing any intrinsic advantages more fully is one key goal of the economic development strategy. Examining the percentages of firms within each employee count provides context for how well a local economy is facilitating growth of smaller companies into more mature, stable employment generators. From this point of view, Clay County competes well with other counties in nurturing the growth of firms: compared to Duval County and the Orlando and Miami MSAs, Clay’s proportion of smaller firms is exceeded only by Duval’s in the 10–49 employee range. If Clay’s percentage in that range were 5% instead of its actual 19%, for example, the implication would be insufficient support for rapidly growing small businesses. On the contrary, Clay’s data reflect a welcoming business environment for those firms.

**Figure 2: 2013 MSA and County Businesses by Number of Employees**  
**Business Community Composition**



Source: US Census



Understanding that firms within different industries are likely to have different needs from local government and the workforce, **Table 1** depicts the projected growth rates for industry sectors within the Jacksonville Metropolitan Statistical Area (MSA), which includes Clay County. While one must keep in mind that the County and the MSA are not the same area, broader economic trends are often useful as a backdrop upon which to assess local opportunities.<sup>1</sup> Industry sectors that outpace the projected population and employment growth are considered high-growth; those that keep pace are considered average growth, and those that lag are considered low-growth or mature industries. All are important to Clay County's economic development, but will have different needs and contribute differently to the marketplace. Understanding overall growth trends can help maximize benefits from both local and regional settings.

**Table 1: Jacksonville MSA Industry Employment Growth (Thousands)**

	2015	2020	% Change / Year
<b>Total Population</b>	1443.5	1551.6	1.45%
<b>Total Employment</b>	636.3	688.6	1.59%
<b>Industry</b>			
Construction & Mining	33.7	44.4	<b>5.67%</b>
Professional & Business Services	98.3	116.2	<b>3.40%</b>
Wholesale Trade	24.3	27.2	<b>2.28%</b>
Transportation, Warehouse, & Utilities	33.1	36.6	<b>2.03%</b>
Education and Health Services	96.1	105.3	<b>1.85%</b>
Leisure and Hospitality	78.8	82.9	1.02%
Information	9.0	9.4	0.87%
Other Services	22.6	23.4	0.70%
Manufacturing	28.0	28.4	0.28%
Financial Activities	61.4	61.3	-0.03%
Retail Trade	77.0	76.3	-0.18%

Source: IEC, June 2015; TBG Work Product

Industry employment sums may not equal that of Total Employment as some categories have not been included.

The near-term rates of growth in Education/Health Services, Wholesale Trade, Professional & Business Services and Construction exceed the expected rates of growth in general employment (and total population). In contrast, the rates of growth in Leisure/Hospitality, Information, Manufacturing, Finance and Retail Trade are smaller than the background rate of growth in area employment.

## Survey of Businesses

TBG conducted an online business survey during October 2015. Participants included entrepreneurs, business executives and owners, and community stakeholders; 265 responses were received. Respondents were asked a broad range of economic development questions, about topics ranging from

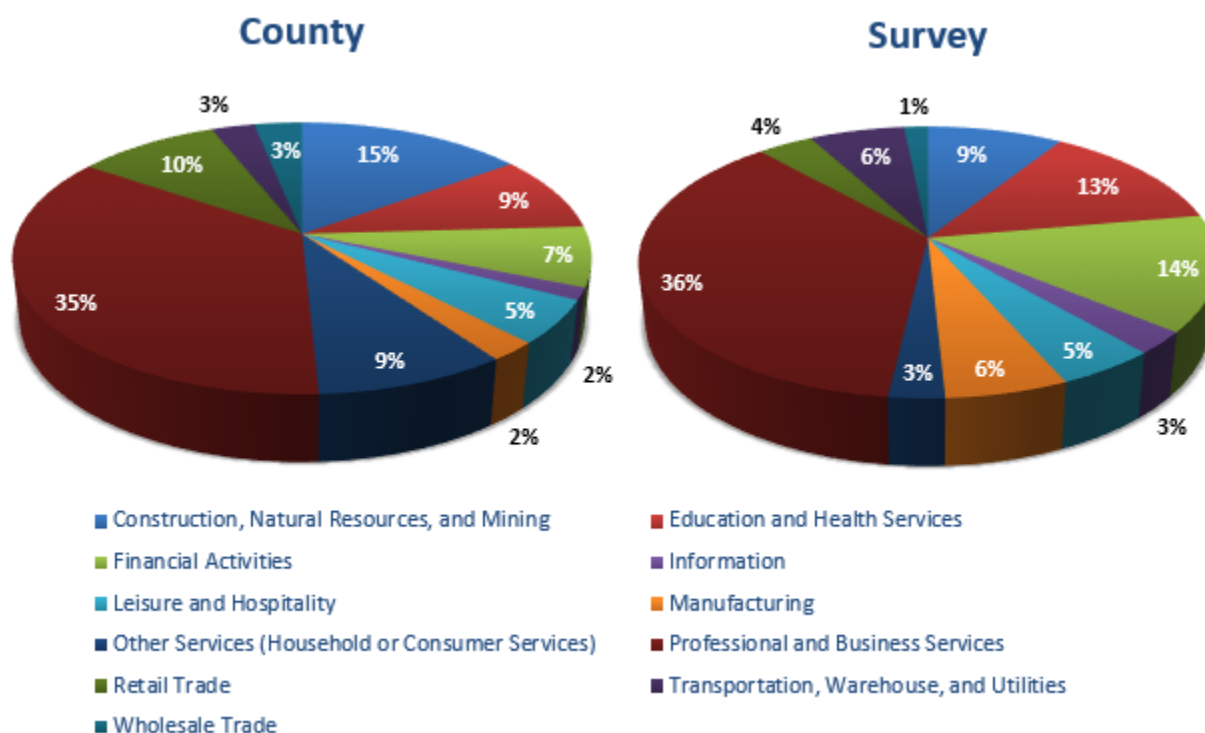
<sup>1</sup> Projected growth rates were based on the Institute for Economic Competitiveness' (ICE) Florida Outlook June 2015 report for the five county Jacksonville MSA.



incentives to future growth perceptions. The following section provides an overview of publicly available data summarizing Clay County’s business community, and the results of the survey, reflecting business owners’ perceptions.

**Figure 3** contrasts the distribution of survey respondents with the mix of businesses in Clay County: the survey captured relatively well the proportions and diversity among businesses, with some slight differences in manufacturing, retail trade, financial activities and other services. Firms within the professional and business services sector were fairly represented at about 35% of all businesses in Clay County.

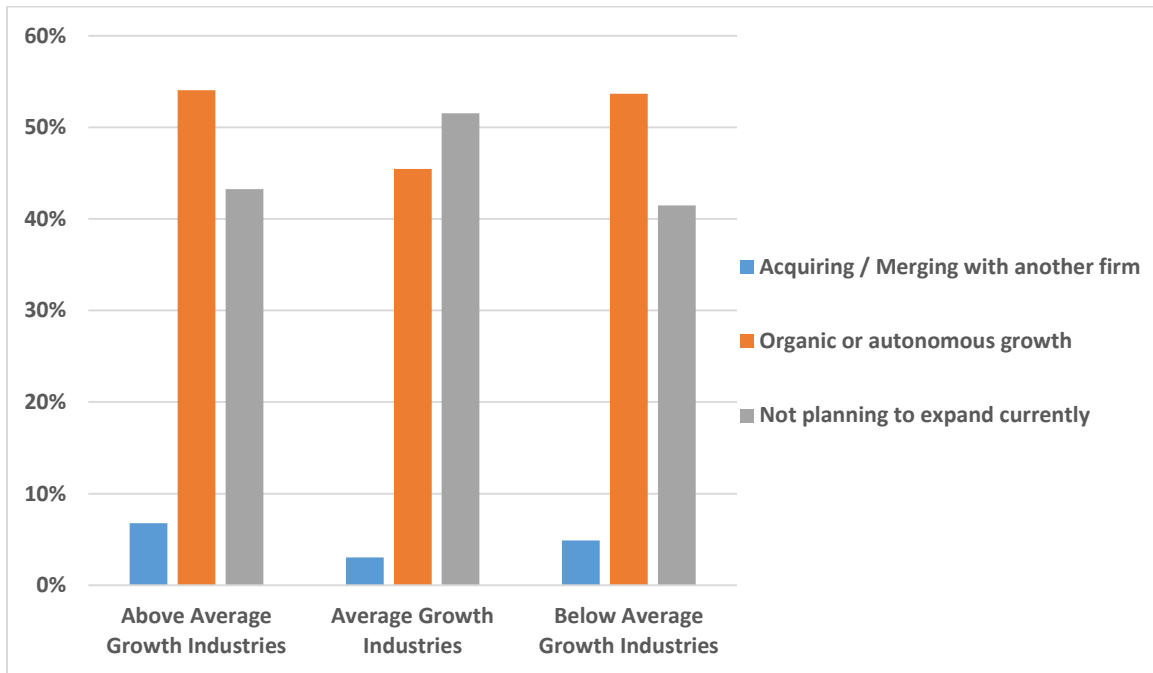
**Figure 3: Number of Businesses by Sector - County Composition versus Survey Respondents**



Source: JaxUSA (from QCEW data); TBG Work Product

**Figure 4** depicts the plans for business growth by survey respondents, which are grouped into average, above average, and below average projected growth industries. In all cases, most of the expected growth is autonomous or organic in nature, portending jobs growth for Clay County.

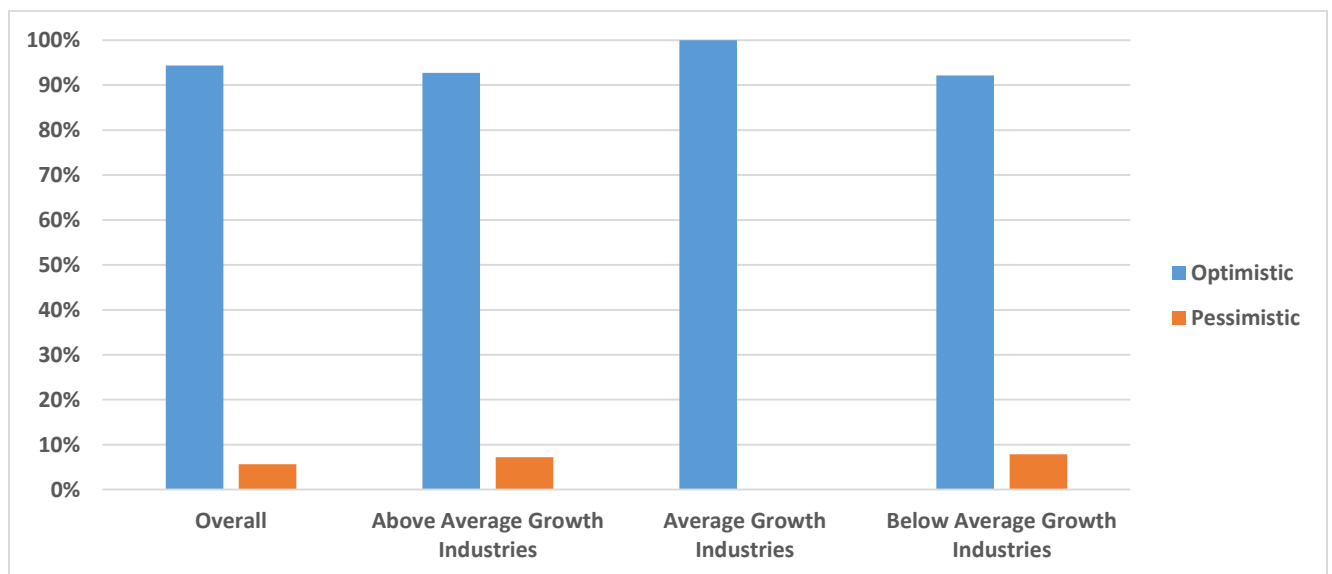
**Figure 4: Business Expansion by Industry Growth**



Source: TBG Work Product

**Figure 5** provides additional context, showing that although more companies in the average growth category do not plan to expand, optimism is highest in that category. Overall, optimistic business owners far outnumber pessimists.

**Figure 5: Business Outlook by Growth Category**

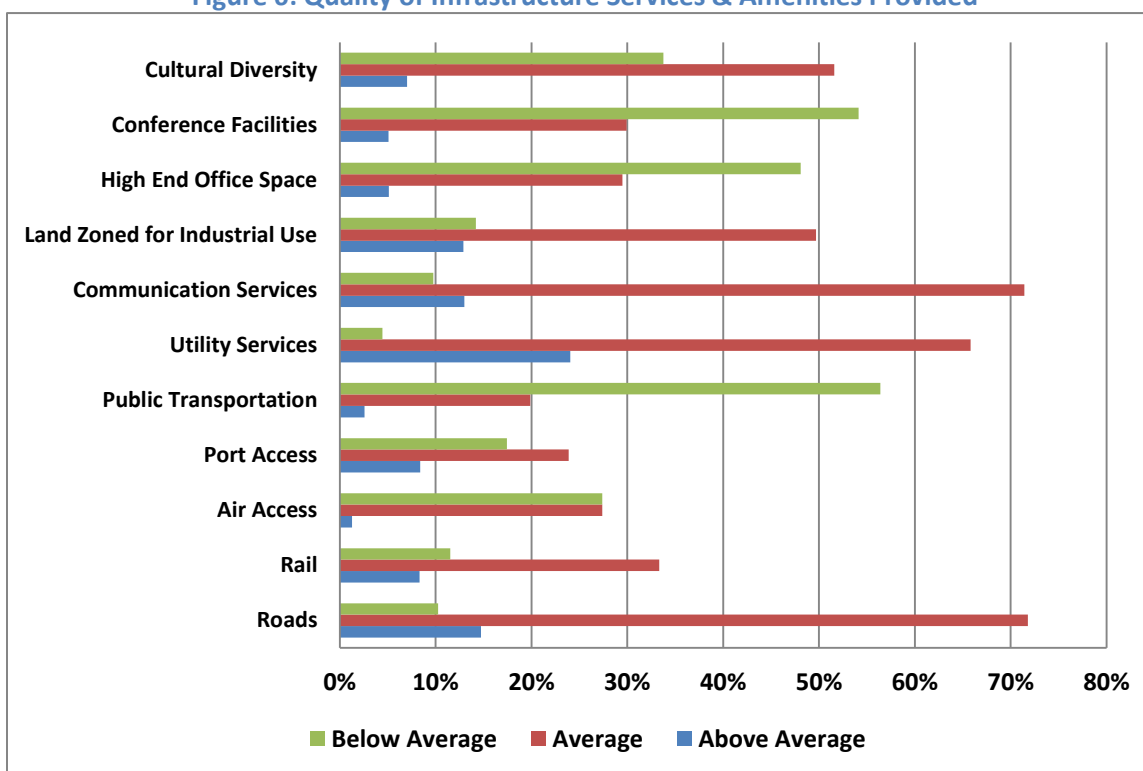


Source: TBG Work Product

Survey respondents also rated the quality of infrastructure, services, and amenities in Clay County (**Figure 6**). The largest net positive rating (percentage of average or above average ratings minus the

percentage of below average ratings) goes to utility services, which over 90% of respondents rated average to above average. Roads also received positive reviews, with nearly 90% of respondents rating them at least average. Public transportation, conference facilities, and high end office space stand out as most negatively reviewed. A low rating for public transportation need not cause alarm, as limited public transportation is an issue throughout much of Florida. The latter two subjects were also raised during interviews: while a limited supply of locations with meeting space suitable for hosting conferences and a lack of high-end office space in particular may constrain choices, this is a common lament in all but the highest-income markets in Florida. Sufficient market demand is needed to drive investment in such facilities.

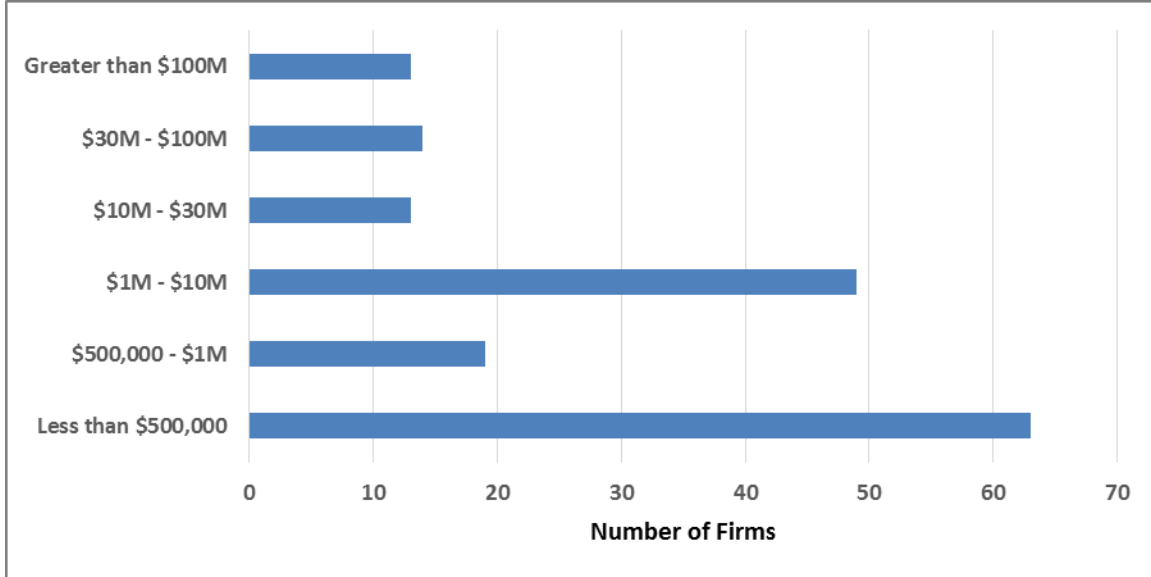
**Figure 6: Quality of Infrastructure Services & Amenities Provided**



Source: TBG Work Product

Thirty-seven percent of respondents reported 2014 annual revenue of under \$500,000 (**Figure 7**). Roughly 44 firms are responsible for well over \$3.0 billion in local revenues (total) while about 131 firms have revenues that total under \$0.3 billion. Businesses with lower annual revenues may be more likely to benefit significantly from incentives and other forms of support, but higher-revenue firms are also crucial for keeping spending flowing through a local economy, and tend to employ the most workers.

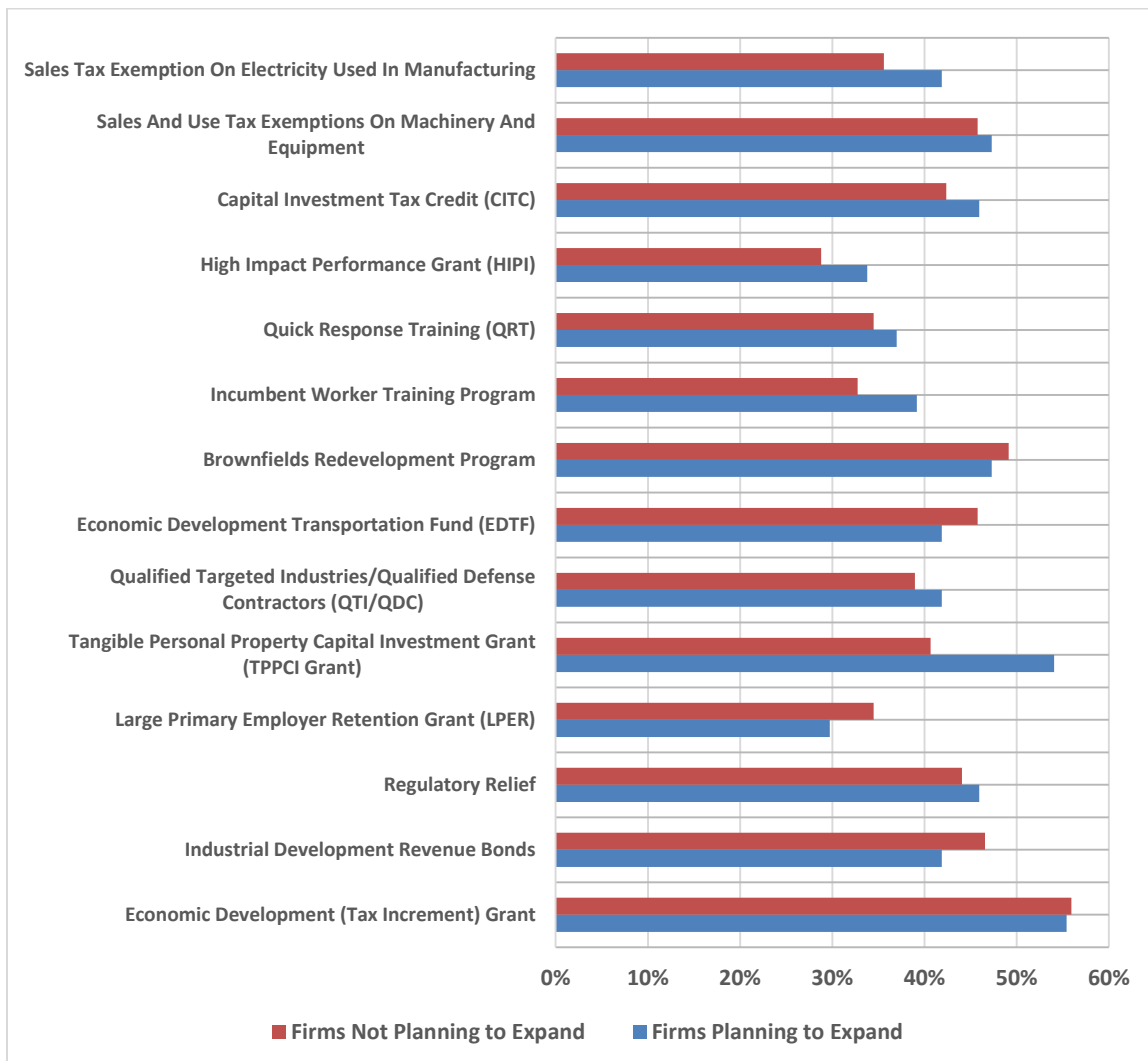
Figure 7: Annual Revenue, 2014



Source: TBG Work Product

Survey respondents (Figure 8) also rated economic development programs. The Economic Development (Tax Increment) Plan was the only program to reach over 50% favorable perception among firms both with and without plans to expand. The only other program to exceed 50% in either group was the Tangible Personal Property Investment Grant, which was perceived favorably by over 50% of firms planning to expand and by about 40% of those with no expansion plans. That program appears to have the largest difference in favorability between the two groups, while the other programs experience roughly equal favorability among firms with different plans. The High Impact Performance Grant, Quick Response Training, Incumbent Worker Training Program, and Large Primary Employer Retention Grant were among those with the lowest perceived favorability, which warrants further exploration.

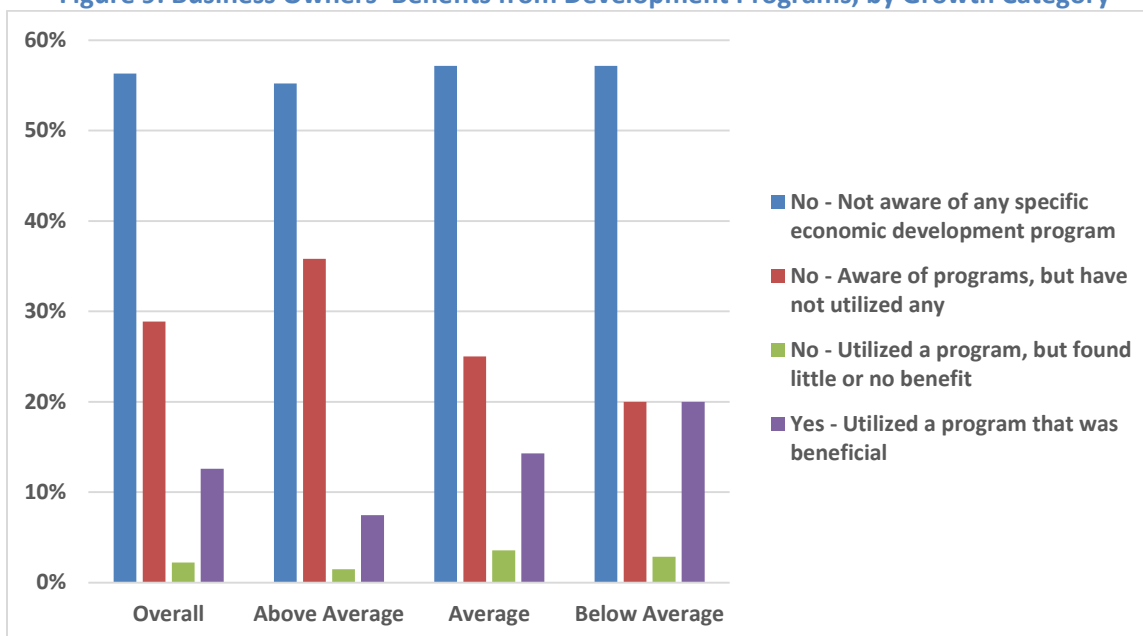
**Figure 8: Perception of Economic Development Programs**



Source: TBG Work Product

Survey participants were also asked if they had directly benefited from any economic development programs. Across the board, a plurality of respondents indicated lack of awareness of specific economic development programs (**Figure 9**). This is often the case in a local economy; there tends to be a significant divide between local government outreach efforts and the private sector response. Incidence of utilization without benefit is low – less than 5% across categories. Twenty percent of industries with below average growth successfully benefited from a specific program, with about 15% and 8% saying the same in the average and above average categories, respectively. Raising the percentage in the above average growth category could be valuable for sending a positive signal to desirable industries the County may decide to attract.

Figure 9: Business Owners' Benefits from Development Programs, by Growth Category



Source: TBG Work Product

## Analysis of Strengths, Weaknesses, Opportunities and Threats

Over 40 key business and community figures in Clay County were interviewed over several weeks during October and November 2015. The responses, along with survey data and other research, helped inform an analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT). While differing viewpoints were shared, clear trends in opinion emerged during the structured interview process. These trends identified key themes to form the foundation of the SWOT analysis. On an overall positive note, a large majority of business leaders stated that the County was on the 'right track' and were in accord with the current economic development efforts in Clay. Favorable mention was often made regarding Clay County's Economic Development Commission (EDC) and Chamber of Commerce. **Table 2** summarizes the key elements identified in the SWOT analysis.

**Table 2: Strengths, Weaknesses, Opportunities, and Threats: Clay County**

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Growing healthcare industry</li> <li>• Recent manufacturing success</li> <li>• Strong public school system</li> <li>• Skilled workforce</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Traffic congestion</li> <li>• Limited availability of class A office space</li> <li>• Fragmented and dispersed industry base</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• First Coast Expressway expansion</li> <li>• Dark fiber network expansion</li> <li>• Willingness of commuters to work inside Clay County</li> <li>• Developable land (i.e., Challenger Center)</li> <li>• Natural areas</li> <li>• Heightened utilization of ecotourism assets</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• Competition with nearby school systems</li> </ul>

Responses from structured interviews showed similar opinions regarding desirable industries for Clay County. Manufacturing, fabricating, industrial, and warehousing in Green Cove Springs, and data centers, call centers, medical support services and multi-story corporate offices in Orange Park and Fleming Island topped the list of many business minds. With strong growth occurring at Cecil Commerce Center (aka Cecil Field) in Duval County, opportunities abound to assist small businesses that could provide support services to the large employers at Cecil, such as General Electric. It was noted that although Cecil may employ many Clay County workers, additional opportunity lies in the ability to support the major business activity there. This includes aviation and aerospace, in addition to further connecting the County with the Cecil Commerce Center via the dark fiber optic network. Dark fiber (additional capacity to avoid future upgrades) provides large quantities of bandwidth that can be offered by multiple communications carriers, often at a low cost. This allows businesses to send large amounts of data quickly and efficiently. While most businesses can benefit from using dark fiber, particular industries such as high tech and data and call centers require large bandwidths to function, a need that can encourage relocation. Additional industries such as healthcare can utilize dark fiber by quickly transmitting large files, such as MRIs, to other medical offices. Therefore, dark fiber connectivity encourages new ventures, startups, business relocations and greater efficiency for existing businesses. One interviewee in the broadband industry noted that Clay County is currently considering expanding dark fiber connectivity as a link between Cecil Field and key commerce areas within the County.

Manufacturing was addressed in many interviews, including light manufacturing, fabricators, warehousing and green manufacturing. With the First Coast Expressway (FCX), along with an established manufacturing base including Reynolds Industrial Park, the airport, and the river port, the City of Green Cove Springs has been projected by numerous interviewees to experience substantial economic growth in the near future. Additionally, Green Cove Springs is currently preparing for growth and focusing on attracting retail businesses - grocery stores in particular. There is promise for increased generalized manufacturing activity in the County - Green Cove Springs was named by a site selection consultant as among the Top 40 small markets for advanced manufacturing in the United States. While such a presence would likely have a niche role in the County under current conditions, continued infrastructure investment and targeted marketing toward the manufacturing supply chain could significantly change this footprint in the future.

A focus on white-collar jobs and higher density office buildings for Orange Park was the stated preference of several business leaders. This recommendation includes business that can support Cecil Commerce Park, call centers, backroom operations, and other businesses currently in Duval County, as well as other locations in the Southeast, that could be hosted in Clay County. The Challenger Center is currently looking to develop mixed-use facilities on roughly 800 acres, approximately 400 of which is developable.

Healthcare has become a major industry in Clay County, represented by the Orange Park Medical Center, and St. Vincent's (with three facilities), Kindred, and Baptist Clay hospitals. These medical facilities form a triangle surrounding Doctors Lake in northeastern Clay, serving Orange Park, Fleming Island, Green Cove Springs, and Middleburg. Medical support services (including manufacturing of medical equipment) were recommended by interviewees to leverage the strong and growing healthcare industry in Clay County. Long-term care is one niche that was endorsed by some interviewees as especially fitting for Clay County. While the distances between the communities is too far to identify a Clay County medical district, medical complexes in Orange Park and Green Cove Springs (where each community supports more than one hospital plus affiliated services) could benefit from place-making and signage.

A majority of business leaders and stakeholders were optimistic about future economic growth and business opportunity with the advent of the FCX. Some interviewees commented on the preparation of Green Cove Springs to support the expected rapid economic growth to occur in the City upon completion of the FCX. It is clear that the FCX is a vital component expanding transportation infrastructure and the future development of Clay County.

## Obstacles

The lack of an efficient transportation network in Clay County was noted as a major obstacle to growth. Some interviewees recommended that distribution and logistics centers be discouraged due to lack of roadways and Clay's distance from major metropolitan cities (other than Jacksonville). Traffic congestion on Blanding Boulevard and S.R. 17 impacts commuters and hinders accessibility for businesses. In addition to the FCX project, building a new Shands Bridge is in future FDOT plans, though an exact location has yet to be specified. The current bridge is two lanes and creates a bottleneck for commuters



between Clay County and St. John’s County. Many of those interviewed recommended widening the bridge , although FDOT has this ruled out because it would create bottlenecks on S.R. 13 and S.R. 16.<sup>2</sup>

While many respondents spoke highly of the K-12 public school system in Clay County, they acknowledged competition with St. John’s County and some expressed concern about the decline to a ‘B’ rating during the preceding two years, having received an ‘A’ rating for several years prior.<sup>3</sup>

There is need for more industrial parks and upgrades to the Reynolds Industrial Park, which was built in the 1980’s and offers only D-grade facilities. For example, one respondent in Green Cove Springs noted that she looked to relocate to Orange Park but was unable to do so because they could not find sufficient available space (30-35 thousand square feet). Limited availability of space, especially Class A office space, is a general concern affecting the ability of the County to accommodate business growth. Combined with availability constraints, blight is an issue in some places in the County as well. Often, aspects of blight can be alleviated through implementation of a simple façade improvement program. Investments in additional new space, along with such a façade program and signage improvements, could have high returns in terms of economic growth and improvements in perception. Some communities, such as Duval County, have seen benefits from the formation of a blight committee.

### Culture and Community Assets

Culture in Clay County was described with mixed reviews. The Thrasher-Horne Center at the St. John’s River Community College was valued by respondents as an important cultural asset in the county and the Clay County Fair was mentioned as a cultural resource. Military museums at Camp Blanding and Reynolds Park offer historical appeal but receive limited recognition, likely due to a lack of public awareness; however, they hold potential for heightened support and increased cultural influence. Camp Blanding as a whole is a noteworthy asset, with previous reports estimating combined revenue of over \$47 million in economic impact.<sup>4</sup> In 2014, Camp Blanding employed 320 full-time workers and 1,003 guardsmen. The military site also offers open fishing, hunting and hiking on the Florida Trail, which runs from the Big Cypress National Reserve to the Florida Panhandle.

Interviewees value the family life, school systems and river as major reasons to reside in Clay County. Ecotourism – particularly activities such as kayaking and boating – are seen as defining characteristics of the county that could be increasingly promoted for placemaking purposes. Tangible efforts could be taken to serve this priority, including dock repair and investment in a marina for Green Cove Springs. Attracting and incentivizing outfitters to rent boats and kayaks could serve as tourism support. Furthermore, consistent with environmental recognition, “green” industries such as renewable energy companies were identified by some individuals as especially desirable, and could also be leveraged to promote the county as an environmental hub.

A highly-skilled workforce was recognized by a large number of interviewees as another major asset to the county. The county’s highly-skilled workforce includes blue-collar and white-collar workers. A need

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<sup>2</sup> FDOT, St. John’s River Bridge FAQ.

<sup>3</sup> As of January 2016 Clay County has re-established its “A” rating for public schools.

<sup>4</sup> Camp Blanding Joint Training Center’s Economic Impact report, 2014

for workforce training programs was mentioned as a way to encourage businesses to relocate to Clay County, in addition to supporting current businesses in the county. One workforce agency, Challenge Enterprises in Green Cove Springs, works with special needs workers and helps employ several hundred workers at companies in Northeast Florida in various capacities, including mailrooms, janitorial services, packaging, warehousing, and other roles. While the workforce is valued, it was also acknowledged that relatively few people are employed in the County itself, with a majority of residents commuting to Duval County. This gap represents an opportunity, as previous studies have shown that there is a willingness among the local population to switch to a job within the County.

## Industry Sector Analysis

Industry composition is an essential consideration of every economic development plan. Existing industry base and future industry growth need not be inextricably linked, though current composition provides important context for assessing local growth prospects. Local effects that drive employment changes can be teased out of overall employment data by assessing location quotients. Location quotients are calculated by comparing industry-level employment percentages to corresponding percentages within a “base area,” and obtaining a ratio from the comparison. The location quotient (LQ) can be calculated as:

$$LQ = \frac{\left( \frac{\text{Local Employment in Industry A, Year T}}{\text{Total Employment in Year T}} \right)}{\left( \frac{\text{Reference Employment in Industry A, Year T}}{\text{Total Reference Employment in Year T}} \right)}$$

For example, with the U.S. national economy as the base or reference area, 2014 data shows:

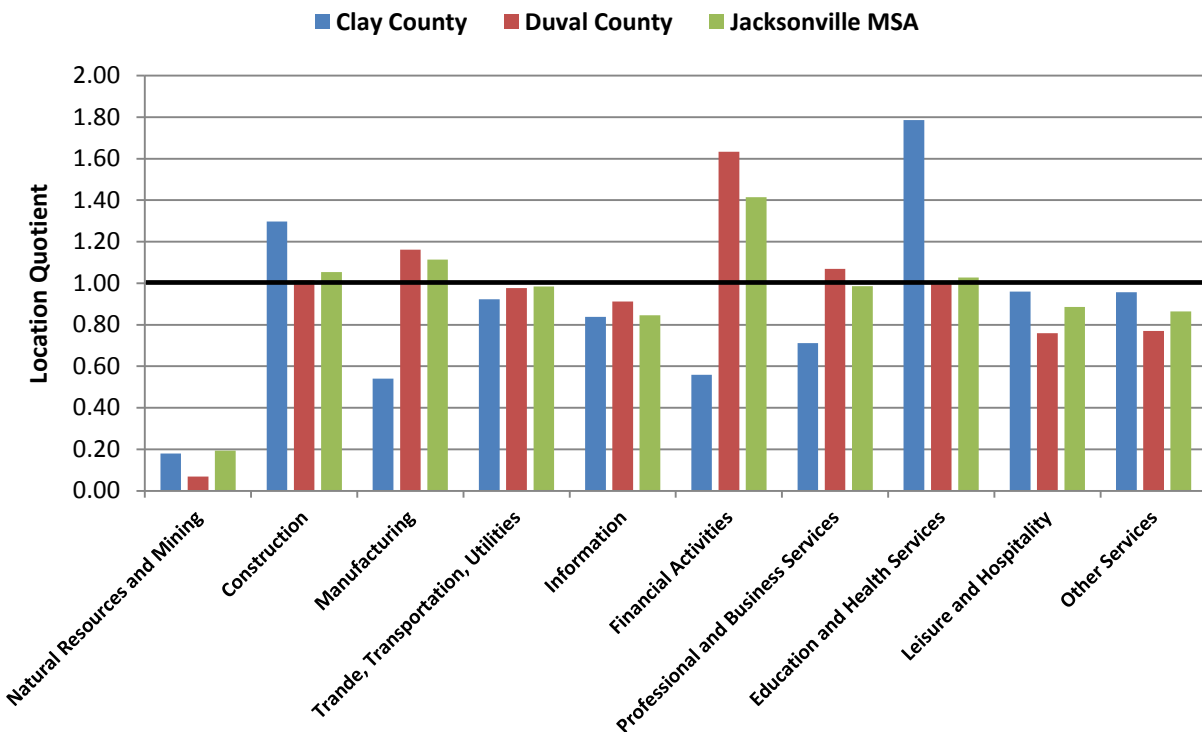
- Clay County employment for the Trade, Transportation and Utilities sector is 9,610.
- Total Clay County employment is 39,320.
- U.S. total employment for Trade, Transportation and Utilities is 26,099,969.
- Total U.S. employment is 115,568,686.
  - $LQ = ((9,610 / 39,320) / (26,099,969 / 115,568,686)) = \mathbf{1.08}$
  - The Clay County LQ for Trade, Transportation and Utilities is greater than 1.0

If an industry location quotient for a particular area is greater than 1.0, the implication is that the industry’s presence within that particular area is relatively more concentrated or stronger than the industry’s concentration in the base area.<sup>5</sup> Industry LQs help define which industries make the regional economy unique and are potentially “export-oriented.”

**Figure 10** shows a comparison of industry location quotients in Clay County, Duval County, and the Jacksonville MSA, with U.S. total employment as the base area. Particularly striking are the high quotients for the construction and the education and health services sectors in Clay County. In addition to its LQs exceeding 1.0 in these sectors, Clay County’s LQs exceeded those of Duval and the Jacksonville MSA. In contrast, Clay County’s LQs for the manufacturing, finance, and professional and business services were less than 1.0.

<sup>5</sup> Institute for Economic Competitiveness, Florida and Metro Forecast: 2015-2044, June 2015 edition

**Figure 10: Location Quotients - Clay County, Duval County, and Jacksonville MSA, 2014**



Source: Bureau of Labor Statistics

Location quotients describe current employment strengths. Industry clusters also were analyzed to identify sectors that would best suit Clay County's evolving business environment, workforce capacity and infrastructure. Preliminary research into compatible industries and sectors was conducted to narrow down a list of value chain clusters. Existing employment and industry sector data were crosswalked using the North American Industry Classification System (NAICS). The clusters come from *Benchmark Value Chain Clusters*,<sup>6</sup> generated through an analysis of patterns from the *Benchmark Input-Output Accounts of the United States*.<sup>7</sup> Feser created two sets of clusters - one for all sectors except government in the U.S., and one serving as a reduced set of high-tech clusters. The former was used to select the industries and value chains considered in this analysis.<sup>8</sup> Feser developed statistical measures of industry interconnectedness (Z-scores): a higher Z-score means a more influential or more highly linked sector within an industry cluster. For example, the data processing sector's score of 5.32 indicates its positive spin-off effects within the Information Services sector will be greater than that of the wired communications carriers sector (with a Z-score of 3.32). While no single metric guides the determination of target industry sectors, the Z-scores for select subsectors of the manufacturing, avionics, maritime and health care sectors highlighted through the surveys and interviews conducted are all greater than the mean value of Z-scores for all industry sectors (at 3.48). In sum, these industries should With Clay

<sup>6</sup> Created by Edward Feser of the Regional Economics Applications Laboratory and Department of Urban and Regional Planning at the University of Illinois at Urbana-Champaign

<sup>7</sup> *Benchmark Input-Output Accounts of the United States*, 1997

<sup>8</sup> Feser, 2004

County's broad foundation in manufacturing, further attraction and development of the region's expanding emphasis on the aviation and maritime sectors is warranted.

### Evaluation of Business Incentives and Disincentives

Incentives were discussed during interviews with business leaders, who saw both positive and negative effects of the incentives and disincentives in place. Incentives, which encourage more business activity, were examined in terms of current offerings and potential improvements or even wholly new incentives that can be offered to further improve Clay County's business environment. Disincentives were also addressed, generally regarded as factors within Clay that reduce the business growth that might otherwise be occurring.

#### Incentives

Clay County offers a slate of innovative incentive programs. The incentive policy, last revised in June of 2014, lists five countywide programs and nine state and federal programs.<sup>9</sup> This analysis focuses on the countywide programs, listed and summarized in **Table 3**. Their full documentation can be found via the County's website. The County is providing active financial support to twelve entities in FY 15-16; six participants have been decertified for failing to meet employment requirements.

**Table 3: Clay County Business Incentive Policy: Countywide Programs**

Program	Description
Economic Development (Tax Increment) Grant	Makes a percentage of incremental increase in ad valorem taxes available as grant to developer; requires creation of at least 10 full-time jobs, significant economic impact, fulfillment of upfront performance measures
Large Employer Retention Grant	Awards half of 50% of ad valorem taxes paid on the improved value of real property; requires consistent employment of at least 100 persons in primary jobs in the County*
Tangible Personal Property Capital Investment Grant	Annually for up to three years, awards 50% of ad valorem tangible personal property tax on capital investment; requires relocation to Clay County with at least \$1,000,000 of new taxable value in equipment and 50 new target industry jobs paying at least 101% of Clay's average wage
Industrial Development Revenue Bonds	Issues tax-exempt bonds to finance expansion or relocation of industrial development; requires that applicants retain Bond Counsel or Tax Attorney to review project scope and determine eligibility
Regulatory Relief	Offers Impact Fee Mitigation; requires applicant to qualify as Target Industry and primary employer, create new jobs, offer sufficient wage, and make a significant capital investment

\* Per Clay County Business Incentive Policy, revised 2014, "The LPER grant shall be one half of 50 percent of ad valorem taxes which were paid on the improved value of the real property only. The grant will be computed as follows: Divide the county millage on the improved real property value by two. From the resulting figure, deduct 25% will be deducted for the lack of new value added to the tax rolls and/or 25% will be deducted for failure to create at least 10 jobs paying at least 1% over the Clay County Average wage"

<sup>9</sup> Clay County Business Incentive Policy, January 2009. Revised June 2010, June 2014.

As depicted in **Figure 8**, the Economic Development (Tax Increment) Grant program is the most positively reviewed countywide economic development incentive, at roughly 55% approval among both expanding firms and those without plans to expand. One additional factor to consider, for this and all the other existing incentives, is the degree to which it has been utilized over time and to what degree the recipients have succeeded (that is, whether the full impact was realized and whether the businesses remained in operation). Depending on the findings of such an inquiry, it may become apparent that requirements (job creation, economic impact, or performance measures) should be loosened or tightened to improve utilization and performance.

The Large Employer Retention Grant has a lower approval rating at 30-35%. One possible cause of this lower rating among current businesses may be apathy, as this program focuses not on attracting new business or expanding opportunities, but rather on preventing the loss of business activity. Focused on preventing departures rather than the particular causes of any discontent, this program represents a short-term fix, temporarily sacrificing property tax income in lieu of permanent loss of workers' incomes. Increased marketing of the program may be required to improve ratings.

The Tangible Personal Property Capital Investment Grant shows a healthy approval rating among survey respondents planning to expand (approximately 55%) and a respectable rating among non-expanding firms (approximately 40%). With a focus on proactive action (attraction, rather than retention) and clearly-defined, aggressive metrics for economic impact, the program effectively prioritizes the right causes and effects – though, like all current incentives, it may benefit from a review of utilization and success rates. Generally, the Industrial Development Revenue Bonds program faces a lower survey approval rating of 40-50%, with the lower rating among firms with plans to expand; worth examining for this program is whether the program should continue to apply solely to industrial expansions and, again, the degree of utilization over time. The Regulatory Relief program, with roughly the same survey approval ratings, would also benefit from a utilization assessment and a restructuring of the target industries tied to its eligibility requirements.

Discussed in the “Alignment with Existing Plans” section, one needed adjustment to Clay’s existing incentives regards the targeted sectors (listed in **Table 6**). As these targeted sectors are updated, the industry requirements of incentive offerings will need to be updated to mirror the new list; currently, many of the incentives offered require applicants to be within a target sector among the current set specified in Clay County’s Business Incentive Policy.

### *Disincentives*

Respondents identified some deterrents affecting business in the county, which can be mitigated. Disincentives are not always attributable to the presence of an obstacle; they can just as often be defined as a lack or absence of a resource. One such absence noted during interviews was a comprehensive online list of available commercial properties and sites (particularly land owned by Clay County that could be commercially or industrially developed). Without a central repository for such information, potential investors may miss out on valuable opportunities, making it more likely that attractive sites in the county remain undeveloped. As such, new jobs and industry that could arise on

such sites may never materialize. Fortunately, though, it can be easily remedied – for instance, this list can be included in new revisions to County websites.

A dearth of high-quality facilities, including Class A office space, was mentioned throughout interviews as a disincentive that deters businesses from setting up shop in the county (although, as noted elsewhere, this is a common perception throughout Florida outside of core, high-demand areas, and one that market demand must support). Assistance with building and land subsidies, tax abatements for construction of new facilities, and higher utilization of land owned by the county were advised by interviewees to help make higher-quality facilities available and encourage job growth. Developers and business owners have also recommended an updated future land use and zoning plan. For example, perception is strong that height restrictions hinder commercial office parks around U.S. 17 and I-295. Potential benefits include reduction of blight and increases in tax revenue.

The Federal Small Business Administration (SBA) offers its “Boots to Business” program to veterans (including the National Guard) and dependents. The two-step program, which provides entrepreneurial training, includes a two-day class and an 8-week online course (10 hrs per week). Offered through the SBA or through SCORE, the course highlights both business technical assistance and funding resources available via the SBA and its partners. *Source: <http://boots2business.org/>*

Current incentives in Clay may not sufficiently project a supportive attitude toward entrepreneurship, in comparison to other areas. The Small Business Development Center (SBDC) at the University of Northern Florida, located in Jacksonville, offers free consulting services to businesses in Clay; the organization has recently established a Clay office in collaboration with the Clay County Chamber of Commerce. The new SBDC office has secured funding through 2018 with the possibility of extension.<sup>10</sup> The organization’s base in Jacksonville, however, highlights the comparative lack of permanent resources in Clay County. Historically, startups in Clay were perceived to be more likely to move to Jacksonville, where the presence of the SBDC, along with other factors, such as an established startup community and ideal meeting places, makes the area potentially more attractive to entrepreneurs who need to take advantage of all available resources to be successful. The contrast, together with the lack of solid incentives in Clay targeted specifically toward startups, serves as a disincentive. Startup and incubator incentives, especially with a focus on STEM startups, received strong support from entrepreneurs in interviews, who also recommended the development of co-working spaces in Clay. The new SBDC operation opens the door for access to a number of start-up related technical assistance and incentives, including Boots to Business, which is geared toward veterans and their families (see sidebar).

**Table 4** summarizes the incentives explicitly identified on the various economic development webpages for nearby counties. Putnam and Bradford Counties qualify as Rural Areas of Critical Economic Concern (RACEC), which opens up additional State resources while Nassau is included among communities eligible for assistance through the State’s Rural Economic Development Initiative (REDI). Local economic development initiatives are listed for Duval, St. Johns, and Flagler Counties.

<sup>10</sup> 50% funding was provided by the Small Business Administration, with the remaining 50% of funding contributions provided by multiple Clay County sources.

**Table 4: Economic Development Incentive Program Regional Comparison**

Incentive Type	Clay	Jax/Duval	St Johns	Bradford	Putnam	Nassau	Flagler
<b>State of Florida Programs<sup>a</sup></b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>North Florida Economic Development Partnership<sup>b</sup></b>	No	No	No	Yes	Yes	No	No
<b>Enterprise Zone</b>	No	Yes	No	No	No	No	No
<b>Impact Fee Mitigation</b>	Yes	No	No	No	No	No	No
<b>Energy Discount (JEA)</b>	No	Yes	No	No	No	No	No
<b>Employee Incentive</b>	Yes	No	No	<sup>b</sup>	<sup>b</sup>	No	Yes
<b>Business Property Inventories</b>	No	No	Yes	No	Yes	No	No
<b>Expedited Permitting</b>	Yes	No	Yes	Yes	No	No	No
<b>Brownfields Grant</b>	No	No	No	Yes	Yes	No	Yes
<b>Ad Valorem Tax Abatement</b>	No	Yes	Yes	No	Yes	Yes	Yes
<b>Rural Enterprise Zone</b>	No	No	No	No	Yes	No	No
<b>Rural Area of Critical Economic Concern</b>	No	No	No	No	Yes	No	No
<b>Rural Economic Development Initiative (waiver of Match)</b>	No	No	No	Yes	Yes	Yes	Yes
<b>Economic Development Incentive Fund</b>	Yes	Yes	Yes	No	No	Yes	Yes
<b>Economic Development Transportation Fund</b>	No	No	No	No	No	Yes	No
<b>Workforce Education and Training Programs</b>	Yes	Yes	Yes	<sup>b</sup>	Yes	No	Yes
<b>Incubator Program</b>	No	No	No	Yes	Yes	No	No
<b>HUBZone</b>	No	No	No	No	Yes	No	No

Notes:

<sup>a</sup> State Programs include Qualified Target Industry Tax Refund (QTI); Quick Response Training (QRT); and Tax Exemptions on Inventories and Personal Property, among others

<sup>b</sup> NFEEDP services include coordination of the following programs: Target Industry Incentives (Qualified Target Industry Refund, Qualified Defense and Space Contractor Tax Refund, Capital Investment Tax Credit, and High Impact Performance Incentive Grant); Workforce Training Incentives (Quick Response Training, and Incumbent Worker Training); various “special opportunity incentives” including Rural Community Development Revolving Loan Fund, Rural Infrastructure Fund, and Rural Job Tax Credits; Enterprise Bond Financing; and coordination of Federal grants.

### Alignment with Existing Plans

Successful completion of this project requires alignment of new strategic goals with those outlined in previous plans. The previous plans to be reviewed and aligned with this study include:

- Economic Development Plan – Clay County, Florida (Fruth 2006)
- Industry Cluster Analysis for Clay County (SRI 2011)
- 2015 Marketing Communications Plan (Burdette Ketchum 2015)



The Economic Development Plan (2006 Plan) set a variety of strategic development goals. Among those that were eventually fulfilled were goals to identify existing primary employment industries, create a website for marketing, establish funding sources (\$50,000 annually from the Board of County Commissioners), establish clear business incentives, provide training, and invest in the highway system. These goals were achieved - to varying degrees - and some are updated by this (2016) Strategy. For example, the 2006 Plan had updated previously identified primary employment industries (**Table 5**); current data reinforce these targets. The marketing website goal can be improved; currently, the Chamber and the County have separate sites that could be more coordinated with one another. This includes marketing, tag lines, and logos. Ensuring consistent web presence and messaging helps burnish brand identity.<sup>11</sup> While funding sources have been set, they may need to be expanded or supplemented. Furthermore, while business incentives have been established, feedback from surveys and focus groups may reveal additional incentives to add or some to restructure. Customized training is provided to companies through St. Johns River State College, and the select programs at the First Coast Technical College in Green Cove Springs opened in January. Meanwhile, the Academy program for Clay County Public Schools places emphasis on early career goal formation and develops course materials accordingly.

**Table 5: Top Five Industries by Employment, Clay County**

Industry	County Employees	Share of County Total	Florida Employees	Share of Florida Total
<b>Education and Health Services</b>	1,614	17.3%	141,831	2.1%
<b>Retail Trade</b>	1,608	17.2%	1,042,025	15.5%
<b>Construction</b>	689	7.4%	396,723	5.9%
<b>Manufacturing</b>	682	7.3%	331,031	4.9%
<b>Healthcare and Social Assistance</b>	677	7.2%	1,002,487	14.9%

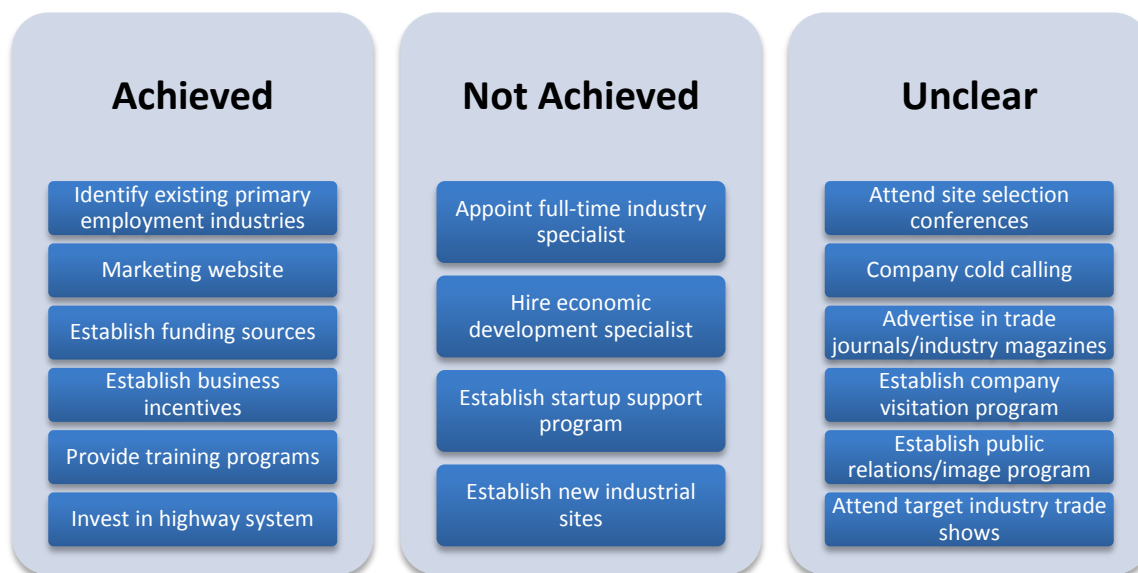
Source: Nielsen Site Reports

The 2006 Plan also set a number of goals that were not achieved. The appropriate response is not necessarily to pursue their completion immediately, but to ask the question of whether or not they should still be pursued at all – and if so, in what ways they may need to be updated. Priorities outlined but not achieved include goals to appoint a full-time industry specialist, establish a startup support program, and establish new industrial sites. Fulfillment of some new goals may be tied to funding, which acts as a constraint; therefore, specific new goals or updates will shape the funding levels ultimately deemed to be necessary. Several aspects of the 2006 plan are unclear in terms of how much progress has been made, but research will determine whether the goals in this category need to be pursued at this time, or integrated into current goals outlined in this report. **Figure 11** provides a summary describing the outcomes of the 2006 study.

<sup>11</sup> A brand can be a logo, name, etc.; a brand identity is the overall look of communications (i.e. font, colors, etc.) to the community, or target market.



**Figure 11: 2006 Economic Development Plan Objectives**



The 2011 Industry Cluster Analysis outlined several goals that were successfully achieved. These included goals to adopt a set of official target sectors, establish local industry associations for the target clusters (which ultimately led to associations for information technology and local builders), and provide career placement assistance for military personnel. Clay County now has a veterans' assistance office and local business communications programs, which have helped to fulfill the latter goal. The official target sectors have been incorporated into the structure of business incentives offered, many of which require applicants to be within one of the targeted sectors. Of note is that these target sectors were created for the Economic Development Advisory Board and not necessarily for the County; as such, these sectors may need not only an update, but also closer coordination with and recognition by the county itself for maximum likelihood of success.

The most recent target industry list (**Table 6**),<sup>12</sup> revised in 2014, includes a variety of sectors and associated subsectors inspired by recent county, regional, and state studies. The 2011 Industry Cluster Analysis report provided an update to those targeted industries for a more current, local, and consistent county vision.

<sup>12</sup> The source document can be found at <http://www.claycountygov.com/home/showdocument?id=112>

**Table 6: Clay County Target Industry List (2014)**

NAICS Code	Sector
<b>2211</b>	Electric Power Generation, Transmission, and Distribution
<b>31-33</b>	Specialized Manufacturing
<b>42</b>	Wholesale Trade
<b>4541</b>	Electronic Shopping and Mail Order Houses
<b>48-49</b>	Distribution & Logistics
<b>51</b>	Information Technology
<b>54</b>	Professional, Scientific & Technical Services
<b>55</b>	Management Services
<b>56</b>	Administrative & Support Services
<b>6215</b>	Medical and Diagnostics Laboratories

Like the 2006 Plan, the 2011 Analysis also introduced some goals which have not been achieved, in addition to some which underwent unclear levels of progress. The 2011 Analysis included goals for setting up a “one-stop shop” of business information, developing a cluster site selection tool, regularly convening target cluster stakeholders, researching innovation opportunities and identifying potential partners, and developing marketing initiatives for target clusters. None of these goals were fully achieved; while the Clay County EDC is currently building a relationship with the University of Florida, this effort is managed on an intermittent basis, and may need to be supplemented with additional outreach methods. For target cluster marketing initiatives, the county developed promotional flyers – however, the flyers were never used. For previously developed flyers and other materials, updates will be necessary before distribution can commence. The 2011 Analysis document’s goal to consolidate online marketing resources should be tied to renewed efforts from the 2006 Plan to coordinate Chamber and County websites in a way that minimizes redundancy and ensures a streamlined web presence improvement process. **Figure 12** summarizes the outcomes from the 2011 Analysis.

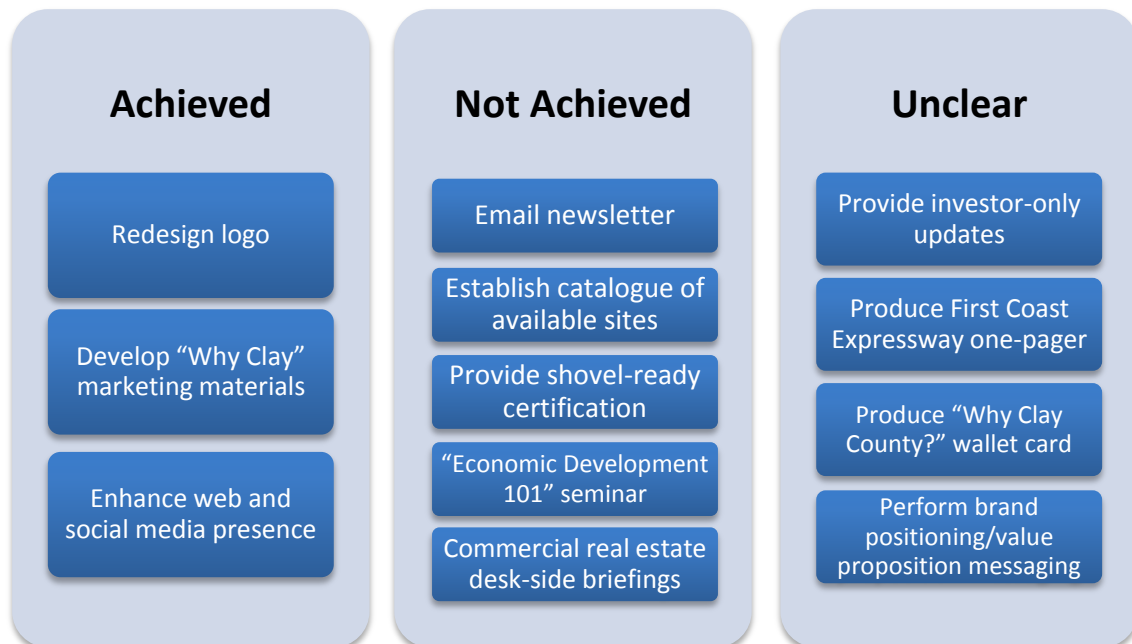
**Figure 12: 2011 Industry Cluster Analysis for Clay County Objectives**



The 2015 Marketing Plan’s successfully fulfilled goals include redesigning the logo, developing a “Why Clay” brochure and one-pager (currently in progress), using Google Analytics and search engine optimization to strengthen the county’s web presence, and the adoption of social media as another marketing tool. Twitter has been employed regularly to manage the county’s social media presence, though Facebook has not been a component of that process at the time of this writing. Examining the three past plans in combination makes it clear that any updates to web presence goals (including Google Analytics, search engine optimization, and social media) must be formulated alongside other web-related goals (including updates and coordination of Chamber and County economic development websites, “one-stop shops,” and other tools with online components). For example, the party responsible for managing social media presence must be aware of structural changes to websites so that the general public can constantly be kept up to date; coordination is key.

Some goals from the 2015 Marketing Plan are not yet fulfilled or unclear. These include the establishment and ongoing operation of an email newsletter (though a marketing firm has been contracted and this goal is expected to move forward), creation of a catalogue of available sites, establishment of a shovel-ready certification program, development of “Economic Development 101” seminars, conducting “desk-side briefings” for commercial real estate, and engaging in Facebook marketing techniques. It is clear that fulfillment of this final goal will also represent an improvement to progress of the broader social media goal defined earlier. **Figure 13** presents a summary of progress among the 2015 Marketing Plan’s goals.

**Figure 13: 2015 Marketing Communications Plan Objectives**

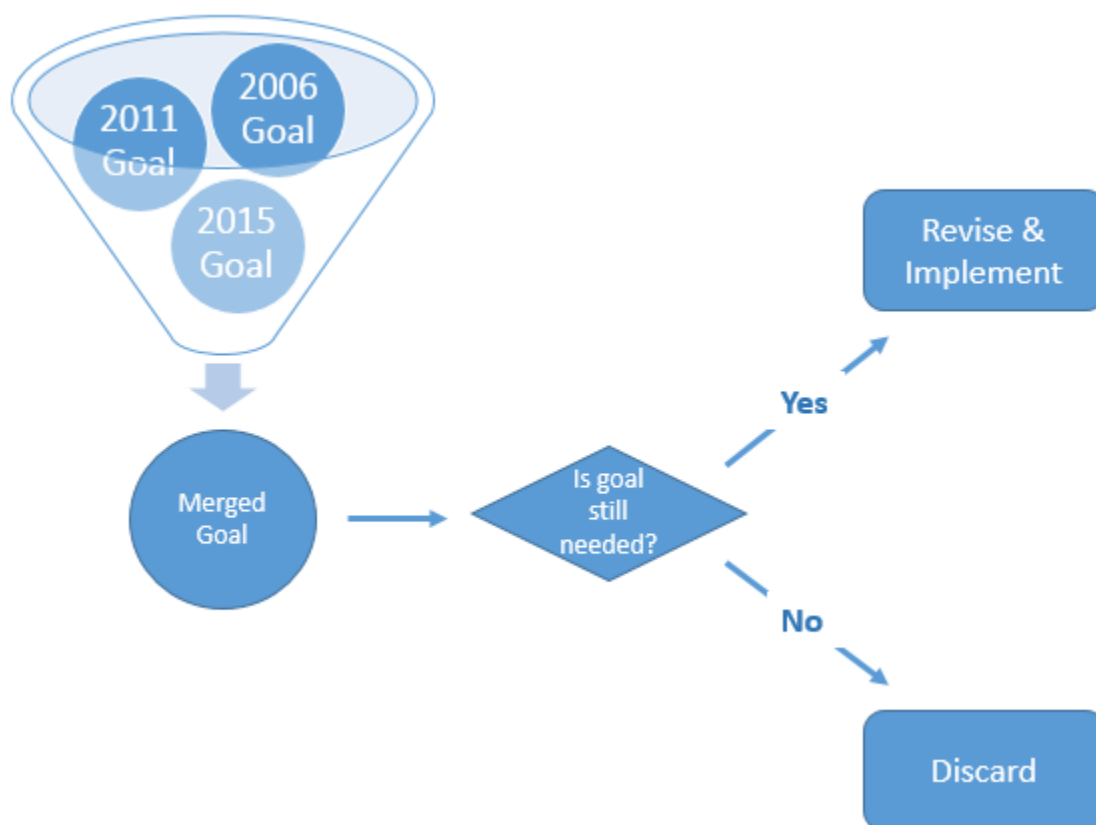


Several overlapping themes emerge from a collective analysis of the past goal documents; for example, the available site catalogue described in the 2015 Marketing Plan can be integrated into the 2006 Plan’s unfulfilled goal of setting up a “one-stop shop,” which can be further integrated into the 2006 Plan’s

potential update to its marketing website goal. Organized together as part of a unified whole, these developments can also serve as the vanguard of the 2011 Analysis document’s goal to consolidate online marketing resources. It is clear that the overlapping goals of these three studies can be coalesced into a set of broader, merged goals to produce a clear representation that reconciles all previous strategies. Each merged goal can then be assessed for current relevance and updated as necessary, to be complemented by entirely new goals (if necessary) to reflect current needs that have emerged in the time since the past plan documents were originally conceived.

The process for alignment of existing plans is summarized in **Figure 14**.

**Figure 14: Past Plan Alignment Process**



**Figures 15-18** shows the process of narrowing down these three previous planning and strategy documents to coalesce around four main thematic goals. Note that these goals came only from previous plan objectives under the “Not Achieved” and “Unclear” categories delineated above. Later in this report, these four resulting goals will be evaluated to determine whether they are still needed, along with supporting evidence. Such determination draws upon critical feedback gained from focus group discussions.

Figure 15: Merged Goal 1 - Staff Additions



Figure 16: Merged Goal 2 - Business Information Resources

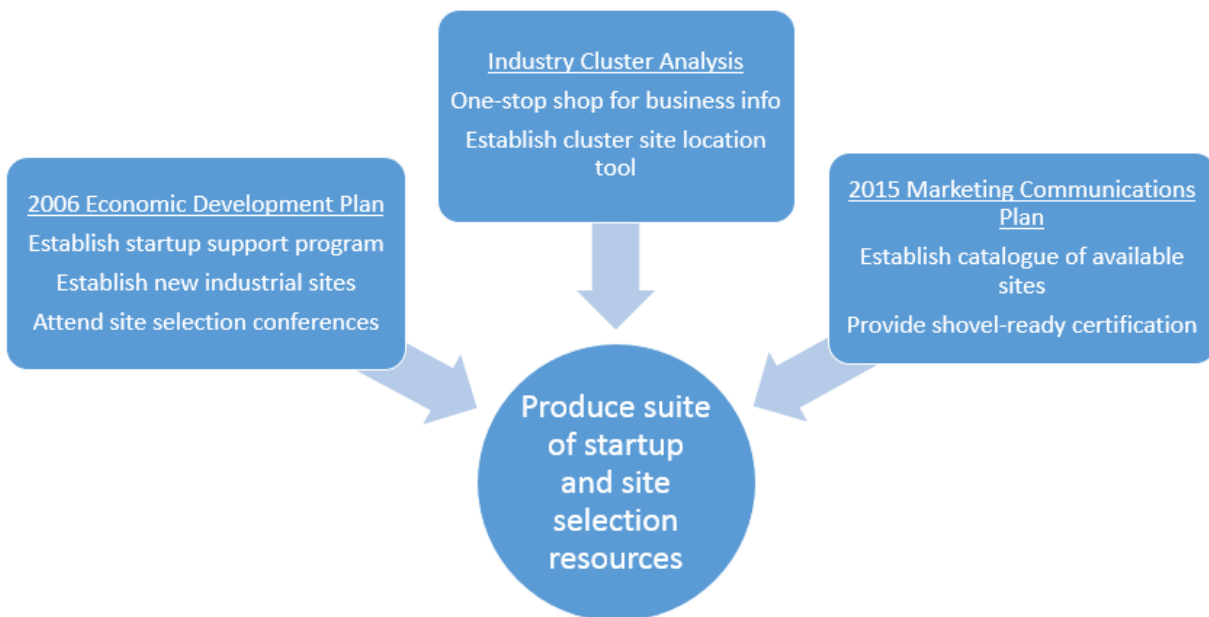


Figure 17: Merged Goal 3 - Relocation Marketing & Outreach

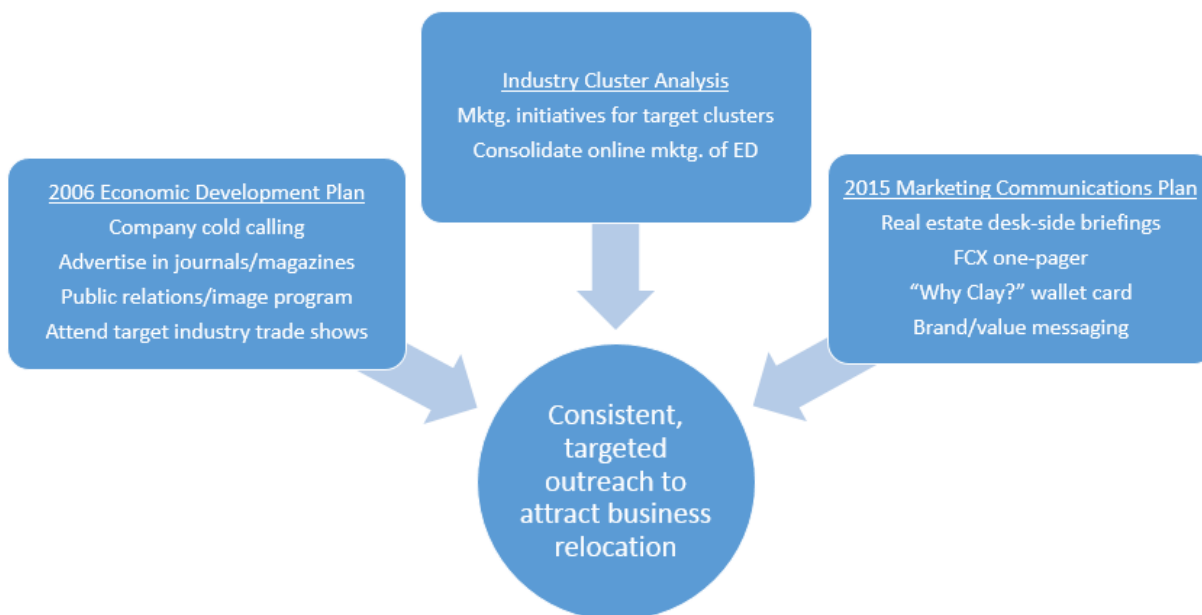


Figure 18: Merged Goal 4 - Maintain Positive Relationships with Existing Local Businesses

