
MEMORANDUM

TO: Honorable Mayor and City Commissioners
THRU: Barbara Lipscomb, Interim City Manager
FROM: Erik A. Bredfeldt, Economic Development Director
DATE: June 15, 2005
SUBJECT: Economic Development Peer City: Part IV – Conclusions and Recommendations

As you know, over the past six weeks, Economic Development Department staff has made a series of three presentations to the City Commission regarding a comparative analysis of Peer Cities having similar characteristics to the City of Gainesville. The intent of the presentations has been to provide the City Commission with an analysis of data defining the current state of affairs regarding the City of Gainesville's competitive position relative to Peer cities.

This follows City Commission adoption of the Strategic Action Plan for Economic Development in August, 2004. The Plan defines five key Economic Development attributes deemed as being important to the concerns of business entities and thus, the economic health of the City (including Infrastructure, Business Environment, Workforce, Diversified Economy and Quality of Life). Various indices have been developed to measure each of these five attributes. In addition, a list of sixteen peer cities was identified to serve as peers to Gainesville for comparison purposes. The list of cities was developed based upon a variety of factors, most important of which is the presence of a major public university, deemed comparable to the City of Gainesville.

The data shared with the City Commission in the Peer City analysis focused on the subjects of markets (defined by land area and population); diversity of employment; incomes; business formation; level of employment; and, effect on tax base. Based upon the Peer City analysis I believe several conclusions can be made as follows:

- 1) Generally, there appears to be a link between the size of the community (land area/population) and positive effects on the level of economic activity, incomes and tax base. This is consistent with the literature regarding the effects of agglomeration and clustering on economic activity;
- 2) Generally, there appears to be a link between the level of diversity in employment and positive effects upon incomes;
- 3) University communities tend to exhibit higher than normal levels of poverty; however, there is some question as to the inclusion of University students in this figure. Based upon a review of US Census Data regarding levels of poverty, unemployment and incomes, it appears that areas consisting of higher levels of student population are included in these figures. Further analysis is

warranted if the City is interested in accurately determining the nature of student inclusion in poverty figures.

- 4) The City of Gainesville, relative to most comparison Peer Cities, appears to have a lower tax base available for the funding of public priorities. This is no doubt tied to the very high percentage of land that is currently off of the community's tax rolls.
- 5) The data on the local economic impact of the level of University research dollars that a University receives is not clear. Data collected in this study seems to indicate that economic development efforts tied to University led commercialization activities are not uniformly reported with respect to the capture of economic activity in host communities.
- 6) Most of the Peer City communities are attempting to capture economic activity generated by University technology transfer and commercialization efforts through the provision of infrastructure including research parks and incubators.

As a result of the conclusions drawn from the Peer City analysis the following recommendations are made regarding the City's future economic development efforts:

- 1) The City Commission should adopt three national Peer City communities (Madison, WI; NC Research Triangle, Ft. Collins, CO) that most closely reflect the City of Gainesville's existing and anticipated situation (these would be in addition to Florida's Peer Cities including Orlando, Tampa and Tallahassee that are already reviewed via the Office of Management and Budget). These Peer Cities should be included in annual City benchmarking efforts and should be further studied for the incorporation of best management practices;
- 2) The City Commission should fold recommendations received in the context of the 2004 and 2005 Economic Development Summit's into the existing Economic Development work program;
- 3) The City Commission, through its adopted Economic Development work program, should encourage efforts at diversifying the local economic base through:
 - a) Facilitation of the community's grow-your-own economic development capacity in joint efforts with University, Community College and private sector partners; and
 - b) Facilitation of those sectors that serve as basic industries, primarily involving the production, fabrication and assembly of goods.These facilitation efforts resulting in capture of economic activity include assistance with provision of suitable inventory; a conducive regulatory environment; development of a supportive community entrepreneurial culture and networks; and, where necessary, a willingness to fill gaps.
- 4) The City Commission, through its adopted Economic Development work program, should consider analyzing the fiscal impact of its current land use and zoning regimen on its future tax base potential and analyzing its land development code for transparency and impact. In order to adequately build tax base deemed important for future priorities, areas outside of the CRA must be analyzed and targeted for appropriate growth and development.
- 5) Where feasible, the City Commission should attempt to consider proposed infrastructure improvements in the context of maintaining the community's economic development prospects including viable provision of access, energy, water/wastewater and telecommunications.

