

ANALYSIS OF THE GAINESVILLE GTEC INCUBATOR & RECOMMENDATIONS FOR CHANGE

Final Report
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Prepared for

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EXECUTIVE SUMMARY

The City of Gainesville's Community Reinvestment Area (GCRA) commissioned this assessment of the GTEC business incubator (GTEC), which has operated for over 20 years in the East Gainesville community. Greenwood Consulting Group, Inc. (GCGI), with over 35 years of incubator experience, conducted the assessment. This report summarizes the results of that assessment, including recommendations for changes to GTEC to improve its viability and effectiveness in the future. This report is divided into four sections:

History: GCGI summarizes some of the contradictory understandings about GTEC that have existed since it was initiated in 1999 with a grant from the Economic Development Administration. Some believe GTEC existed exclusively as an incubator to support University of Florida (UF) technologies being commercialized. Others believe GTEC existed to support such UF startups, but that it was expected to create jobs and other economic opportunities in East Gainesville. Still others believe GTEC was started to benefit East Gainesville small companies and startups, and minority owned businesses, but was being overrun by UF related spinoffs until East Gainesville residents objected. This lack of common understanding and consensus of why GTEC was created has been detrimental because community leaders and members have had inconsistent expectations of the incubator.

Current Perceptions: This project relied on surveys and interviews to identify how different individuals in Gainesville perceive GTEC and its community/business development activities. This report lists 15 different perceptions that were identified during this process. Confusion about what GTEC is and what it does, resulting from confusion from the inception of the incubator, is compounded by the incubator's official name, "Gainesville Technology Entrepreneurship Center," when most tenants are not technology related. There is considerable confusion whether the City, GCRA or Santa Fe College owns the incubator. Tenants and community members expressed concern regarding the City/GCRA's recent renovation and occupancy of an office in GTEC, especially given GCRA's absorption into City government at a time when some in the East Gainesville community have trust issues with the City. Some outside parties said that GTEC doesn't have any tenants nor does it incubate any companies, while others said GTEC should be repurposed to house a much-sought medical facility to serve East Gainesville. Some members of the East Gainesville community pointed out that the GTEC facility is an excellent location for community and social events that can't be accommodated elsewhere in East Gainesville, while some tenants are concerned that such events are incompatible with the professional business incubation environment needed in GTEC to serve tenant companies. Overall, GCGI found that most persons it interviewed knew of GTEC, but there were many varied opinions about what it was or how it served the East Gainesville community.

Realities & Findings: The 15 perceptions listed in the previous section were each evaluated relative to data and GCGI's three decades' experience with incubators. Some of the perceptions are well founded and accurate: for example, the incubator's name is confusing and contradictory to the industries in which a majority of its tenants operate. But other perceptions are shown to be very inaccurate. For example, some perceive that GTEC has few tenants and seldom graduates any of them. But data from 2015 to 2021 reveal that GTEC consistently houses 20-30 incubating businesses, houses only a few long-term "anchor tenants," and is exiting tenants at an average of one every 60 days. Other inaccurate perceptions include GTEC being a desirable location for a medical facility (UF has determined it is better to build a new East Gainesville medical facility near GTEC).

Recommendations: This GTEC assessment concludes with a number of recommendations for the future of the incubator. The recommendations are divided into three categories: market, facility, and programs & services. The market recommendations center on catering to minority owned businesses, startups and small businesses owned by East Gainesville residents, and firms and programs that provide needed goods and services to the residents of East Gainesville. The latter include efforts to address shortages in the availability of food stores, banking, and medical services.

Facility recommendations for GTEC include changing the incubator's name to better reflect its community and business development roles, making significant and overdue renovations, and better separating the incubation space from the meeting rooms and event space.

Recommendations for programs & services focus on revamping GTEC's business assistance efforts to better align with minority and East Gainesville small businesses and startups. It is our recommendation that the City and GCRA decide on an ownership/management/governance structure that is appropriate for the future of GTEC. They should then commit long term to that structure and widely publicize and promote it (along with publicizing the market focus on minority-owned businesses, East Gainesville small and startup companies, and needed goods and services for East Gainesville) to reduce historical inconsistencies and misperceptions about GTEC and its purpose. Finally, GCGI recommends that GTEC adopt a financial model that is transparent, and easier to support management and governance of the incubator.

I. INTRODUCTION

The Gainesville Technology Entrepreneurship Center (GTEC) is a business incubator located in East Gainesville, Florida. It began as a community initiative over 20 years ago, and has survived many challenges to continue as a functioning incubator to this day.

The City of Gainesville's Community Reinvestment Area (GCRA), which has primary responsibility for GTEC, has expressed an interest in revamping and improving GTEC to better serve entrepreneurs. Greenwood Consulting Group, Inc. (GCGI) was retained to assess GTEC's status, both in terms of facility and programs/services, and make recommendations. The purpose of this report is to summarize the GTEC assessment and recommendations. GCGI's evaluation and comments are based on conducting almost 40 interviews as part of this project, and its extensive experience in business incubators that spans over 35 years and includes managing/operating two business incubators for 11 years and consulting on more than 100 incubators nationwide and in Canada.

There is considerable disagreement and misunderstanding about the origins of GTEC, and this continues to influence perceptions of the incubator to this day; therefore, this report begins with some historical perspective. It then transitions into a discussion of perceptions of GTEC held by many individuals, ranging from City Commissioners to GTEC tenants to residents of East Gainesville.

Those perceptions are then put into the context of realities and findings of GTEC, based on factual information, GCGI's extensive experience in business incubation, and data from the international business incubation organization.¹ Finally, a number of recommendations are made for the future of GTEC, related to the market that the incubator should serve, modifications that should be made to the facility, and programs and services that GTEC should offer.

¹ Formerly known as the National Business Incubation Association (NBIA), this organization is now known as the International Business Innovation Association (iNBIA)

II. HISTORY

As part of the extensive interviews it conducted in this project, GCGI was surprised at the variability in people's perceptions and recollections of why GTEC was initially created. One common understanding is that GTEC was initially focused on technology spinoff companies from University of Florida (UF), and was only located in East Gainesville to garner Federal grant funding through the Economic Development Administration (EDA). But another belief is that GTEC was aimed at encouraging entrepreneurship and job creation for residents of East Gainesville, but was "highjacked" by UF-spinoffs until East Gainesville residents complained. Yet another belief lies somewhere in between: GTEC was a joint effort of UF and interests representing East Gainesville, with the philosophy that UF spinoff companies could create job opportunities for East Gainesville residents. All of these beliefs seem to be supported by newspaper coverage of GTEC's formation in 1999: one initiator in the City of Gainesville was quoted as saying "the goal of the incubator is to tap into the 'wealth of intellectual capital' at UF", while another was quoted saying "the intent of the incubator will be to help small companies with the potential of providing high-paying jobs and economic recovery in the east Gainesville area."

We do not believe it is necessary to revisit this history to affix any blame for any misunderstandings, but it is relevant to explain why, even today, different members of the community believe GTEC was created for different reasons, and therefore have different (and sometimes incompatible) opinions about how well GTEC has and is accomplishing economic and business development objectives for the community.

It could be argued that, over its 20-year history, the GTEC leadership should have righted the ship and driven for consensus on what the incubator's mission and market will be. Unfortunately, GTEC has not had a long term "home" with any organization, with the City, the Chamber of Commerce, the Community Redevelopment Agency, Santa Fe College, and the Gainesville Community Reinvestment Area all having a leadership role at one or more points. Not only did each organization put its spin on GTEC and what and how it should be serving as an incubator, but each undoubtedly had a different belief about why GTEC exists, who it should serve, and what its role should be going forward.

Concurrently, the relatively large and modern meeting space in GTEC has been an attractive feature for a variety of gatherings. Political and community leaders have found the GTEC meeting space to be an excellent place to hold community meetings. And residents of East Gainesville have found the same meeting space to be suitable for social and family events including baby showers and wedding receptions. Some expressed the feeling that such social activities are inappropriate for the professional environment of a business incubator, but others acknowledge that this is an important role that GTEC has played in East Gainesville, and in some cases is the incubator's main benefit to the community.

In summary, GCGI is not interested in affixing any blame: our intent is simply to explain that there was disagreement and confusion about why GTEC was created in the first place, and that disagreement and confusion has continued, and even been amplified, over the incubator's 21-year history. This history, and the differences in perceptions about what GTEC is supposed to be doing and therefore whether it is accomplishing its mission, are major contributors to the variety of current perceptions identified during this project.

III. CURRENT PERCEPTIONS

Two mechanisms were used to identify current perceptions of GTEC. The first is surveys, and the second is interviews.

III.A. Surveys

GCGI typically uses surveys as a major source of information about perceptions, needs and preferences of entrepreneurs who might use a community's business incubator. But we were cautioned away from the survey mechanism by a number of East Gainesville residents and community leaders in this assessment of GTEC. Paraphrasing the main concern, East Gainesville residents feel like they are repeatedly asked for their opinions, but then those opinions are largely ignored and result in no action or action that is contrary to their opinions. Therefore, we made only modest use of surveys in this GTEC assessment. First, a traditional survey was used with current tenants of GTEC, because (a) we felt tenants were cognizant of plans for change at GTEC and therefore might be more willing to express opinions that could influence that change, and (b) the Gainesville Community Reinvestment Area (GCRA) was making extensive renovations and upgrades to a portion of GTEC for its own offices, and again tenants would feel that rumored changes were real and they could influence those changes. Second, GCRA was able to do some less formal surveying of attendees of an open house for a new housing development near the GTEC. The former survey was used to help understand the needs, characteristics and preferences of current users of GTEC, while the latter was used to see if GTEC is wanted/needed in East Gainesville.

III.B. Interviews

Approximately 39 individuals were interviewed in the Gainesville area regarding GTEC. Those interviewed included City Commissioners and administrators, GCRA board members, residents and leaders of East Gainesville, and GTEC staff and tenants.

Based on information and data gleaned from these surveys and interviews, the following perceptions about GTEC were identified:

1. **Confusion about what GTEC is, what it does, and who it serves is magnified by its name.** GTEC stands for the Gainesville Technology Entrepreneurship Center. East Gainesville residents wonder what technology is being promoted or used in the name. GTEC tenants wonder if they are welcome in the facility/program if they aren't growing a technology business. Clients of tenants wonder why the non-technology company they plan to visit is in a technology facility. And community leaders and members are confused by a technology incubator that is catering to so many non-technology entrepreneurs.
2. **Community members, leaders, and even tenants are confused about who "owns" GTEC.** While many believe the City literally owns the facility, there is much confusion over the role of the City, the GCRA, and Santa Fe College in managing the facility and providing services to the tenant companies. This confusion comes from a variety of sources, ranging from Santa Fe College leaving the impression with some, through signage and websites, that GTEC is its incubator, to the City apparently expecting GCRA to operate GTEC and the GCRA in turn contracting with Santa Fe College to provide facility and tenant services, to GCRA establishing a new presence in GTEC, leading to some to wonder if GCRA is going to manage the incubator, or convert GTEC into a government office building.
3. **Tenants/Community skeptical of City's motives to relocate GCRA into GTEC**—the GCRA now is seen as being "the City" as it transitioned from being a separate entity to being a City department, and tenants and others are unclear why GCRA is present and involved if Santa Fe College is running GTEC.

4. **The GTEC facility is considered to be tired and in need of renovation and modernization.** In addition to being mentioned by several interviewees, the survey of existing GTEC tenants shows that more than 70% of tenants feel interior upgrades should be priorities for the future of GTEC. Unexpectedly, less than half of those tenants felt exterior upgrades were needed. Inadequate exterior lighting, including in the parking lot, was mentioned by several interviewees, and is a priority improvement of 83% of current tenants
5. **Numerous comments were received about the “unwelcoming” GTEC entrance,** referring primarily to the front door being locked during business hours and visitors having to use an intercom to gain entrance. Explanations for this locked door situation again pointed to confusion and contradictory information that surrounds GTEC: some said the doors are locked because of the COVID pandemic, while others said it preceded the pandemic because of security concerns relative to some strangers with no business in GTEC who apparently entered and confronted staff and tenants. And even among those who said it was based on the COVID pandemic, there is disagreement as to why: some said all City buildings were ordered locked, while others said that GTEC doors were locked because all Santa Fe College buildings had to be locked.
6. **GTEC was criticized for being an incubator that does not have any successes, is largely vacant, and never graduates companies** like incubators are supposed to do. These criticisms, which GCGI believes are inaccurate, are addressed in Finding #6 in the next section of this report.
7. **GTEC is seen by some in East Gainesville as the best place in the community for a meeting or social function.** Both the size of the space available, and the overall quality of the space (despite its decline in condition in recent years) are likely factors in this perception.
8. **However, some feel the use of GTEC for social functions is contradictory to its role as an incubator,** and introduces strangers who sometimes wander the hallways either because they are lost or just wanting to see what or who else is in the facility.
9. **Some claim that GTEC is merely a facility, and has no services or programs for entrepreneurs.** The comment was made that GTEC is somewhere that small and startup businesses go for cheap/free space, but it provides no services or programs.
10. **Several persons noted the large number of programs and facilities in Alachua County that claim to be incubators,** conclude that the County/City have more incubators per capita that “anywhere else in the country,” **and question whether GTEC is needed** when it is so under-utilized.
11. **One community leader said that East Gainesville didn’t ask for GTEC, didn’t want it, and doesn’t need it.**
12. **Several interviewees expressed that GTEC might best serve East Gainesville by removing the incubator activities and replacing them with a medical center,** training programs for medical-related jobs, and perhaps a few businesses and organizations supporting medical services.
13. **Two other areas requiring improvements or upgrades in the GTEC facility,** per the current tenants are (a) **video conferencing capabilities** (a priority of 100% of survey respondents) and (b) **key card security entry** (62%).
14. **GTEC needs to tie in better with the 3 priorities that East Gainesville has stated and the City supports: improved access to healthcare, banking, and food.**
15. **The large biotech company that has occupied large portions of the GTEC building should be graduated** out of the incubator.

In summary, there are a large number of criticisms of the GTEC facility and incubation program. Some are from tenants and graduates of the incubator, others are from the community, and still others come from political and business leaders. In the following section, GCGI considers the reality of these criticisms based on our findings, and concludes that some are valid, and others are not.

IV. GTEC REALITIES & FINDINGS

In this section, each of the criticisms listed in section III, Current Perceptions, is addressed. The numbering is consistent between the two sections; e.g., the fifth response in this section corresponds to the fifth criticism in Section III.

1. **Criticism that the GTEC name does not appropriately describe the facility or incubator program is valid.** The confusion caused is widespread: some think the name suggests that GTEC should be catering only to technology entrepreneurs, and criticize the lack of such tenants and point to the duplication with other area incubators like UF's Hub and Sid Martin Center. And tenants of GTEC with non-technology businesses are frustrated that their clients are confused why they are in a technology incubator. Residents of East Gainesville ask why the incubator in their community is aimed at technology, which is not seen as a likely source of jobs for local residents.
2. **Confusion over ownership of GTEC also is a valid criticism.** In GCGI's experience, most business incubators continue to be owned and operated by the same entities for many years; in GTEC's example, ownership has stayed consistently with the City (likely to maintain compliance with requirements of the main funder, the federal Economic Development Administration), but operation/management has been moved among multiple players. This results in confusion, and leaves the impression that no entity believes in GTEC or wants to take long term responsibility for its operations.
3. **GCRA's motives in moving into newly renovated space in the GTEC facility were good:** they wanted to be located in the redevelopment area of the City and to see East Gainesville challenges first-hand, they wanted to show a commitment to East Gainesville, and they wanted to show GTEC tenants and others how the current space could be significantly upgraded and improved. Unfortunately, GCRA's move into GTEC has raised suspicion that this is the first step in the conversion of GTEC away from incubating entrepreneurs to housing government offices. This has been reinforced by GCRA being absorbed into City government: those in East Gainesville who already have trust issues with the City now have trust issues with GCRA.

GCGI believes the COVID pandemic inflated these concerns: GCRA wanted to establish a stronger oversight and involvement in GTEC just as the pandemic hit, and therefore this transition has been drawn out for over 18 months. Further, the pandemic limited GCRA efforts to communicate its intentions to GTEC tenants and the East Gainesville community in person.

4. **The GTEC facility is now more than 20 years old, and appears to have suffered from "deferred maintenance" over the years.** The cause of the lack of maintenance and upkeep is unknown—because even though citizens and lay leaders may not know who owns the facility, there should be no question in City government that it owns the facility (in part because of the 20 year obligation by EDA that the City continue to operate the GTEC facility as an incubator or face repercussions up to EDA demanding repayment of the \$1.44 million grant it made in 1999 to the project). A recent engineer's report suggests the GTEC facility is basically sound, but requires a significant number of repairs. And the tired, worn look of GTEC's interior is amplified by its contrast to the newly renovated space that GCRA now occupied on the second floor.
5. **Confusion/differences of opinion on whether the City or Santa Fe College should determine the COVID pandemic access restrictions probably didn't affect GTEC,** although it is another example of how ambiguity over who owns/operates/controls the facility has adversely affected

the incubator. With the hopes that COVID Pandemic-related measures will be relaxed in the not-so-distant future, focus should be placed on what can be done to provide adequate security for the GTEC facility while also making it more welcoming and open. Some redesign of the entrance area into the incubator portion of the facility, versus entry into the conference room/training and meeting space could help here.

6. **GCGI finds that the three criticisms mentioned in this perception (no success stories, no tenants, and no graduates) are inaccurate.** They are addressed in order below.

- a. Success Stories. Over its 20-year history, GTEC has a number of success stories in terms of tenant entrepreneurs who went on to have larger, successful businesses after they graduated from GTEC. However, we believe the successes that should be emphasized are those involving small and startup companies owned by East Gainesville residents, minority-owned businesses, and firms providing goods and services to East Gainesville. Approximately 41% of Alachua County’s residents are minorities, but only 25% of its businesses are minority owned.² With its location in East Gainesville, and its current tenant base in which approximately 58% of tenants are minority owned businesses, it is our recommendation that GTEC focus on encouraging and supporting small and start-up businesses owned all or in part by minority individuals. With this in mind, here are two success stories:
 - i. *Success story #1. GreenHouse Financial, Inc.*, Eldred Lewis, President. This 100% minority owned small business provides retirement, insurance and financial stability services to clients throughout Florida. It employs up to 11 individuals, including East Gainesville residents. It has offices in Orlando and West Palm Beach, but is headquartered in East Gainesville. GTEC has provided the company with “an atmosphere of business professionals and a quality workplace...We are also afforded a receptionist who greets our clients and guests with a positive attitude. There are also many networking opportunities available at GTEC.”
 - ii. *Success story #2. Fortitude Security, Inc.*, Dejeon Cain, President. This firm provides trained and licensed security officers throughout Florida. It is 100% minority owned, by an individual who grew up in East Gainesville. They have employed as many as 40 individuals, including East Gainesville residents who were put through school by the company, in partnership with CareerSource, and now work for Fortitude. Impacted severely by the COVID pandemic, the company says “GTEC kept us from closing”. The company describes the GTEC manager as “a great mentor” and, with his help, “we were able to stay alive and we are growing again.”

The first success story shows how GTEC provides a professional location for firms to conduct business across Florida but also provide valuable services to East Gainesville. It also has made it easier to employ East Gainesville residents, both due to its location and its help with business growth. The second success story also shows how GTEC can support companies that create jobs for East Gainesville residents, while selling services statewide. It also shows the value of GTEC in maintaining business during adverse circumstances such as the COVID pandemic. No, these are not flashy stories involving

² US Census Data for American Community Survey 5-year estimates, with minority population including both race (e.g., African American, Asian American, Native American) and ethnicity (i.e., Hispanic) characteristics. <https://data.census.gov/cedsci/profile?g=0500000US12001>.

venture capital and emerging technologies, but they are stories of solid and important small businesses that have created personal wealth, jobs, and services to the residents of East Gainesville.

- b. Tenants. The perception that GTEC has no tenants can be proven incorrect in two ways.

First, current GTEC tenants were surveyed as part of this project. A total of 19 survey responses were received in the Spring of 2021, and not all tenants participated in the survey. Therefore, GCGI estimates that there were approximately 25 GTEC tenants in the spring of 2021, despite the COVID pandemic.

Second, GTEC's semi-annual reports for 5.5 years ending June 30, 2021 were reviewed. The following table summarizes data from those reports about the number of tenants and jobs in GTEC.

| | June 2016 | Dec 2016 | June 2017 | Dec 2017 | June 2018 | Dec 2018 | June 2019 | Dec 2019 | June 2020 | Dec 2020 | June 2021 | Average |
|----------------------------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|---------|
| # Incubating Companies | 20 | 19 | 21 | 24 | 21 | 30 | 28 | 25 | 24 | 19 | 19 | 23 |
| # Non-incubating Companies | 3 | 5 | 4 | 4 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 3 |
| # Employees | 54 | 44 | 53 | 61 | 90 | 121 | 118 | 110 | 117 | 57 | 67 | 81 |
| # New Jobs Created | 5.5 | 5 | 9.5 | 9 | 30.5 | 21 | 10 | 10 | 44 | 13.5 | 19 | 16 |
| Graduating Companies | 1 | 2 | 3 | 2 | 7 | 2 | 4 | 5 | 6 | 0 | 0 | 3 |

The GTEC has averaged 23 incubating tenants during the 5.5 year period, which clearly proves that the incubator has been serving small and early-stage companies. In addition, GTEC has housed between 2 and 5 “non-incubating tenants.” The terminology used in the incubator industry is “anchor tenant.” An anchor tenant in a business incubator is defined as a tenant that does not require incubation services, but can be important to a business incubator for several reasons. First, anchor tenants sometimes serve as mentors or role models for other tenants that are start-up and early-stage entrepreneurs. Second, anchor tenants sometimes represent market opportunities for other tenants, as they may purchase goods and services from them. Third, anchor tenants can enhance the financial viability and stability of a business incubator, and can reduce the number of incubating tenants required to achieve critical occupancy levels. Fourth, in the case of anchor candidates in the business services industry, they might assist the incubator management in providing valuable business assistance to other tenants and clients of the incubator. Finally, an anchor tenant might serve as a magnet to attract desirable types of existing and start-up businesses to the incubator.

Anchor tenants are often included in business incubators. The 2012 State of the Business Incubation Industry (SBII)³ by the National Business Incubation Association indicates over half (57%) of North American incubators have anchor tenants, and that

³ NBIA, now known as the iNBIA, has not conducted more recent SBII's, and therefore data from the 2012 survey are used here

the average is four anchor tenants per incubator, compared to three anchors in the 2006 SBII study and only one or two anchors in the 2002 SBII study—therefore, the trend has been towards increased numbers of anchor tenants in incubators. In contrast, GTEC has had an average of only three anchor tenants during the 5.5 year period analyzed.

Therefore GCGI concludes that GTEC has a reasonable number of tenants, and the mix between those that are incubating and those that are anchors is reasonable based on our experience and on the norms reported in the NBIA SBII studies.

- c. Graduates/Exiting Tenants. The table on page 8 shows the number of GTEC tenants that left the incubator during each semi-annual period between 2016 and mid-2021.⁴ There were no graduates in two periods, but otherwise the number ranged from 1 to 7 tenants graduating each 6-month period. In GCGI's experience, which includes 11 years managing business incubators and 25 years consulting on over 100 incubator projects in the US and Canada, it is not unusual for the graduation pattern to be this sporadic. We also feel the number of graduates is reasonable; at an annual average of about three graduates, that means a GTEC tenant is graduating about every 60 days. That means, on an annual basis, GTEC is graduating an average of about 6 tenants. GCGI would like to see graduate numbers to be roughly 20-25% of the number of incubating companies, GTEC has graduated about 26% of its tenants annually during the 5.5 year period, which is consistent with this number.⁵

It also should be noted that existing GTEC tenants appear to understand the expectation that they graduate, and a number have intentions to do so in the next 2 years. In the survey of existing tenants, six respondents said they agreed with the statement that "I plan to graduate in the next year," while another 12 said they agreed that "I plan to graduate in the next 2 years." The level of commitment to graduating was relatively soft among the respondents, with about two-thirds saying they "sort of" agreed with the plan to graduate while the remaining one-third said they "strongly" agreed, but this is to be expected when small and startup companies need to be very fluid in their decisions, particularly during the COVID pandemic and economic uncertainties that accompany and follow that unprecedented event.⁶

⁵ If 25% of incubating tenants graduate on average each year, then incubating companies would be staying about 4 years in GTEC. That is a reasonable tenure for a tenant, especially given GTEC has had biotech clients which typically take longer to incubate and has weathered the COVID pandemic when many entrepreneurs focused on survival rather than graduation and growth.

⁶ It appears that GTEC has used a different definition of "graduate" from how it is defined in the incubator industry. The industry defines a graduate as a firm that exits the incubator because their growth and success demand that they seek larger and more permanent facilities and have less need for ongoing business assistance. GTEC appears to have defined "graduation" to include business failures or other exits. While this distinction is important, GCGI believes the GTEC data are still valid for this analysis, because some have criticized the incubator for allegedly not exiting long-time tenants regardless of why they leave or what they do after leaving GTEC

7. **GCGI recognizes that GTEC has not been seen by some East Gainesville residents as a business incubator and economic development tool.** Some other residents may not see a value in having an incubator in their community, although this may come in part because of the perception that GTEC is incubating technology companies that don't generate jobs or economic opportunities for East Gainesville residents. **For other residents, it is valuable that GTEC has developed a positive reputation in the community as a nice site for social functions.** GCGI also believes that a business incubator can be an extremely flexible and valuable resource to help achieve broader community goals and otherwise contribute to the host community. Although some tenant criticism of GTEC catering to such non-business functions was expressed, our survey of existing tenants showed good support for this use of the incubator's facility: Over 76% of tenants said they support using the GTEC meeting rooms for "community or private events."
8. **At the same time, concerns of GTEC tenants and clients that social functions in the facility's meeting and training rooms can detract from the professional environment are valid.** Further, there can be both security and safety concerns if participants in social functions are able to access GTEC's offices and laboratory spaces. As discussed further in the next section, GCGI recommends a combination of architectural improvements and policies to mitigate the use of GTEC meeting and training spaces for non-business functions.
9. **The state of programs and services at GTEC is less clear.** Santa Fe College has responsibility for operating/managing GTEC, which includes lead responsibility for providing programs and services. The Santa Fe College employee serving as the GTEC manager has provided considerable consultations, weekly "lunch and learn" sessions, and informal assistance. He received a number of complements from GTEC tenants for his abilities and efforts. He also has relied on the Innovative Product Development Center (IPDC) program at Santa Fe College, which ceased operations in June 2021, transferring its activities to Santa Fe's Center for Innovation and Economic Development (CIED) incubator. The Small Business Development Center (SBDC) and Service Corps of Retired Executives (SCORE) also have provided services and held office hours at GTEC.

The relationship between the City, GCRA, and Santa Fe College in the management of GTEC has fluctuated over time, has been impacted by major events like the GCRA being folded into City government and the COVID pandemic, and has reflected the lack of consistent "ownership" of the incubator. It is commendable that GTEC has offered the level of programs and support that it has, and the College deserves credit in that regard. However, a higher level of service to minority-owned businesses and East Gainesville entrepreneurs in the future should be achieved, and requires a greater level of cooperation of all three of these parties going forward.⁷

The manager reports that he has a considerable number of walk ins, primarily from East Gainesville, who are seeking help in starting or growing a small business, and he provides consultations with these individuals. The COVID pandemic has greatly impacted the services and programs being provided in GTEC, both because the pandemic has hurt businesses and free enterprise in general, and because it has diminished two of the most important services of a business incubator: informal consulting between management and tenants, and networking

⁷ It is positive that GTEC seems consistent with Santa Fe College's Strategic Plan at <https://www.sfcollege.edu/strategy/strategic-plan/>

among tenants. In GCGI's extensive experience managing incubators, we know that incubator clients often do not learn in a classroom or other formal training session, but in one-on-one encounters with other entrepreneurs and onsite service providers. Those encounters can be both informal, meaning they happen by chance when a tenant and the GTEC manager bump into each other at the coffee machine, for example, and more formal, meaning the manager intentionally seeks out a tenant to discuss their business issues. And entrepreneurs consistently rate "networking opportunities" as a primary benefit they seek from a business incubator, meaning they highly value meeting other entrepreneurs, mentors and service providers in informal networking events.⁸

As part of the survey of existing tenants, respondents were asked to indicate how helpful GTEC has been in a variety of business needs (e.g., marketing, business planning, securing financing, financial analysis). Respondents were asked to indicate if GTEC was "very helpful," "helpful," or "not very helpful" in providing assistance with each need, or if the tenant "didn't ask for help." Of those who asked for help, they were overall very satisfied with the service received: there were 39 ratings of "very helpful," another 25 of "helpful" and only five of "not very helpful." However, the overwhelming response was "Didn't ask for help," which had 195 ratings. Put another way, when a tenant was asked about getting help with their businesses, 74% of the time they said they didn't ask for help.

This could be interpreted in a variety of ways. One is that tenants do not need or value services, but this is contrary to entrepreneurship and inconsistent with the survey question about unmet business assistance needs among tenants. Another is that they don't ask for help because they don't feel the quality is good. Another is that GTEC is not sufficiently proactive in providing services. The first interpretation is contrary to entrepreneurship and inconsistent with the survey questions about business assistance needs among tenants. The second interpretation doesn't seem to track with the high number of "very helpful" and miniscule number of "not very helpful" ratings issued by GTEC tenants who have received services and programs. The third interpretation may be partially valid, although this issue was not explored in depth with tenants so it can't be verified. The bottom line is that there does not seem to be an appropriate level of programs and services being used by the GTEC tenants.

10. **GCGI believes the table on page 8, that shows the number of incubating companies in GTEC over time, indicates that this incubator is not under-utilized.** It is likely that the perception that it is comes from (a) assumptions that, as UF has developed and grown its highly publicized Hub and Sid Martin incubators, that GTEC is no longer needed to serve technology entrepreneurs, and (b) GTEC tenants and graduates tend to be smaller and less publicized than tenants and graduates of UF's incubators. Put another way, GTEC has gone about its job of helping small and startup companies in a quieter, less newsworthy way than have some of its flashier counterparts in Alachua County.

It is important to note that GTEC serves a different market than that of the other incubator programs in the Gainesville area. GTEC primarily serves minority entrepreneurs and minority owned businesses, and East Gainesville entrepreneurs and small businesses. As discussed

⁸ Over 56% of current GTEC tenants said networking opportunities would be an important part of the revamping of the incubator

earlier, this was in part why GTEC was initially created, and it has been perpetuated by the involvement of the GCRA and because of its location.

It is a logical question to ask if there is a market for GTEC if it is to primarily serve minority and East Gainesville entrepreneurs and small businesses. While a full-scale market analysis is beyond the scope of this evaluation of GTEC, there are several important indicators that suggest such a market exists:

- a. Per the table on page 8, GTEC has served 20-30 incubating companies at any given time in recent years. Of these, it is estimated that two-thirds are minority or East Gainesville owned. Put another way, GTEC already is working with 12-20 companies in this market.
- b. In March 2020, an East Gainesville resident initiated a website “Word of Mouth-Black Edition”, in part to serve the needs of African American entrepreneurs and business owners. That membership website attracted more than 12,000 subscribers in its first 14 months. He reports that 80% of members are seeking information of businesses, including those who are seeking to start and grow new businesses. He indicates the website’s popularity has come in part from African American entrepreneurs feeling that they can ask even basic questions about their businesses and not be “talked down to.”
- c. The original intention was to survey East Gainesville residents about their interest in entrepreneurship, but a number of interviewees cautioned that the community is frustrated from being repeatedly surveyed but with no apparent results or changes have come as a result of those surveys. Therefore, in consultation with the GCRA, it was decided that an informal survey would be made at a community event to get some sense of entrepreneurial interests in East Gainesville. During an open house of the GCRA’s new Heartwood housing development, a GCRA staffer approached attendees to ask them several questions about their entrepreneurial activity and interest. The following table summarizes some of the data collected from the 18 respondents.

| | Do you have a small business? | Are you interested in starting a business? | Do you have East Gainesville friends/family who might start a small business? | Would you consider becoming a GTEC tenant if it was at a reasonable cost? |
|-----------|-------------------------------|--|---|---|
| Yes | 4 | 6 | 11 | 6 |
| No | 7 | 6 | 4 | 3 |
| No Answer | 7 | 4 | 3 | 1 |

Of the 18 respondents, four indicated that they already own a small business. While that is a reasonable fraction of respondents, it is still a relatively small overall number. However, there is additional interest in entrepreneurship indicated in this informal survey: another six respondents said they are interested in starting a small business, and 11 said they have friends or family in East Gainesville who might want to start one. Therefore, out of 18 respondents, there is potentially 21 total small East Gainesville businesses represented. Further, 60% of respondents (6 out of 10) who either have a small business or are interested in starting one would consider becoming a GTEC tenant. And of those six potential/existing business owners, five self-identified as African Americans, again reinforcing the conclusion that there is interest in GTEC by minority entrepreneurs. While admittedly potential purchasers of Heartwood homes is not a representative sample of East

Gainesville residents, this informal survey does indicate an East Gainesville and African American interest in entrepreneurship and in becoming a GTEC tenant.⁹

In conclusion, GCGI believes there is ample antidotal evidence of a need and market for GTEC as a business incubator to primarily serve minority and East Gainesville entrepreneurs and small businesses.

11. **On its face, this statement that GTEC was never wanted and isn't needed is inaccurate**, in GCGI's opinion, based on the information collected and reported here. One of the original organizations that conducted the GTEC feasibility study was the East Gainesville Development Task Force, which suggests that this project presumably represented, in part, the desires and requests of that entity. The table on page 8 showing the number of tenant companies and employees in GTEC suggests that the incubator has been wanted, or it would not have assisted dozens of entrepreneurs and led to dozens of jobs, some of which have been to the benefit of East Gainesville. And those data, as well as those of the informal Heartwood survey, suggest that GTEC continues to be needed in East Gainesville.

One explanation of this negative comment about GTEC is that it came from someone who earnestly sought a medical clinic in East Gainesville, and was eyeing the GTEC facility as a potential home for that medical resource. However, UF has since indicated that it intends to create an East Gainesville medical facility, but that it wants to newly construct the facility rather than attempt to convert the GTEC facility from a business incubator to a medical building. Another interviewee put it best: when asked if she would prefer the GTEC building to house a business incubator or a medical facility, she replied "why should East Gainesville have to choose one or the other?" East Gainesville needs both a medical facility, and an incubator facility to support its small and startup businesses.

12. In the early stages of this assessment of GTEC, **a City Commissioner was very interested in converting the facility from an incubator to a medical facility**. As reported above, **UF has since indicated its intentions to create a newly constructed medical facility in East Gainesville**, in close proximity to GTEC but on property already owned by UFHealth. GCGI agrees with the community leader who expressed that East Gainesville should not have to sacrifice the GTEC incubator in order to meet its medical and health needs, and supports UF's position that a purpose-built facility will be superior to trying to retrofit the existing GTEC building that was not designed or constructed to house a medical clinic.

However, GTEC is a very appropriate resource to support three uses that will complement the proposed UF medical facility in East Gainesville. First, it was suggested by several interviewees that Santa Fe College should be asked to provide training in East Gainesville related to medical careers, with the vision that local residents could be trained to qualify for jobs created directly or indirectly in the new UF East Gainesville medical facility. GTEC's conference/training space would be an appropriate place for such training to be offered. Second, it is hoped that the UF medical facility might spawn medical-related entrepreneurs to create businesses in East

⁹ This informal survey asked respondents if they might join GTEC if it provided free space, or if it provided space at "a reasonable cost." Of those that said they'd use GTEC if it was free, 75% said they'd be willing to pay for it. This suggests that admission to GTEC has value, and a majority of potential tenants are willing/able to pay to become part of the incubator.

Gainesville; again, GTEC would be an appropriate place to house those entrepreneurs and provide them the incubation services to help ensure success and growth of their new businesses. Third, existing medical service providers may follow UF's lead in establishing a presence in East Gainesville, and either relocate or create an additional location in this community. Once again, GTEC could be an appropriate location, at least initially, for those businesses.

Therefore, GTEC can have an important and valuable role in improving medical care in East Gainesville even though we agree with UF that it would not be an appropriate location for UF's medical clinic.

13. **Both videoconferencing and key card security access improvements are not only high priorities of current GTEC tenants, but they also are common features of a modern incubator facility.** Along with renovating and modernizing the GTEC facility, and better separating the meeting/conference/event space from the tenant space portion of the facility, providing these two features should help existing and future GTEC tenants feel that the City appreciates and supports their contribution to the East Gainesville economy.

14. **Our realities/findings #11 & #12 above have adequately addressed the medical access priority.**

GCGI believes that GTEC can best contribute to solving the business-access-to-capital side to the access to banking issue. A microloan program could be an important new feature of GTEC. There appears to be a gap currently in funding for new and small minority-owned businesses and East Gainesville businesses: The "Partnership for Reimagining Gainesville" provides microgrants for startups, and regular banks provide loans for established businesses, but currently there is a problem funding a business between the microgrant and conventional loan. This gap might be filled by a microloan program.

GTEC might best help the food access issue in East Gainesville by supporting a weekly farmers market. The GTEC facility has a large attractive parking lot in which such a market might be housed during a weekend day when it is less needed by GTEC's tenants and their employees. This will not solve the East Gainesville need for a grocery store, but it could provide nutritious fresh food to area residents while concurrently supporting farmers and other growers in Alachua County.

15. **The biotech firm that has been a major, long-term GTEC tenant is Evologate, and there are both positive and negative sides to its long tenure.** Evologate does evolutionary optimization of micro-organisms, and currently serves the fermentation industry. It joined GTEC soon after the company formed in 2005, and therefore has a long-term presence in the incubator. It also occupies a large fraction of the GTEC leasable space, including approximately half of the ground floor. It is common for biotech companies to have long term presence in business incubators because of long incubation periods typical in this industry, although GCGI believes Evologate's presence in GTEC is long even by biotech standards. Evologate by its own admission is likely incompatible with medical tenants that might come into GTEC as discussed above. As a large tenant, Evologate is an important revenue source for the incubator, and therefore its departure could have a major financial impact on GTEC. One option could be for GCRA to fund development of a new facility in the Cornerstone Campus (the East Gainesville property that is largely vacant, and in which GTEC is located) into which Evologate could relocate. This

opportunity is discussed further in the following section on recommendations for the future of GTEC.

In summary, there are many criticisms of the GTEC facility and programs, but not all are factually-based. Concerns about the facility's condition and confusion over whether the City, GCRA or Santa Fe College run the incubator are fair and accurate. However, perceptions that the incubator is under-utilized and doesn't graduate or exit its incubating tenants are inaccurate, and have led to unfair criticism of GTEC.

V. FUTURE DIRECTIONS: GTEC RECOMMENDATIONS

Given the current perceptions, and the realities and findings, GCGI believes there are a number of constructive changes that GCRA should consider making in the GTEC incubator. These recommendations are organized here into three categories: Market, Facility, and Program & Services.

V.A Market

1. **GTEC should focus on three markets**, which have considerable overlap with each other. They are:
 - a. East Gainesville entrepreneurs
 - b. Minority owned businesses (MOBs)
 - c. Businesses providing needed goods and services to East Gainesville

While Alachua County is awash in incubator-like programs, GCGI knows of none that focuses on any of these three markets. Yet, these are the market to which GTEC is already catering, and supporting these three markets will support the three much-stated needs of East Gainesville, namely banking, medical care, and food.¹⁰

Reality/Finding #IV.6 shows that GTEC has been incubating substantial numbers of tenants historically, and the table below shows a recent average of 27 incubating tenants at any given time. It is estimated that 67% of these are owned by East Gainesville residents. And the following table, derived from the semiannual GTEC reports, suggests that approximately 58% of GTEC tenants are minority-owned businesses or owned by persons of color.

| | June '19 | Dec '19 | June '20 | Dec '20 | June '21 | Average |
|-----------------------------|----------|---------|----------|---------|----------|---------|
| # Incubating Tenants | 28 | 25 | 24 | 19 | 19 | 27 |
| % Minority-owned Businesses | 50% | 56% | 58% | 63% | 63% | 58% |

Reality/Finding #IV.10 points to demand among potential/existing East Gainesville residents for assistance with starting and running small businesses. The Word of Mouth-Black Edition website membership grew to over 12,000 individuals in its first 14 months, with about 80% of the dialog pertaining to business basics and operations.

¹⁰For more information on these and other needs, see <https://gainesvillecra.com/gcra-releases-10-year-reinvestment-plan-and-fiscal-year-2019-annual-report/>

Incubators are incredibly flexible economic and business development tools, and therefore GTEC could be a major asset in meeting East Gainesville’s needs. For example:

- GCGI proposes a micro-loan program to be administered through GTEC to bridge the capital gap of small and startup businesses between the microgrant program of the “Partnership for Reimagining Gainesville” and more traditional bank financing. Considerable support for such a microloan program has been expressed by community leaders interviewed during this project, and by existing GTEC tenant companies.
- While GCGI does not support conversion of the GTEC facility to a medical clinic, there appears to be considerable opportunity for GTEC to provide training space for Santa Fe College and others to provide health-related job training, and for GTEC to house small and startup health-related businesses either directly serving East Gainesville residents or providing goods/services to the medical clinic that UF has planned for an East Gainesville site near GTEC.
- The GTEC site and parking area could support a weekend Farmers Market to help provide fresh, locally-sourced foods for East Gainesville residents. GTEC’s modest kitchen facilities also may be expanded to support catering and food producers in East Gainesville, although it is our recommendation that GCRA first determines if those kitchen incubation functions can be handled by existing commercial kitchen facilities in the community.

GCGI certainly does not believe that GTEC can eliminate the major needs of medical services, food access, and banking in East Gainesville, but we are confident that it can contribute to efforts to mitigate them.

Finally, GTEC can provide a “beachhead” location for an outside small business that believes there is a market opportunity in serving the residents of East Gainesville. GCGI has had considerable first-hand experience using an incubator to create such an initial location for an outside business, which can then explore and test the market opportunity at minimal risk given they only have to rent modest amounts of incubator space for short periods of time. This might be complemented by a group of East Gainesville residents who welcome the new businesses to the community, help connect it to residents, business and community leaders, and otherwise encourage the firm to remain in East Gainesville by graduating out of GTEC and into the surrounding business community.

Other cities try to encourage MOBs and entrepreneurs of color by creating new incubators that cater to these small and startup businesses—Gainesville is incredibly fortunate to already have the GTEC incubator which has traditionally served these businesses and continues to do so today. GCGI believes GCRA should embrace these three markets and build on GTEC’s current and past success.

However, GCGI cautions that GTEC needs to continue to serve entrepreneurs in a wide variety of industries. Generally, incubators that focus on a single industry must be in much larger cities than Gainesville to have enough entrepreneurs to create the synergy and financial viability that are important to business incubators. If single-industry incubators are formed in smaller communities, they generally are so small, or require such a long term lease up, that they must be given massive operating subsidies—it is not recommended that the City and GCRA take on such an obligation.

Additionally, GTEC should house business service companies that can provide important help to incubating small and startup companies. Such providers as attorneys, accountants and bookkeeping services, and secretarial support businesses, are important resources for small and startup companies, and being collocated at GTEC would make them more convenient and accessible.

2. **GCGI recommends that GTEC provide comprehensive programs and services, and not just affordable space, to entrepreneurs and minority-owned businesses.** A multi-tenant facility without such programs and services is not an incubator, and it will not generate successful small businesses which often need training and coaching to reach their potential. This is discussed more in the third category of recommendations, but it is important to make the point here that GTEC needs to be serving the market for incubation facilities and programs and services.
3. **At the same time, GCGI recommends that GTEC continue to be a community and social meeting space for East Gainesville residents, businesses, and organizations.** While providing space for social functions is outside of a typical incubator's role, GCGI firmly believes that incubators should serve the special or unique needs of their host communities. There must be adequate separation of GTEC's meeting and function space from its entrepreneur incubation space, but this should be given as a challenge to an architect who designs for GTEC's future. Further, GTEC should have policies that require renters of the training and conference spaces to inform their guests ahead of time about restricted access to the GTEC office facilities and be responsible for their movement during their event.

Two additional opportunities are envisioned here for GTEC. First, the architect charged with better separating public and incubating space in GTEC should be asked to recommend changes (especially to the facility's exterior) that create more of a community asset and invite neighbors to experience the site. Second, GTEC may have an opportunity to seed a new business that would promote and manage social and community events in the GTEC conference room and meeting space. This could be a win-win situation: GTEC is able to better accommodate these events while not interrupting the incubating tenants' activities, and a new entrepreneur gains a business opportunity.¹¹

4. **There will be a tension between the low-income status of some East Gainesville entrepreneurs and MOB owners, and our recommendation that GTEC strive to generate sufficient rental revenue to cover its operating costs.** A common mistake is for an incubator in GTEC's situation to offer cheap or even free space to all its tenants. This is a mistake, both because it greatly diminishes the incubator's ability to generate operating revenue, and because it gives cheap space to some tenants who don't need it. **GCGI recommends instead that GTEC continue to charge market-level rental rates, but then offer rent-offsetting scholarships to low income entrepreneurs.** These scholarships can be covered by donations from businesses and individuals who want to support East Gainesville entrepreneurs and MOBs, and also by possibly charging a modest premium on other tenant's rental rates. As a related issue, the relocation of GCRA's offices into the GTEC facility needs to be addressed. GCRA has assumed over 3,900 square feet of space on the second floor of GTEC, and is paying no rent for that space. At current rental rates, that space could generate \$63,000 in annual revenue for the incubator. If GTEC is expected to break even in that its revenues cover its operating

¹¹ An event business was nurtured by the Innovation Depot incubator in Birmingham, Alabama

costs, then it should be given a credit towards this large unleaseable space or GCRA should begin paying rent on this space.

GTEC must change its name. The name Gainesville Technology Entrepreneurship Center grossly fails to describe what GTEC currently does, or what is the vision for its future. However, the name “GTEC” is well known in Gainesville and East Gainesville, so the acronym does not have to be totally abandoned, but instead it could be incorporated in a new name. For example:

- a. Gainesville: The Entrepreneurship Center
- b. GTEC Business Center
- c. GTEC Business Incubation Center

Alternatively, an entirely new name could be selected. Marketing of the incubator could include its new name, along with a statement “formerly known as GTEC.” Possible names include:

- a. East Gainesville Business Center
- b. East Gainesville Business Incubation Center
- c. Let the current tenants and community participate in a name-change challenge

All of these examples would be far more descriptive of what GTEC will provide Gainesville and East Gainesville in the future.

As a related issue, signage of the GTEC facility needs to be redone to reduce confusion. The current sign on Hawthorne Road in front of GTEC touts it as a Santa Fe College facility. Not only is this inaccurate, in GCGI’s opinion, but it confuses residents and customers: GTEC tenants reported, for example, clients sitting in the GTEC parking lot calling them to find out where the tenant was located, since the signage made the customer think that GTEC was a Santa Fe College classroom building rather than a professional building housing small businesses and entrepreneurs.

V.B. Facility

1. **GCGI recommends that the GCRA consider graduating the Evologate tenant into a new building or “graduation center” in Cornerstone Park.** Evologate occupies considerable space in GTEC, which reduces opportunities to house East Gainesville entrepreneurs and MOBs who are part of the recommended market target discussed above. Evologate also requires certain security and isolation from other tenants, and is incompatible with some current and possible types of tenants, that would be typical of GTEC going forward. GCGI does concur that biotech companies like Evologate require longer incubation periods than most other types of firms, and their ability to relocate to a biotech incubator like the Sid Martin Center may be limited by their lack of relationship or tie with UF. Two options for GCRA’s consideration: either it should end Evologate’s tenure in GTEC after giving ample advanced notice and assistance with relocation elsewhere in the Gainesville area, or it should assess the opportunity to build a graduation center in the Cornerstone Campus, where GTEC is located, that accommodates Evologate and other future incubator tenants that no longer need incubation services but aren’t prepared to enter the community’s real estate market (or for whom there are not adequate facility

alternatives in East Gainesville and therefore loss of the company and its jobs from the community is at risk). This graduation center could become a good revenue generator for GTEC and GCRA, provided it can be constructed largely with grants and other funds that do not require repayment, as well as an East Gainesville job retention facility for Evolugate and future GTEC graduates.

2. **The existing GTEC facility needs considerable refreshing and refurbishing.** The space recently renovated for the GCRA offices can serve as a starting point, although it is very important that current and prospective GTEC tenants be consulted about what they would like to see in terms of colors, finishes, and features (and more generally, the space should be updated and modernized, without becoming inappropriate for a mixed-use incubator located in a predominantly blue-collar community). The GTEC facility needs other improvements, namely better isolation of the meeting/function space from the incubator space, inclusion of video conferencing capability, additional outside lighting, and addition of keypad access.
3. **Signage should be revised** depending on the decision of what name GTEC will assume in the future, per Recommendation #V.A.5. It also needs to not leave the impression that GTEC is a Santa Fe College facility/classroom, or that the College owns GTEC.

V.C. Programs & Services

1. **GCGI recommends that GTEC's programs and services be revamped, to include training, coaching, and mentoring services appropriate for a mixed-use incubator catering to minority entrepreneurs and MOBs.** The Word of Mouth-Black Edition website is a strong indicator of the need for basic and non-judgmental assistance in the East Gainesville and MOB markets to which GTEC should cater. However, the continuum of services should extend to including something as comprehensive as an entrepreneurial training program that might bridge the microgrant program of the "Partnership for Reimagining Gainesville" with the microloan program that is recommended for GTEC (e.g., recipients of the microgrant would be made eligible for the microloan program, but only after they complete a training program or show equivalent knowledge or experience). Put another way, GCGI recommends a comprehensive set of programs and services that are appropriate for East Gainesville entrepreneurs and MOBs be created, with the GTEC manager and other organizations and individuals providing mentoring, coaching and training.
2. **The City of Gainesville, and the GCRA, need to decide how GTEC will be managed, and then make a long term commitment to those decisions.** GTEC's 20+ year history is marred by the lack of continuity, and lack of a championing organization that is committed to the incubator, and that takes the incubator under its wing and oversees its operations and direction over time. Instead, GTEC has been shuttled among a variety of organizations, and among organizations that themselves were in transition like the former Gainesville Area Chamber of Commerce, and has suffered from inconsistent vision and oversight. It has achieved some stability in recent years under the management contract with Santa Fe College, but GTEC has all but lost its separate identity from the College and that institution's own incubator initiatives and priorities. Alternatively, the City and GCRA could agree that they do not want to be involved in the GTEC going forward, and separate themselves from the incubator. This could include retaining

ownership but giving Santa Fe College complete control over how GTEC is operated. It might include transferring ownership of the facility to the College. Or it could involve the City retaining facility ownership, specifying parameters within which GTEC is to be operated, and retaining the right to terminate the College's management contract if those parameters are not maintained. Another alternative could be for the GCRA to set up a subsidiary organization for operating and oversight of GTEC, including the authority to retain a manager and administrative assistant, under the legal and financial eye of GCRA. Finally, the City and GCRA may decide to separate themselves from the incubator, and the City lease the facility to a new organization formed specifically to operate the GTEC incubator. Again, the major themes, regardless of which ownership/management model is chosen, need to be (a) long term continuity in GTEC's direction and operations, (b) commitment to the minority-owned business, East Gainesville entrepreneurs, and East Gainesville services markets, and (c) continuation of GCRA efforts to strengthen trust with the East Gainesville community regarding its motives for having a major presence in GTEC. Further, GTEC needs to be able to move at "entrepreneurial speed," rather than be hindered by governmental processes that slow simple processes such as reviewing and approving tenant leases.

- 3. If the City and GCRA are going to maintain a significant role in the future of GTEC, then an operating financial model needs to be developed and followed.** GCGI recommends that GTEC be operated at a breakeven basis, in terms of its operations, if possible. This may require redesign to increase the fraction of the GTEC facility that is leasable (there are indicators that the facility is only ~55% leasable, whereas we like to see 65% or more leasable), and addressing how GTEC can be compensated for the large revenue loss experienced when GCRA assumed a large portion of its second floor. GTEC management and government must be able to see, on a monthly basis, the financial status of the incubator to make appropriate decisions and adjustments. A realistic financial plan should be developed for the incubator.

In summary, there are a number of important and meaningful changes that can be made to GTEC, ranging from the relatively simple adoption of a new name, to a more complicated and time consuming effort to elevate the business assistance services for minority-owned businesses and East Gainesville entrepreneurs. But this is a much less daunting effort than that facing other communities that struggle to create a viable incubation program for its minority-owned small and startup businesses. The City, GCRA, and East Gainesville community should celebrate the value GTEC has brought to East Gainesville over its first 22 years, and should now commit to a new era of being even a stronger resource in community and economic development.

Appendix. Survey of GTEC Tenant Companies

Survey: GTEC Tenant Survey
Report: Default Report
Survey Status Respondent Statistics Points Summary

Deploy Date: 03/17/2021
Total Responses: 19
Completes: 17
Partials: 2

1. How long have you been in business? Responses Percent

Under 1 year: 2 10.53%
 1-3 years: 2 10.53%
 4-5 years: 6 31.58%
 Over 5 years: 8 42.11%
 If other, please specify: 1 5%
 Total Responded to this question: 19 100%
 Total who skipped this question: 0 0%
 Total: 19 100%

2. How long have you been a GTEC tenant? Responses Percent

Under 1 year: 4 21.05%
 1-3 years: 9 47.37%
 4-5 years: 2 10.53%
 over 5 years: 3 15.79%
 If other, please specify: 1 5%
 Total Responded to this question: 19 100%
 Total who skipped this question: 0 0%
 Total: 19 100%

3. Please briefly describe what your business does: Responses Percent

My company provides:: 18 100%
 for customers who need:: 17 94.44%
 Total Responded to this question: 18 94.74%
 Total who skipped this question: 1 5.26%
 Total: 19 100%

4. How helpful has the GTEC (through its staff, mentors, & introductions to outside service providers) been in the following areas?

| | Very Helpful | Helpful | Not Very Helpful | Didn't Ask for Help | Total |
|---|--------------|-----------|------------------|---------------------|-------|
| Marketing/market analysis: | 6(35.29%) | 1(5.88%) | 0(0%) | 10(58.82%) | 17 |
| Hiring, firing, personnel management: | 2(11.76%) | 2(11.76%) | 0(0%) | 13(76.47%) | 17 |
| Accounting/Financial analysis: | 2(11.76%) | 1(5.88%) | 0(0%) | 14(82.35%) | 17 |
| Intellectual property protection: | 2(11.76%) | 1(5.88%) | 0(0%) | 14(82.35%) | 17 |
| Other legal issues: | 1(5.88%) | 2(11.76%) | 0(0%) | 14(82.35%) | 17 |
| Business planning: | 5(29.41%) | 2(11.76%) | 0(0%) | 10(58.82%) | 17 |
| Product development: | 2(11.76%) | 2(11.76%) | 1(5.88%) | 12(70.59%) | 17 |
| Taxes, credits, planning: | 3(17.65%) | 2(11.76%) | 0(0%) | 12(70.59%) | 17 |
| Business registration: | 1(5.88%) | 3(17.65%) | 0(0%) | 13(76.47%) | 17 |
| Manufacturing process: | 1(5.88%) | 1(5.88%) | 1(5.88%) | 14(82.35%) | 17 |
| Securing financing: | 2(11.76%) | 2(11.76%) | 0(0%) | 13(76.47%) | 17 |
| Selling to government: | 2(11.76%) | 0(0%) | 2(11.76%) | 13(76.47%) | 17 |
| Company structure (corporation, LLC, etc.): | 2(11.76%) | 3(17.65%) | 0(0%) | 12(70.59%) | 17 |
| Become supplier to local companies: | 3(17.65%) | 1(5.88%) | 1(5.88%) | 12(70.59%) | 17 |
| Commercialize R&D: | 2(11.76%) | 2(11.76%) | 0(0%) | 13(76.47%) | 17 |
| Other (specify below): | 3(33.33%) | 0(0%) | 0(0%) | 6(66.67%) | 9 |
| Total Responded to this question: | 17 89.47% | | | | |
| Total who skipped this question: | 2 10.53% | | | | |
| Total: | 19 100% | | | | |

5. If you answered "other" to the previous question, please specify the area of need here: Responses Percent

Responses: 2 100%
 Total Responded to this question: 2 10.53%
 Total who skipped this question: 17 89.47%
 Total: 19 100%

6. If GTEC were to be modified in the near future, which of the following would be most useful or important to your business (please mark all that apply)? Responses Percent

Laboratory space: 1 6.25%
 Store front (Retail) space: 3 18.75%
 Light assembly/production space: 0 0%
 Lockable office space: 9 56.25%
 Commercial kitchen (for catering & to make food products): 3 18.75%
 Open office space: 2 12.5%
 Shared coworking space: 2 12.5%
 Arts & Crafts Space: 3 18.75%
 Warehousing/storage space: 4 25%
 Help with business plan: 5 31.25%
 Business counseling: 7 43.75%
 Help with product launch: 2 12.5%
 Loading dock: 1 6.25%
 Business coaching: 5 31.25%
 Business mentors: 5 31.25%
 Securing 8a minority business certification: 8 50%

High-speed Internet access: 10 62.5%
 Networking opportunities: 9 56.25%
 Flexible leases: 4 25%
 Shared services (e.g., conference room, receptionist): 6 37.5%
 Short-term leases: 2 12.5%
 Bookkeeping/accounting services: 5 31.25%
 Workshops & webinars: 6 37.5%
 Assistance selling to local, state or Federal government: 4 25%
 Access to equity capital: 6 37.5%
 Quarterly events (please specify what type in next question): 1 6.25%
 Other facilities, services or programs (please specify what type in next question): 5 31.25%
 Total Responded to this question: 16 84.21%
 Total who skipped this question: 3 15.79%
 Total: 19 100%

7. If you indicated a desire for quarterly events or "other" facility modifications, in the previous question, please describe those mods here
Responses Percent

Responses: 6 100%
 Total Responded to this question: 6 31.58%
 Total who skipped this question: 13 68.42%
 Total: 19 100%

8. If the GTEC facility is renovated in the near future, which of the following are the highest priorities?

| | High Priority | Medium | Low Priority | Total |
|---|---------------|-----------|--------------|-------|
| Renovation of front lobby: | 2(15.38%) | 8(61.54%) | 3(23.08%) | 13 |
| Renovation of halls, restrooms, stairwells: | 3(21.43%) | 7(50%) | 4(28.57%) | 14 |
| Renovation of leasable spaces (offices, etc): | 9(56.25%) | 4(25%) | 3(18.75%) | 16 |
| Larger kitchen/lunchroom for tenant use: | 3(21.43%) | 6(42.86%) | 5(35.71%) | 14 |
| Quieter patio (reduce Hawthorne Rd noise): | 1(7.69%) | 5(38.46%) | 7(53.85%) | 13 |
| Key card security/access: | 6(46.15%) | 2(15.38%) | 5(38.46%) | 13 |
| Better exterior lighting: | 6(50%) | 4(33.33%) | 2(16.67%) | 12 |
| Renovation of building exterior: | 1(7.69%) | 5(38.46%) | 7(53.85%) | 13 |
| Better signage: | 3(23.08%) | 5(38.46%) | 5(38.46%) | 13 |
| Video conferencing capability: | 10(66.67%) | 5(33.33%) | 0(0%) | 15 |
| Other facility upgrades (specify below): | 7(70%) | 1(10%) | 2(20%) | 10 |
| Total Responded to this question: 17 89.47% | | | | |
| Total who skipped this question: 2 10.53% | | | | |
| Total: 19 100% | | | | |

9. If you indicated a need for "other facility upgrades" in the previous question, please tell us more--be as specific as possible, please!
Responses Percent

Responses: 7 100%
 Total Responded to this question: 7 36.84%
 Total who skipped this question: 12 63.16%
 Total: 19 100%

10. Please indicate your level of interest in GTEC as it goes through renovation and modification: **Responses Percent**

I want to continue being a tenant in GTEC: 15 88.24%
 I would like to expand into more space in GTEC: 8 47.06%
 I would use services at GTEC, but no longer locate my business there: 0 0%
 I do not anticipate using GTEC for my company in the future: 1 5.88%
 I would consider staying in GTEC as an anchor tenant (defined as a firm not needing the business services provided in an incubator): 2 11.76%
 I would likely refer others to GTEC: 11 64.71%
 If other, please specify: 2 11%
 Total Responded to this question: 17 89.47%
 Total who skipped this question: 2 10.53%
 Total: 19 100%

11. GTEC's renovation might include changes in the size of available rentable spaces. Which of the following sizes would best meet your needs?

| | Must Have | Useful | Not Needed/Wanted | Total |
|---|-----------|-----------|-------------------|-------|
| 100-125 sq ft space: | 4(40%) | 2(20%) | 4(40%) | 10 |
| 180-200 sq ft space: | 0(0%) | 7(77.78%) | 2(22.22%) | 9 |
| 275-300 sq ft space: | 5(38.46%) | 6(46.15%) | 2(15.38%) | 13 |
| 450-500 sq ft space: | 2(20%) | 6(60%) | 2(20%) | 10 |
| 750-800 sq ft space: | 2(22.22%) | 3(33.33%) | 4(44.44%) | 9 |
| 1000+ sq ft space: | 2(25%) | 2(25%) | 4(50%) | 8 |
| Other (specify below): | 1(25%) | 1(25%) | 2(50%) | 4 |
| Total Responded to this question: 17 89.47% | | | | |
| Total who skipped this question: 2 10.53% | | | | |
| Total: 19 100% | | | | |

12. If you answered "other" to the previous question, please specify what size you're referring to

Responses Percent
 Responses: 2 100%
 Total Responded to this question: 2 10.53%
 Total who skipped this question: 17 89.47%
 Total: 19 100%

13. Some have suggested that GTEC include rentable space for community or private events. Do you agree that such space should be available in the GTEC building? **Responses Percent**

Yes: 13 76.47%
 No: 4 23.53%
 Total Responded to this question: 17 89.47%
 Total who skipped this question: 2 10.53%
 Total: 19 100%

14. If your answer is "yes," what size?**Responses Percent**

500-750 sf: 1 8.33%
 500-1000 sf: 7 58.33%
 1000-1500 sf: 5 41.67%
 over 1500 sf: 2 16.67%
 Total Responded to this question: 12 63.16%
 Total who skipped this question: 7 36.84%
 Total: 19 100%

15. As a business incubator, GTEC is designed for tenant companies to eventually graduate and relocate elsewhere in the community. With your eventual graduation in mind, please rate your level of agreement with each of the following statements

| | Strongly Agree | Sort of Agree | Don't Agree | Total |
|---|-----------------------|----------------------|--------------------|--------------|
| I plan to graduate in next year: | 2(18.18%) | 4(36.36%) | 5(45.45%) | 11 |
| I plan to graduate in next 2 years: | 4(28.57%) | 8(57.14%) | 2(14.29%) | 14 |
| I would like to relocate in Cornerstone Industrial Park if available: | 4(26.67%) | 5(33.33%) | 6(40%) | 15 |
| I would like to relocate elsewhere in East Gainesville: | 1(9.09%) | 5(45.45%) | 5(45.45%) | 11 |
| I would relocate elsewhere in Gainesville area: | 3(25%) | 5(41.67%) | 4(33.33%) | 12 |
| If forced to graduate, I likely will shut down my business: | 3(27.27%) | 1(9.09%) | 7(63.64%) | 11 |
| Other (please specify below): | 2(50%) | 0(0%) | 2(50%) | 4 |
| Total Responded to this question: 17 89.47% | | | | |
| Total who skipped this question: 2 10.53% | | | | |
| Total: 19 100% | | | | |

16. If you answered "Other" to the previous question, please explain**Responses Percent**

Responses: 3 100%
 Total Responded to this question: 3 15.79%
 Total who skipped this question: 16 84.21%
 Total: 19 100%

17. A new incubator will open soon in downtown Gainesville. Please indicate your thoughts about that incubator vs GTEC**Responses Percent**

GTEC is in a better location for my business: 9 52.94%
 A downtown business incubator would be a better location for me: 1 5.88%
 I'd opt for whichever incubator best provides the services, space, and resources that I need: 4 23.53%
 I would be fine with either location for my business: 7 41.18%
 If other, please specify: 1 5%
 Total Responded to this question: 17 89.47%
 Total who skipped this question: 2 10.53%
 Total: 19 100%

18. A new area of emphasis for GTEC might be to help bring better health/medical care to East Gainesville. While the GTEC building is not being actively considered as a location for an urgent care or medical clinic, it could be used for training of healthcare workers and house small/start up medical offices (e.g., dentist or physical therapist). GTEC would still continue to cater to small and start up entrepreneurs in a wide variety of other industries as well. Please tell us your opinion of adding a health/medical care component to GTEC: Responses Percent

I think it is a great idea to add a health/medical care component to GTEC: 7 41.18%
 I think it is an OK idea to add a health/medical care component to GTEC: 5 29.41%
 I don't think a health/medical care component should be added to GTEC: 4 23.53%
 I think GTEC should be dedicated entirely to health care even if I have to relocate my business: 0 0%
 If other, please specify: 4 23%
 Total Responded to this question: 17 89.47%
 Total who skipped this question: 2 10.53%
 Total: 19 100%

19. GTEC might include a microloan program, making loans from \$5,000 to \$25,000 to local small and start-up businesses. Local residents also could participate by investing in the loan fund, or serving on the loan selection committee. Please indicate your feelings about this possible microloan program: Responses Percent

I'd like to receive a microloan: 6 42.86%
 I'd be interested in being one of the investors who underwrites the program: 1 7.14%
 I'd be interested in serving on the microloan selection committee: 7 50%
 If other, please specify: 3 21%
 Total Responded to this question: 14 73.68%
 Total who skipped this question: 5 26.32%
 Total: 19 100%

20. Are there any other comments or suggestions that you would like to make to help us better understand your opinion on modifying/renovating the GTEC facilities or its services and programs? Responses Percent

Responses: 9 100%
 Total Responded to this question: 9 47.37%
 Total who skipped this question: 10 52.63%
 Total: 19 100%

21. Please provide the following so that we can follow up with you if necessary.**Responses Percent**

Name: 17 100%
 Company (if any): 16 94.12%
 Address: 13 76.47%
 City/Zip Code: 14 82.35%
 Email Address: 15 88.24%
 Total Responded to this question: 17 89.47%
 Total who skipped this question: 2 10.53%
 Total: 19 100%