



2011 Annual Report to Okaloosa County Government

Okaloosa County, Florida



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Economic Development Council
of Okaloosa County, Florida

www.florida-edc.org

Economic Development Council serving Okaloosa County

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In accordance with Section 125.045, Florida Statutes, the Economic Development Council (EDC) serving Okaloosa County is engaged in economic development activities on behalf of the Okaloosa County governing body. The EDC is a non-profit public-private partnership committed to the continued growth and diversification of the local economy. The EDC's efforts are directed in the main areas of existing industry diversification, retention & expansion and development of a technically-skilled and available workforce with recruitment of targeted industries to help diversify and strengthen the economy.

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Economic Development Council
of Okaloosa County, Florida



January 2, 2012

Mr. Jim Curry
Okaloosa County Administrator
1804 Lewis Turner Boulevard – Suite 400
Fort Walton Beach, FL 32547

Re. Economic Development Council Annual Activities Report

Dear Jim:

The Economic Development Council (EDC) serving Okaloosa County, Florida has prepared the following annual activities report highlighting our marketing efforts to provide assistance to the local governments and the business community throughout the Okaloosa County area. In accordance with Section 125.045(4), Florida Statute, the EDC is submitting this report in support of economic development activities on behalf of Okaloosa County. This report details how county funds were utilized and the return on investment on behalf of Okaloosa County.

The EDC report covers a full calendar year (2011) of business activities and marketing programs. Each program has distinct goals, but all EDC programs work together to provide assistance to new and expanding businesses and the local governments that support the business communities.

The EDC Executive Board and the staff of the EDC are proud to present this comprehensive report to our County Partner and remain available to answer any questions you may have regarding the activities as outlined in this report.

Sincerely,

Larry J. Sassano
President

Income and Expenses

Funding received from Okaloosa County

- 2011 \$139,968

Activities Supported

- Marketing \$66,008.00
- Office Administration \$38,254.06
- Insurance \$35,705.94

Business Assistance

In 2011, the EDC provided assistance to over 1,043 businesses that required customized assistance, general assistance or financial assistance. The largest category for assistance is in the “General Assistance” field (81.5%) due to the high number of phone and electronic inquiries received on a daily basis.

Customized Assistance

Customized assistance is largely directed at start-ups, expanding and new businesses seeking specialized information that allows them to better evaluate their market potential and available local, state and federal business assistance programs. The EDC assisted 82 companies through projects, job training and technical assistance.

In 2011, the EDC had 44 active projects in various stages of development for Okaloosa County. The EDC conducted 12 site tours with new and expanding businesses throughout the Okaloosa County area. Site tours allow businesses to physically tour potential business buildings and sites based on the criteria they provide to the EDC staff. In order to properly conduct each site visit, the EDC must maintain current comprehensive data on all available buildings and sites in the Okaloosa County area. The EDC coordinates this data with commercial realtors and property owners to assure that the prospect receives accurate information to allow them to properly evaluate each site.

Permitting and licensing assistance is coordinated with the Planning and Growth Management Departments of the county and each municipality. State permitting issues are also coordinated with State Permitting agencies.

All job training programs are worked collectively with the Region II Workforce Development Board of Okaloosa and Walton Counties of which the EDC serves as a board member. Partnering with the local workforce board and the state assures the businesses are receiving the full attention they need for their planned workforce expansion. The EDC collaborates with its university and college partners on identifying and implementing customized training needs requested for the businesses it is assisting.

Incentives education is a large part of the EDC’s business assistance activities. Sitting across from start-up firms, existing firms, and new firms considering an Okaloosa County business location is critical to educating what programs may be available to help assist a business to grow locally. The EDC coordinates incentive education assistance with Enterprise Florida, the Office of Tourism, Trade and Economic Development (OTTED), the Workforce Development Board, Small Business Development Center, the University of West Florida, Northwest Florida State College, the University of Florida – Research and Engineering Education Facility and Troy University. The EDC also coordinates with federal agencies such as the US Department of Commerce and the Economic Development Administration (EDA),

This past year, the EDC provided business technical assistance to include the following:

- Completing local, state and federal programs and incentive applications.

- Partnering businesses to do business with each other linking technical capabilities.
- Providing training initiatives that will fulfill the anticipated workforce needs of a highly skilled portion of the Okaloosa market.
- Technical assistance to the public sector members involving the impacts created by new and expanding businesses so they can evaluate their potential benefit to the local community (This often includes a cost/benefit analysis).

General Assistance

Demographics and Market Research

The EDC is contacted on a daily basis via e-mail, phone calls and website inquiries regarding statistics for Okaloosa County and city specific data. Inquiries range from consultants, business investors, residents and government officials. We maintain the ability to obtain data from our onsite Gulf Power Resource Room, the UWF Haas Center, government agencies, and confidential surveys initiated by the EDC as well as maintaining other resources available to EDO's. In 2011, the EDC responded to over 850 general assistance inquiries for research or report-building.

Information inquires received were from out-of-state potential new business, existing local businesses, consulting firms and residents. The requests often range from general statistics and information regarding unemployment, housing market data, sales tax revenue, sales figures, growth rate, population statistics for county and municipalities, commercial statistics, construction statistics, tourism information, bed tax information, economic impact studies, lease rates, labor force and wage information and statistics, household income, military statistics, list of corporations, in depth surveys, Enterprise Zone verification, traffic counts on major roads, cost of living data, BRAC statistics, contact information for businesses, crime statistics, school information, religion, out of country requests, grant info, top ten employers list, hospital information, and maps and brochures.

Workforce Assistance

The EDC invested extensive time and resources to expand Enterprise Zone #4601 and to educate both employers and employees impacted by the expansion. The EDC was able to identify a 1.28 square mile zone to qualify for this expansion. This took the existing enterprise zone foot print to 4.63 square miles and greatly expanded the workforce pool for the zone's targeted industries. Once approved, the EDC worked with the businesses within the zone to educate them on the expansion and the economic opportunities this would provide them, and collected data on their current and projected workforce talent needs. The EDC teamed up with Workforce Development Board's Jobs Plus Mobile Unit and hosted employee recruitment events in both the north and south ends of the newly expanded Enterprise Zone.

Local business interviews were also continued with existing industry to identify needs for workforce talent and facilities to support their current retention of business and expansion opportunities. These results were incorporated into the training direction of the TeCMEN organization as well as other EDC development programs.

Strategic Planning Assistance

The entrepreneurial firms located in the Innovation Center required specialized strategic planning assistance that was provided by the EDC and its partners. The EDC Innovation Center Advisory Board is composed of local business leaders, institutional leaders and successful entrepreneurs. The board is available to provide strategic planning assistance to firms located within the Innovation Center. The EDC Innovation Center, located adjacent to the Fort Walton Beach Commerce Park was first established in 2012 to help start-up technology-based individuals and companies receive fair market rates on their commercial office space to help them kick-start their new product or service. In addition to having fully-equipped office atmosphere with furniture, phone system and state-of-the-art

conferencing room, Innovation Center tenants are provided networking opportunities through EDC members in the form of accounting support, legal advices, financial support and EDC Innovation Board guidance. This past year, two of the EDC's original tenants, Government Support Jobs and Grey Aviation, both graduated and moved out of their leased incubator space and found expanded space in the Okaloosa County area. Two new firms now lease space in the Innovation Center. J&P Khamken Industries and Gulf Coast Energy.

Technology Coast Manufacturing & Engineering Network (TeCMEN)

The EDC is committed to retaining and expanding its manufacturing and engineering related industries, excelling them in the competitive global marketplace, and maintaining a technologically skilled workforce to support continual growth. The EDC meets monthly with its manufacturing and engineering firms (37 companies) comprising what is known as TeCMEN to offer strategic planning coordination to the small business community in the form of mentoring programs. This program continues into 2011 as a very successful business assistance program. The objective of TeCMEN is to allow EDC-member technology, manufacturing, engineering and defense related companies to gain access to larger projects by partnering and teaming. Using a collaborative concept, these companies join together to compete for and complete both defense-contracting and other substantial business opportunities that are too expansive for a single business to undertake.

TeCMEN member companies represent every major manufacturing and engineering discipline required to support requirements of both the military missions and the civilian community including: aerospace & aviation; information technology; micro-electronics; biometric technology and precision machining and metal fabrication. TeCMEN's unique dynamics allow its members to form defense contractor-teaming arrangements that offer the best combination of price, performance, and delivery for the defense system or product being acquired. The TeCMEN members often partner and team together to compete for contracts that utilize mutual capabilities.

In 2011, TeCMEN undertook a new initiative aimed at diversifying and sustaining critical elements of the regional economy. Specifically, TeCMEN created a new Unmanned Aerial Systems Working Group designed to support aviation and aerospace contractors and support businesses seeking to enhance their position in this burgeoning industry sector. TeCMEN has formed a working partnership with SpaceFlorida, the state agency chartered to lead statewide UAS development. This will be a major focus area in 2012. TeCMEN is also continuing its Incumbent Worker Training Initiative in partnership with JobsPlus and the University of West Florida in order to bring skill upgrade training to its member firm employees. Programs offering Lean manufacturing and Six Sigma training will commence in the first quarter of 2012. The EDC continues to pursue additional funding sources for additional training opportunities. In addition, the EDC and TeCMEN are supporting a Workforce Development Board grant application that, if successful, would provide manufacturing skill set training and certification for area youth aged 18-21. TeCMEN member firms would provide mentoring and hands-on training for participants.

Defense Support Initiative

The EDC continues its sponsorship of the Defense Support Initiative, originated in 1991, to support and promote local military installations and their missions. The EDC, through its Defense Support Initiative Committee, is recognized by the State of Florida as the official representative and lead agency in the Okaloosa County area for base-community initiatives.

The presence of the multi-service military units at the Eglin complex results in a greater density of technology-based and defense-contracting firms creating targeted industry clusters. These military installations provide a direct economic impact and an indirect impact with a ripple effect of military spending. Seven of the ten largest defense contractors in the State of Florida have a presence in Okaloosa County. The EDC's DSI supports the aviation, aerospace, technology, engineering, manufacturing, and defense-contract companies in the tri-county area; sustaining the vitality of Okaloosa's economy. The DSI advocates for our military and civilian communities at the local, state and federal levels. Areas of concern have included:

- 7SFG(A) Realignment
- Joint Gulf Range Complex Sustainment
- Joint Strike Fighter Initial Training Center Establishment
- Gulf Regional Strategic Air Space Initiative
 - Destin Tower
 - Gulf Drilling
 - Water Range
- Growth Management
 - Encroachment Protection
 - Joint Land Use
 - Readiness/Environmental Protection
 - Transportation
- RDAT&E Center Sustainment
 - 46th Test Wing
 - Air Force Research Lab
 - Developmental Testing
- Military Spouse and Workforce Issues
- Veterans Center
- Air Force Materiel Command Reorganization

2011 saw the completion of the relocation of the 7th SFG (A) from Ft. Bragg NC and the significant ramping up of the F-35 Joint strike fighter Initial Joint Training Center. DSI will continue to support these new missions as well as address the upcoming rounds of DOD budget cuts planned by Congress. DSI will continue to work with State and federal officials to ensure that any and all decisions affecting Eglin AFB and Hurlburt Field are fact-based and in the best interests of national security.

Financial Assistance

Financial assistance is provided by the EDC to small and large businesses through its partnering network with Enterprise Florida, the Office of Tourism, Trade and Economic Development (OTTED), the Workforce Development Board, the University of West Florida, Northwest Florida State College, the University of Florida REEF, Okaloosa County, the 9 municipalities in Okaloosa County, and the business community that the EDC serves.

The EDC coordinated state grant programs with existing and new businesses seeking job growth and capital investments this past year in the Okaloosa County area.

Examples include:

- Project RAMP – A defense contractor in Okaloosa County who qualified for a \$1.9 million Economic Development Transportation Fund Grant for improvements to their existing ramp at their two hangars in the Bob Sikes Airport located in Crestview, Florida. One hundred sixty new jobs are expected from this grant and the retention of 25 existing high-wage technical workers.
- Project Indian – Another existing defense contractor who received approval for QTI funding and matching funds from the County's Ad Valorem Tax Abatement Program and a Governor's Closing Fund. This company will employ over 300 new high-wage technical workers.
- DRS Systems – This local defense contractor received approval for a QTI fund and matching funds through Ad Valorem funds, from the county and have hired 160 additional full-time technical employees.

- Capital Avionics – This new aviation test equipment company received approval for state QTI funds and matching funds from Okaloosa County. They will employ 15 new technical workers in the Bob Sikes Airport and are projected to employ an additional 15 employees once they have completed the construction of a new 20,000 square foot hangar and an 8,000 square foot test center.

Although the EDC does not provide direct loans to growing businesses in the FWB area, it does introduce businesses to local financial institutions that provide commercial loans, SBA 7(A) and 504 loans to qualifying companies. The EDC has a network of local bankers who meet regularly to discuss their specific loan programs and opportunities for local firms.

SBA Programs

The EDC also coordinated with the local bankers in linking local small businesses to the Small Business Administration 504 and 7a programs. These programs helped businesses find available, low- interest loans to expand their local businesses. The EDC worked with its network of financial institutions to stay current on the federal changes made to these two matching loan programs.

Forums and Workshops

Roundtable Breakfast Symposiums

This year, the EDC reached out to the community and its business leaders with educational forums on our two key economic drivers - military and tourism. On January 26, 2011 the EDC hosted the “Military –Community Sustainability Forum” which provided regional updates and projections from three separate panels. The panel presentations were representative of : Military - to include Air Force, Army, and Navy; County Governments – Okaloosa, Santa Rosa and Walton; and Support Initiatives – EDC Defense Support Initiative, Florida Defense Alliance, Workforce BRAC Transition Council, and Okaloosa County Growth Management/JLUS.

On September 28, 2011, in recognition of Industry Appreciation month, the EDC hosted “A Salute to Arts & Tourism”. This forum featured industry leaders from the Tourist Development Council, Chambers of Commerce, lodging industry, the arts community, and fishing industries. The panel members provided pertinent information on the current status of their industry and its impact on our economy.

County-wide Business Environment Workshops

A partnership among the Economic Development Council serving Okaloosa County and the four Chambers of Commerce, along with respective municipalities was formed to identify and maintain a business friendly environment for all of Okaloosa County. With each of their respective charters, the partners together can comprehensively address business concerns from permitting, to marketing, to expansion requirements. The resultant success initiated an ongoing strategic plan for economic development across Okaloosa County.

Five town hall meetings were successfully conducted across the county. A cross-section of business leaders were invited to meet and discuss ways to enhance the business environment in their area.

The input received from the meetings helped identify: 1) roadblocks and inhibitors to doing business in the respective area, and 2) factors that make that municipality a positive place to do business. With these factors identified, the three partners are working together to eliminate or mitigate negative factors and exploit the positive ones.

In their strengthened relationships, the EDC, cities, and chambers are committed to continuing this collaborative partnership to support successful enterprises, to promote each municipality for its unique characteristics, and to market Okaloosa County as the premier place to do business in Northwest Florida.

Retail/Service Sector Analysis

In continuing to partner with the four chambers of commerce supporting local business growth and sustainment across the county, the EDC engaged the University of West Florida Haas Center for a county-wide retail and service sector leakage, or gap, analysis. The foundation for the analysis was to identify what the retail shopping needs are for Okaloosa County residents and their ability to obtain what they want and need locally. A leakage, or gap, occurs when the need is not met and retail shopping takes place outside of the area; meaning people are spending their money someplace else besides locally.

The area surveyed included Okaloosa County as well as each of the four chamber areas of responsibility. The information gained validated that the county as a whole is doing exceptionally well on serving the needs of its residents, in addition to exporting out services to people outside of the county; our tourism industry component. This retail analysis indicates additional revenue being spent in the county by non-county residents, visitors, thereby creating a stronger local economic circulation.

This survey is the first of its kind conducted in Okaloosa County and has provided us with a current supply and demand snapshot as it pertains to the retail and service sector industries. It can also serve as a benchmark to be utilized in the future against updates to the survey to see how our area is progressing on meeting the retail needs of our residents and businesses.

Northwest Florida Defense Coalition

The EDC's DSI functions as lead for the five-county Northwest Florida Defense Coalition Washington DC delegation. Approximately 55 key business and community leaders participate in this regional military support mission. The fly-in consists of a two-day itinerary with respective Congressional Delegation and Pentagon leaders. Shared community concerns include the Joint Gulf Range, air space, transportation and energy. While the DC delegation is the visual component, the NFWDC serves as a united front, speaking in one voice, advocating for the military communities across Northwest Florida; both at the State and Federal levels.

Growth Management for the Tri-County Area

2011 encompassed the bed down of the 7th Special Forces Group (Airborne) and the Air Force's Initial Training Center for the Joint Strike Fighter. The 7SFG realignment infused over 2,000 Army soldiers. The JSFITC now houses 6 of the 59 aircraft. With a resultant total population growth of 9,800, compatible use of land, sea, and airspace as well as the growing needs of transportation, housing, education, and utilities are but a few of the challenges the military installations and our communities continue to face.

The EDC and DSI continue to support the Okaloosa Board of County Commissioners' tri-county Joint Land Use Study, and their tri-county Growth Management Plan. Following the 2010 Deepwater Horizon tragedy, the EDC heightened its attention and involvement in the Gulf Range Airspace Strategic Initiative addressing regional issues and concerns.

Gulf Coast Aerospace and Defense Coalition

The EDC has joined alliance with the economic development organizations of Santa Rosa and Escambia to maintain and promote the Gulf Coast Aerospace and Defense Coalition which focused on retaining the existing multi-services defense/aerospace industries. The aerospace assets of the Gulf Coast are promoted to enhance relationships with domestic and international aerospace and defense companies.

Retain and Enhance Technology

Retention of current defense contractors and their high-skill high-wage jobs remains a focus and primary objective of the EDC. The EDC sponsors the Technology Manufacturing and Engineering Network (TeCMEN) in order to accomplish this goal in supporting the targeted industries of aviation-aerospace, technology transfer, information

technology and software development. These TeCMEN companies assist our military installations and their missions.

Capital Investment of Businesses Assisted

This past year, the EDC assisted over 1,043 companies either currently located in the county or considering an Okaloosa County location. The EDC tracks each new or expanding company it assists and the capital investments projected by company officials.

In 2011, the EDC assisted 7 companies who have made or will make an estimated \$65,053,350 capital investment into the area in manpower, machinery and equipment, and physical buildings or land acquisitions.

Foreign Investment of Businesses Assisted

A few of the firms who made investments in the county and who were assisted by the EDC are foreign owned (BAE Systems) but have been listed under the general heading above of "Capital Investment of Businesses" due to the fact that their US Divisions were responsible for the investments.

New Jobs Created

New and expanding firms to the Okaloosa County area created an estimated 374 new direct jobs (also full time) as a result of assistance provided to them through the EDC office.

Retained Jobs

An additional 200 full-time positions were retained by local businesses who received assistance from the EDC office. All retained jobs are on-going.

Incentives

Economic Development Transportation Fund Grants (EDTF)

- One grant approved – Total of \$1,884,696
 - \$1,884,696 – Existing Aviation Company

Local Government Contribution - Ad Valorem Tax Abatement

- Project Pill – \$156,000
- Project Indian – \$230,962
- DRS - \$429,702

Qualified Defense Space Contractor Refund (QDSC)

The EDC assisted one of its major defense contractor businesses with a QDSC application that was approved by the county and the State of Florida. This program will provide \$1,056,000 in tax refunds from the State of Florida over a 10 year period.

Brownfield Redevelopment Bonus

Four businesses located in the Fort Walton Beach Brownfield Redevelopment area have received state approval for Brownfield benefits. The EDC coordinated the applications and municipal resolutions with the City of Fort Walton Beach. The EDC does not have available the dollar amount in incentives provided by the state to each of the three companies.

Qualified Target Industry Tax Refund Program (QTI)

The EDC assisted three of its major defense contractors with a QTI application that was successfully approved by the county and the State of Florida. This program will provide \$1,565,857 in tax refunds from the State of Florida over a 10 year period.

Enterprise Zone #4601 – Okaloosa/Crestview Enterprise Zone

- Jobs Tax Credit (Sales Tax)
- Sales Tax Exemption for Electrical Energy Used
- Jobs Tax Credit (Corporate Income Tax)
- Property Tax Credit (Corporate Income Tax)
- Business Equipment Sales Tax Refund
- Building Materials Sales Tax Refund

Twelve of the 14 companies located in the Okaloosa/Crestview Enterprise Zone received assistance from the EDC in qualifying for the above listed Enterprise Zone business incentives. The EDC worked with each of these firms to review and approve their applications before being sent to the State of Florida for formal approval. The actual total amount of incentives approved by the State of Florida cannot be verified as it is confidential information between the Department of Revenue and the business that filed the application.

The EDC is required to submit quarterly and annual activity reports for Enterprise Zone #4601 to the Office of Tourism and Trade and Economic Development. In 2011, the EDC reported increased new business creation by 2%; Increased new job growth by 86 new full time positions; Increased private investment by 5%; Increased public awareness of the zone locally, regionally and nationally, and assisted 202 businesses seeking information about EZ #4601.

In addition, the EDC also assisted companies located in the Enterprise Zone received \$386,962 for Local Option Economic Development Property Tax Exemption.

Additional Activities Resulting in Economic Benefits

EDC Innovation Center

The EDC assisted new/start-up firms through its new incubator facility, the Innovation Center. The EDC with its partners, the University of West Florida, provided physical space and support services to two technical start-up firms. Their future growth potential is strong and will continue to create economic benefits to the local government.

Phase 0 Program – SBIR/STTR

The EDC is a partner with Enterprise Florida in promoting the Phase 0 Pilot Program that helps local companies increase their chances of submitting a successful Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) proposal for federal research and development funds. This assistance program helps new and start-up businesses to the next stage of growth and development.

Trade Shows

The EDC attends the major aviation/aerospace/defense shows as a way of generating new targeted industry growth for the local area. The EDC partners with the county airports office, the regional economic development organization, Florida's Great Northwest, and the State of Florida – Enterprise Florida, to help generate new investments into the local economy. The EDC represented Okaloosa County businesses at the Farnborough Air Show, Paris Air Show, the National Business Aviation Association (NBAA) show and the MRO Show. These shows represent the largest aviation shows in the world and have provided continuous economic benefit to the local government through the investments that have been made by existing and new businesses to the area.