

Blueprint Intergovernmental Agency Board of Directors Workshop Modification Summary

Date: September 20, 2018

Requested By: OEV Staff

Contact: Benjamin H. Pingree

Type of Item: Modification

ADDITIONAL / SUPPLEMENTAL AGENDA MATERIAL:

Requested By:	Item No.	Subject	Comments
OEV Staff	NA	Amendment to the Innovation Park Business Incubator/Accelerator Facility Funding Request	MA



MA = Material attached
MPP = Material previously provided

MTBP = Material to be provided
RP/RI = Replacement pages/Replacement item

OFFICE OF
**ECONOMIC
VITALITY**  

TO: Blueprint Intergovernmental Agency Board of Directors
THROUGH: Vincent S. Long, Leon County Administrator
Reese Goad, City of Tallahassee Manager
FROM: Benjamin H. Pingree, PLACE Director
SUBJECT: Amendment to Innovation Park Business Incubator/Accelerator Facility
Funding Request
DATE: September 20, 2018

On September 19, 2018, the Leon County Research Development Authority (LCRDA) submitted an amendment to their request for funding to \$2.5 million for a high tech incubator to the Blueprint Intergovernmental Agency Board of Directors (IA Board) (Attachment #1). Originally, the LCRDA requested \$2 million for this project. For more details on this request see Workshop Attachment #16.

The LCRDA is submitting a grant proposal to the Economic Development Agency (EDA) to fund \$8.5 million of a \$17 million incubator project to support moving university and entrepreneurial intellectual property into the marketplace. This grant opportunity is unique as it provides a greater leverage rate than other EDA grants since it is only for communities impacted by disasters in 2017. Specifically, this grant provides investment assistance to help communities and regions devise and implement long-term economic recovery strategies through a variety of non-construction and construction projects to address economic challenges. LCRDA's incubator project seeks to address economic challenges in the Tallahassee-Leon County region by closing the gaps identified in the Incubator and Accelerator Study. It should be noted that the proposed project's programs, unique spaces, and equipment does not currently exist in the region.

Originally, LCRDA application sought a 1:1 local cash match to be pledged by the application deadline of September 30, 2018. Florida State University (FSU) has pledged \$2.5 million toward this proposal. LCRDA is currently seeking the remaining matching funds approximately \$6 million. LCRDA was unsuccessful in obtaining matching funds, from the State of Florida (specifically Department of Economic Opportunity) and Florida A&M University.

Recently, LCRDA has discussions with the EDA and the Apalachee Regional Planning Council to determine if they qualify for a higher EDA match rate of 60:40, based on the fact that the incubator will help to address a documented need for student retention. This new match rate will allow for LCRDA to request \$10.2 million from the EDA, leaving \$6.8

million for local match. Given FSU Research Foundation's \$2.5 million pledge, LCRDA is now requesting \$2.5 million from OEV, leaving \$1.8 million of needed local match. To that end, on September 19, 2018, the LCRDA Executive Committee approved shifting \$1.8 million from a budgeted building renovation project toward the incubator.

As stated in the workshop item, this incubator project is designed to assist individuals with business acumen, attract serial entrepreneurs that license technology, and entice venture capital to the area by offering innovations to enhance their company portfolio. LCRDA is proposing a 40,000 square foot high-tech incubator that will include wet labs, tissue and bio-culture room, engineering/light manufacturing spaces, an innovation lab for prototype development and smaller manufacturing, as well as offices and supporting amenities. In addition, LCRDA built a management plan to ensure self-sustainability of operating expenses and the pro forma shows that the incubator will achieve this goal in Year 2.

Should the IA Board wish to support the \$2.5 million request, these funds would specifically be for the construction of the 40,000 high-tech incubator facility, as detailed in Attachment #16 of the workshop item, and not for operating costs. Based on the request letter, it is anticipated that the project will start in January 2019 with construction commencing by June 2019, if LCRDA is awarded the grant; however, funding from the economic development portion of the infrastructure sales tax will not begin until January 1, 2020. The EDA is asking that all matching funds be available at the start of construction, which according to the LCRDA will begin in June 2019. Should the IA Board wish to allocate \$2.5 million toward the LCRDA incubator project, funding capacity is available between cash and bonding options in FY 2020 and FY 2021. For information on the availability of funds in the OEV Capital Budget for FY 2020 – 2024, see page 32 of the workshop item.

In light of this funding request and that this project fills gaps identified in the Incubator and Accelerator Study discussed above, staff recommends issuing a letter of support for the 40,000 square foot high-tech incubator (as presented in the LCRDA proposal) as required for the EDA grant process and pledge \$2.5 million to support this project. Should LCRDA be successful in obtaining the EDA grant, staff will bring an agenda item to the IA Board at the February 28, 2018 meeting to discuss the funding strategy, next steps, and formalize any and all agreements prior to the financing or disbursement of any sales tax funds for this project to ensure that LCRDA has the funds available at the time of construction, as required by the EDA.

Should the size, scope, total cost, or cost per square foot of the LCRDA Incubator project deviate from the target as presented in their proposal, the IA Board reserves the right to reevaluate the funding commitment.

Revised Action Item #8: Direct staff to issue a letter of support for the 40,000 square foot high-tech incubator as presented in the LCRDA proposal and pledge \$2.5 million to support this project. Should LCRDA be awarded the grant, direct staff to bring an agenda item on February 28, 2019 identifying the next steps, funding strategy to meet the grant requirements, and any necessary agreements to formalize the IA Board's participation in the project.



September 19, 2018

Mr. Ben Pingree, Director
Tallahassee/Leon County Department of Place
315 S. Calhoun Street, Suite 450
Tallahassee, FL 32301

RE: Amendment to Innovation Park Business Incubator/Accelerator Facility Funding Request

Dear Mr. Pingree:

In reference to my letter dated August 29, 2018, I would like to provide an update regarding our progress in raising matching funding for the Economic Development Administration grant, and to amend our funding request by increasing the amount from \$2.0 million to \$2.5 million. As you know, this unique opportunity to fund a \$17 million Incubator/Accelerator Facility at Innovation Park is on a very tight timeline. We have been working diligently over these past few weeks to obtain participation by all community partners including Florida A&M University and the State of Florida as we originally proposed assuming a 50:50 match.

While we were unsuccessful in obtaining matching funds from these two partners, we have worked with the EDA on what we believe is a workable solution. Based on discussions with the EDA and the Apalachee Regional Planning Council (ARPC), and as supported by the attached letter from the ARPC, we believe the incubator will help to address a documented need for talent retention. This will help us qualify for increased funding from EDA with a 60:40 match. This will generate \$10.2 million from the EDA, leaving \$6.8 million for local match. Given FSU Research Foundation's \$2.5 million pledge and assuming \$2.5 million from OEV, this will leave \$1.8 million of needed local match.

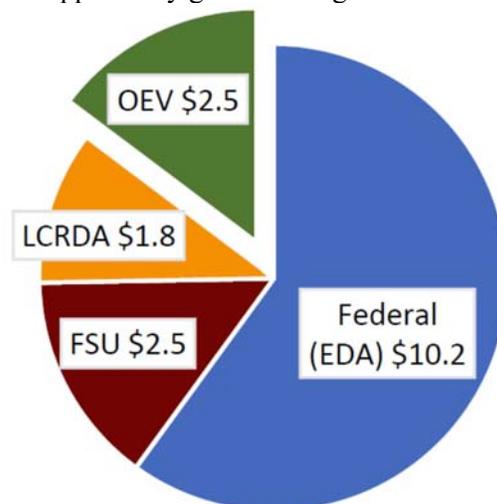
LCRDA is fully committed to doing everything it can to make this opportunity a reality. Today LCRDA's Executive Committee approved shifting \$1.8 million from a budgeted building renovation project toward the incubator. While this renovation project is still important to supporting the overall mission of the Park, we also know how critically important it is to obtain this limited opportunity grant funding in order for the community to realize the benefits of this incubator.

We respectfully request to increase our request to \$2.5 million from the Office of Economic Vitality as the City and County's contribution to this project. We would be happy to provide whatever information you require and to answer any questions you have.

Sincerely,
Leon County R&D Authority

A handwritten signature in black ink, appearing to read "Ronald J. Miller, Jr.".

Ronald J. Miller, Jr,
Executive Director



Apalachee Regional Planning Council

Serving Calhoun, Franklin, Gadsden, Gulf, Jackson, Jefferson,
Liberty, Leon and Wakulla counties and their municipalities

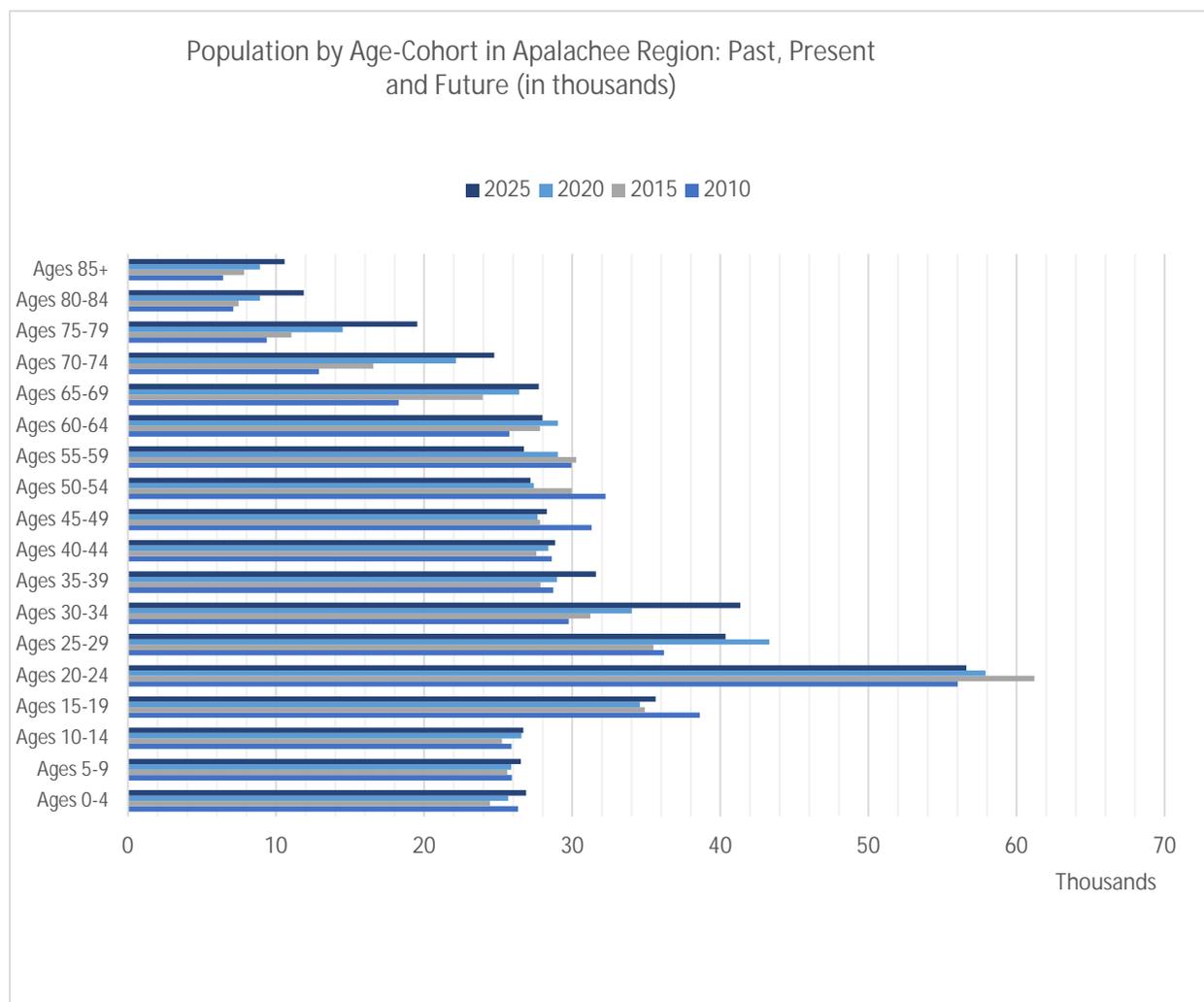


September 17, 2018

Greg Vaday
401 West Peachtree Street, NW
Suite 1820
Atlanta, GA 30308-3510

Dear Mr. Vaday:

In addition to its finding of consistency with Apalachee CEDS objectives, ARPC believes that data from the 2018-2022 CEDS supports the criterion of special need reflecting talent retention. In this case, the instance of talent *loss* is conveyed by the *Population Age-Cohort in Apalachee Region* table (found in the data appendix, p. 44).



Greg Vaday
September 17, 2018
Page Two

2015 data – indicated by the light gray bar – show that the large increase of persons of college age (i.e. 20-24) immediately and precipitously tapers in the next age category (ages 25-29) and continues to do so until the age 50-54 cohort. This strongly supports the inference that the multitude of college in-migrants that enter the region to attend FAMU, FSU, and TCC leave soon after finishing their degree.

Additionally, CareerSource Capital Region's 2018-19 *Regional Targeted Occupations List* includes numerous positions that may be supported by the development and commercialization of technology at the Innovation Park Incubator, including:

- Computer Systems Analysts;
- Civil Engineers;
- Environmental Scientists & Specialists, Including Health;
- Head Technologists and Technicians;
- Radiologic Technologists;
- Sales Representatives, Wholesale & Manufacturing, Technical and Scientific Products;
- Software Developers; and,
- Surgical Technologists.

For inquiries regarding these findings, please contact Richard Fetchick – Rfetchick@thearpc.com , 850-488-6211.

Sincerely,

A handwritten signature in blue ink that reads "R Fetchick" with a small star above the "i".

Richard Fetchick, Regional Planner