



COMPETE NOW

PINELLAS COUNTY ECONOMIC DEVELOPMENT

EXECUTIVE SUMMARY

APRIL 20, 2017

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COMPETITIVENESS SUMMARY

SUMMARY OF ADVANTAGES AND CHALLENGES



OVERALL COMPETITIVENESS	CORPORATE HEADQUARTERS	FINANCIAL SERVICES	ADVANCED MANUFACTURING
<ul style="list-style-type: none"> ✓ Overall Business Climate: State business climate is attractive for number of projects. ✓ Airport: While not as large as hubs in competing communities, overall access and ease of access is an advantage. ✓ Lifestyle: Especially compared to points further north, overall lifestyle options are attractive. ✓ Broadly Competitive Incentives: While offered incentives can be very project-specific, overall package is consistent with those in competitive communities. ✓ Sales Tax: If passed, sales tax funds for economic development could be critical advantage. 	<ul style="list-style-type: none"> ✓ Initial Filtering: On a preliminary analysis, the Tampa market overall looks attractive for headquarters project. ✓ Cost: Compared to very high growth, markets (e.g. Dallas, Atlanta), competitive costs in Pinellas and Tampa region overall. ✓ Airport: As mentioned previously, competitive airport with easy access to community. ✓ Real Estate: Compared to other communities and relative to manufacturing, baseline real estate options are available. 	<ul style="list-style-type: none"> ✓ Initial Filtering: On a preliminary analysis, Tampa market overall scores well and would oftentimes make the first cut of selection process. ✓ Costs: Very competitive cost structure relative to both nearby and national competing markets. Driven by competitive wages and real estate costs. ✓ Incumbent Employers: Large employers like Raymond James give legitimacy to market. Existing employers are positive about market and workforce availability. ✓ Real Estate: Compared to other communities and relative to manufacturing, baseline real estate options are available. 	<ul style="list-style-type: none"> ✓ Broad Demographic and Occupational Profile: Overall market has an attractive occupational and demographic makeup for industrial projects. ✓ Airco Park: With investment, long-term opportunity to access 131 acres in heart of metro area next to airport could be attractive in the long-term. ✓ Duke Partnership: For both utility provision and economic development partnering, leveraging Duke relationship is important in attracting and serving industrial users.
<ul style="list-style-type: none"> ✗ Regional Marketing: While currently being reevaluated, without a regional marketing effort and proper project flow, opportunities may be lost. ✗ State Marketing: If there are significant changes to state economic development policy, projects flowing from the state to community could be interrupted. ✗ Production Focused Real Estate: Very limited real estate options currently for production focused project. 	<ul style="list-style-type: none"> ✗ Broad Demographic Factors: Compared to high-growth markets, Tampa may not be as attractive in terms of occupational and demographic profile. ✗ Cost: While competitive against some markets, others (e.g. Nashville, Indianapolis) may offer further cost savings. ✗ Accessibility: Although airport is attractive and easy to use, companies desiring maximum connections and market access may prefer hub airports, or locations more centrally located. ✗ Real Estate: While baseline options are available, additional geographic diversity would help provide additional opportunities for both companies and residents. 	<ul style="list-style-type: none"> ✗ Broad Demographic Factors: Again, relative to very fast-growing “hot” markets in financial services, Tampa may not be as optimally positioned. Markets like Phoenix, Dallas, and Atlanta may look more attractive both in terms of specific occupational presence, but also broad demographic trends. ✗ Real Estate: Again, while there are available options to satisfy some requirements, additional diversity in real estate offerings would improve overall community competitiveness. 	<ul style="list-style-type: none"> ✗ Real Estate: Very limited land and building options to meet industrial requirement. What is available is likely very high cost. ✗ Geographic Positioning: Any requirement with significant in/out-bound needs could be challenged by Florida’s market positioning, but especially in Pinellas. Tampa better satisfies with access to I-4 and I-75. Critical to focus on requirements with need to serve Florida or nearby markets, or with lower volume requirements. ✗ Incentive Thresholds: Many production jobs may only pay in the \$40k-\$50k range and may not qualify for incentives absent a waiver.

PROJECT OVERVIEW



PINELLAS
COUNTY

ECONOMIC DEVELOPMENT

WWW.PCED.ORG

With nearly one million residents, Pinellas County is one of the larger components of the greater Tampa Bay market. Anchored by the cities of St. Petersburg and Clearwater, but also home to a number of smaller communities on the beach and inland, the county enjoys a diverse industry base and a high quality of life.

Pinellas County Economic Development (“PCED”) is the county’s primary agency for business recruitment and retention efforts. In addition, the organization also supports entrepreneurship and similar initiatives in the community.

To ensure that PCED is working as effectively as possible, especially in terms of corporate recruitment, the organization engaged Site Selection Group (“SSG”), a location advisory firm, to undertake a competitive assessment of the community. While the majority of its work lies in assisting companies in finding the optimal location for a new operation, SSG is often engaged by economic development organizations to assess their competitive positioning as viewed through the corporate lens. As a result, PCED hopes to gain the following benefits from the engagement:

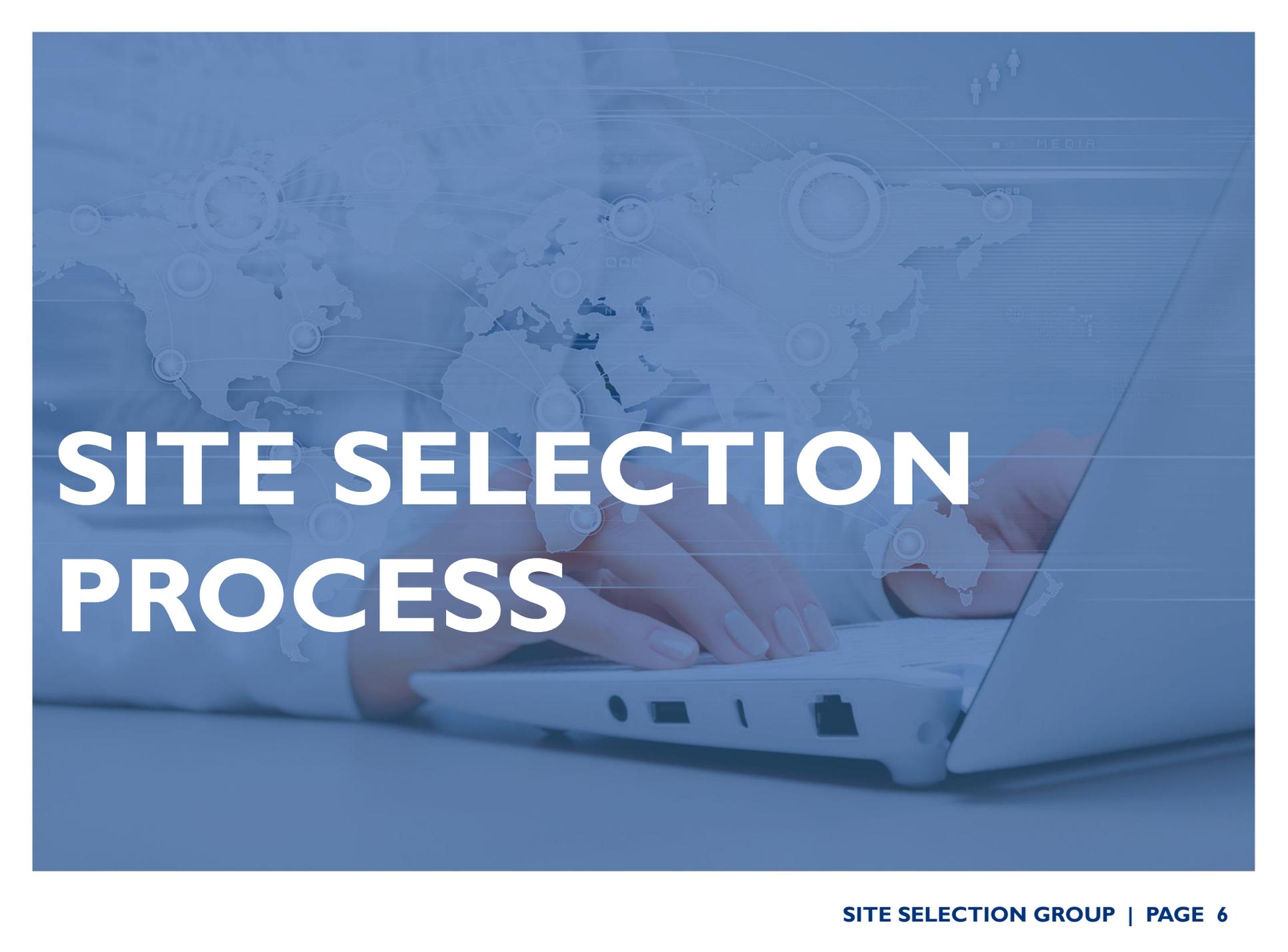
- A better understanding of where Pinellas County and the greater Tampa Bay region fall in terms of overall national competitiveness for key targeted industries and operation types.
- An in-depth view of how the region compares to selected competitor communities in terms of estimated operational cost and locational competitiveness for those same project types.
- Knowledge of key community strengths and weaknesses related to both broad economic development efforts and specific project requirements.

PROJECT TIMELINE

ACHIEVING TIMING OBJECTIVES

The timeline below shows the progression of the project from launch in January 2017 to presenting the findings to the community at its redevelopment symposium on April 20 and 21.

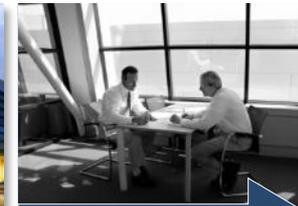
ACTIVITY	JANUARY	FEBRUARY	MARCH	APRIL	ONGOING
Kickoff and Project Profiling					
Benchmark Analysis and Comparison Communities					
Initial Community Visit					
Comprehensive Competitiveness Analysis					
Deliver Final Report and Address Follow-Ups					
Attend and Present at Redevelopment Symposium					
Ongoing Support and Questions					



SITE SELECTION PROCESS

SITE SELECTION PROCESS

SSG'S ENGAGEMENT WITH PCED IS MEANT TO MIRROR THE STEPS OF AN ACTUAL SITE SELECTION PROJECT

PHASE	 1 Needs Assessment	 2 Community Filtering	 3 Site Selection Analysis	 4 Tours and Due Diligence	 5 Negotiations	 6 Incentive Compliance
KEY STEPS	<ul style="list-style-type: none"> • Strategy formation • Business drivers • Project timeline • Criteria weighting • Employee profile • Job creation • Infrastructure needs • Capital investment • Geographic preference • Facility specifications 	<ul style="list-style-type: none"> • Labor force size • Labor turnover • Security analysis • Competitor concentration • Wage rates • Unemployment rate • Time zone • Accessibility • Union conditions • Utility rates • Real estate availability • Economic incentive climate 	<ul style="list-style-type: none"> • Demographics • Labor force analysis • Economic incentives • Real estate research • Infrastructure • Wage and benefits • Business climate • Geo-political risks • Accessibility • Operating cost analysis • Decision matrix 	<ul style="list-style-type: none"> • Economic development agencies • Community leaders • Education and workforce training institutions • Employer interviews • Recruitment agencies • Real estate options • Infrastructure providers 	<p>Economic Incentives</p> <ul style="list-style-type: none"> • Tax reductions • Training grants • Tax credits • Cash grants • Real estate grants • Infrastructure grants <p>Real Estate</p> <ul style="list-style-type: none"> • Acquisitions • Dispositions • Build-to-Suits • Lease Renewals 	<ul style="list-style-type: none"> • Annual reporting • Training reimbursements • Job creation filings • Applications • Contract amendments • Site audits • EDC coordination
DELIVERABLE	<ul style="list-style-type: none"> • Project Questionnaire • Project Profile Summary 	<ul style="list-style-type: none"> • GeoCision Analysis 	<ul style="list-style-type: none"> • Site Selection Report 	<ul style="list-style-type: none"> • Tour Agenda • Building Ranking Matrix 	<ul style="list-style-type: none"> • Request for Proposals • Proposal Comparison • Financial Analysis • Letter of Intent • Documentation 	<ul style="list-style-type: none"> • Compliance Documents • Reimbursement Management • Contract Amendments • IncentTrak Updates
RESULTS	<p>Understand Client's Needs & Objectives</p>	<p>Identify Candidate Communities</p>	<p>Comprehensive Evaluation of Candidate Communities</p>	<p>Identification of Finalist Locations</p>	<p>Secure Economic Incentives & Real Estate</p>	<p>Compliance of Economic Incentives</p>



NEEDS ASSESSMENT AND DEFINING THE PROJECT

PROJECT PROFILES SUMMARY

In this engagement, PCED and SSG selected three mock project types in order to benchmark the community's competitiveness. Projects were selected to represent actual project types that are relatively common in today's site selection environment, and those that would be desirable to Pinellas County given its strategic goals.



CORPORATE HEADQUARTERS

Broad Parameter: Focus on a larger, relocating headquarters project that would require a relatively large real estate footprint.



FINANCIAL SERVICES

Broad Parameter: Again, focus on a project that would have a large real estate requirement and one requiring a high level of educational attainment.



ADVANCED MANUFACTURING

Broad Parameter: Similarly, use a relatively large project (in terms of real estate and job count) to test the community's ability to satisfy the requirement.

CORPORATE HEADQUARTERS



SSG researched recent headquarters announcements in addition to relying on its own professional experience to identify the specific mock parameters shown below. These specifications are meant to best represent a real headquarters relocation project that Pinellas County would want to compete for.

PROJECT PARAMETERS

Jobs

- 300 jobs
- 25% to be relocated from New Jersey, 75% to be hired in the new market
- Job types follow typical staffing pattern for Corp. Headquarters
- \$95,000 average wage

Capex

- TBD (depending on existing office space or BTS)
 - For Operating Cost analysis, SSG assumed a built to suit

Size

- Approx. 100k square feet
- Existing building or BTS on 10-20 acres

Key Drivers

- Workforce – availability and costs
- Taxes
- Accessibility and flights
- Real Estate – availability and costs
- Quality of Life
- Incentives

Competitor Geography

- National search of metro areas with more than ~2 million residents

FINANCIAL SERVICES



Similarly, SSG selected the specific site selection criteria below for the mock Financial Services project. SSG included specific parameters related to capturing a younger demographic and a highly skilled technical workforce, again, a common requirement in today's financial services projects.

PROJECT PARAMETERS

Jobs

- 250 jobs
- High focus on finance, accounting, and IT skill sets along with “younger” workforce
- \$75,000 average wage

Capex

- Approx. \$10M

Size

- Approx. 75k square feet
- Existing Class A office space

Key Drivers

- Workforce – availability and costs
- Educational Programming – business and IT
- Real Estate – availability and costs
- Competitors – some presence, but not overly saturated
- “Millennial” workforce and quality of life

Competitor Geography

- Large metro areas in the Sun Belt

ADVANCED MANUFACTURING



Because manufacturing project requirements can be especially diverse in terms of product, workforce need, and other characteristics, after initial research, SSG used the Medical Device industry as a project type for this exercise. This industry can require a number of production skill sets, and generally Florida is a competitive location for this type of manufacturing. As a result, SSG used the following project parameters:

PROJECT PARAMETERS

Jobs

- 250 jobs
- Production jobs require experience with metals, plastics, and electronics
- 60% production, 10% engineering, 10% logistics, 20% support and other
- \$50,000 average wage

Capex

- Approx. \$100M (\$50M real, \$50M personal/M&E)

Size

- Approx. 200k square feet BTS on 30-40 acres

Utility

- Electric: 2MW demand
- Gas: Only for heating purposes – not used in production
- Water: Only for sanitary purposes – not used in production

Key Drivers:

- Workforce – Availability and Costs
- Real Estate – Shovel-ready site with easy truck access
- Transportation & Logistics – distance to port and consumers
 - Note: In the Cost Analyses, SSG assumed 20% of inbound shipments from the nearest major port (Jacksonville) and the remaining 80% from a centrally located U.S. market (e.g. Nashville). SSG assumed outbound shipments would align with the overall makeup of the U.S. population.
- Training Programs
- Educational Completions – engineering especially
- Utilities

Competitor Geography:

- Southeast U.S. focus

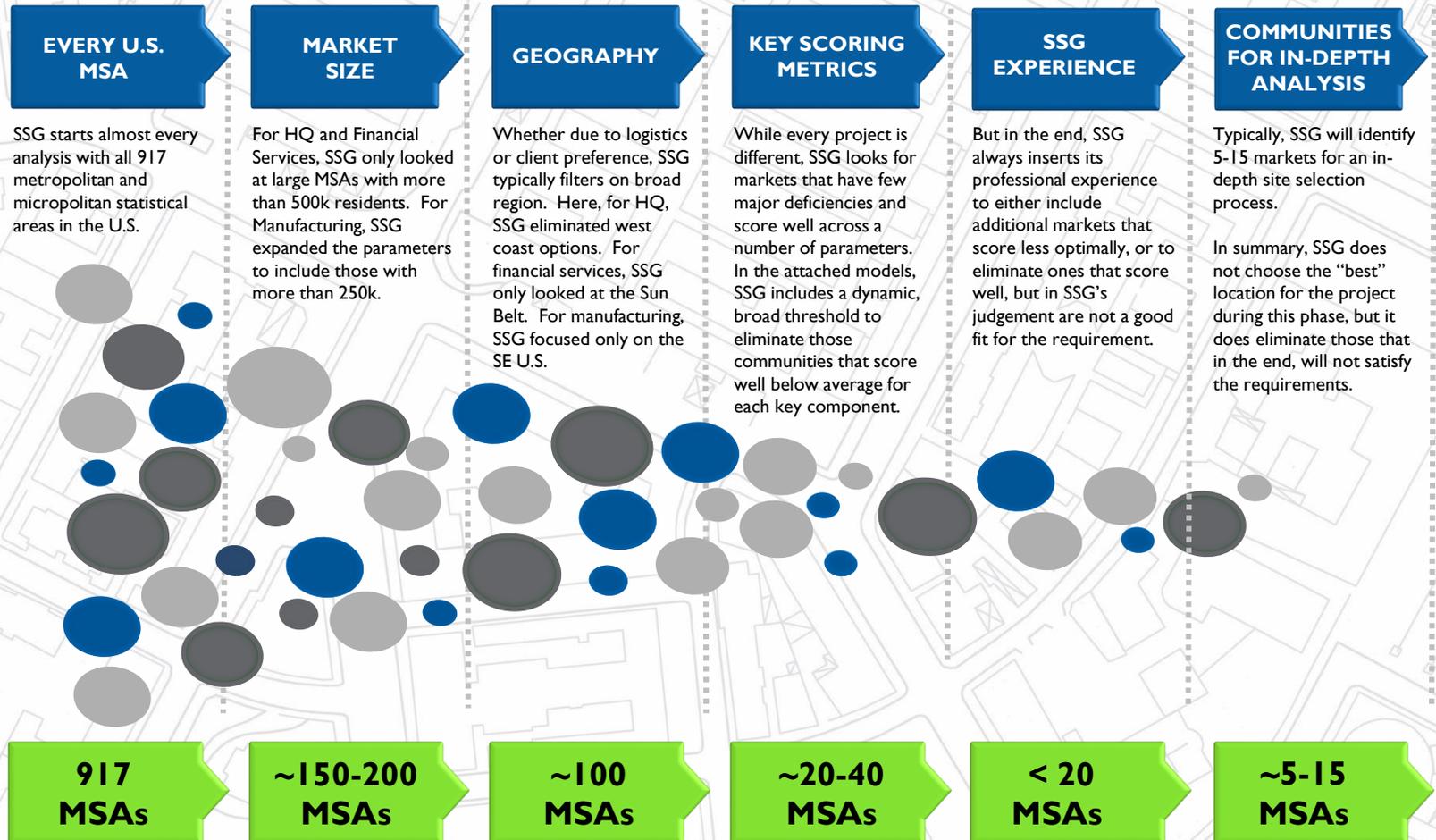


COMMUNITY BENCHMARK ANALYSIS

SSG'S COMMUNITY FILTERING APPROACH

While every project is different, SSG almost always applies a form of the filtering process outlined below to identify those communities that warrant an in-depth site selection analysis. The graphic below shows the broad filtering approach SSG used for both this mock exercise and for its typically corporate site selection projects. **The objective for this phase of the project is to:**

- 1) **Demonstrate the region's overall competitiveness for the selected project types, and**
- 2) **Identify comparison communities to be used in the next phase of the process.**



HEADQUARTERS: SCORING RESULTS

GEOCISION® ANALYSIS

For the prospective Headquarters project, SSG first eliminated market with fewer than 500k residents. While the project summary said the project would focus on markets with more than 2 million residents, SSG typically includes an appropriate margin so potentially attractive markets, or ones that are split between two MSAs (e.g. Raleigh and Durham) are not initially eliminated. Also, SSG filtered out markets in the Mountain and Pacific regions of the country, assuming that a HQ move from NYC would not wish to move cross-country. SSG then applied comprehensive series of weights and broad filtering to identify the markets it would likely include for an in-depth site selection analysis. For each component variable, SSG creates an index score where 100% equals the average of all communities (or in some cases, communities are only compared against similarly sized ones). Those index scores are then weighted and summed to generate the subscores (e.g. Labor Availability) noted below, which are then in turn weighted and scored to create a master Total Score.

Overall, the Tampa market scores well for this type of project. While it is not the absolute highest scoring market, what is very important in Site Selection Group's view is that it scores relatively well across all key subscores. Markets like Atlanta and Dallas score higher overall, but they also show larger variance across its component scores. While not scoring as highly as some of the other markets, SSG recommends also comparing the greater Tampa region against Nashville. With PCED's input, SSG used the markets below as comparison communities for the next phase of the project.

MSA	STATE	CENSUS REGION	TOTAL INDEX	Weight	25%	25%	25%	15%	10%	SUB SCORE STANDARD DEVIATION
				LABOR AVAILABILITY	LABOR COST	OPERATING COSTS & CONDITIONS	ACCESSIBILITY	QUALITY OF LIFE		
Dallas-Fort Worth-Arlington	TX	West South Central	124%	139%	95%	114%	176%	110%	32%	
Orlando-Kissimmee-Sanford	FL	South Atlantic	121%	122%	104%	122%	161%	101%	24%	
Atlanta-Sandy Springs-Roswell	GA	South Atlantic	120%	135%	98%	92%	182%	114%	36%	
Houston-The Woodlands-Sugar Land	TX	West South Central	120%	132%	94%	109%	169%	107%	29%	
Charlotte-Concord-Gastonia	NC-SC	South Atlantic	120%	123%	99%	113%	170%	102%	29%	
Indianapolis-Carmel-Anderson	IN	East North Central	119%	109%	107%	143%	128%	97%	18%	
Tampa-St. Petersburg-Clearwater	FL	South Atlantic	118%	123%	103%	119%	146%	102%	18%	
Nashville-Davidson--Murfreesboro--Franklin	TN	East South Central	112%	112%	110%	93%	146%	110%	19%	

FINANCIAL SERVICES: SCORING RESULTS

GEOCISION® ANALYSIS

For the mock Financial Services project, SSG again eliminated market with fewer than 500k residents. Further, instead of filtering by east/west geography, SSG filtered this project using a north/south factor, keeping markets in the fast-growing Sun Belt. While the broad category scores shown below are similar to those used for the Headquarters project, the components scores were weighted differently, focusing on key business occupational presence, millennial presence and growth, and key business completions.

Again, the Tampa market scores well under this analysis and in a real-world project, it would likely move onto the next phase of the project. Like the Headquarters project, Tampa's scores are balanced across the main factors. With PCED's input, SSG used the markets below as comparison communities for the next phase of the project.

MSA	STATE	CENSUS REGION	TOTAL INDEX	Weight	35%	25%	20%	10%	10%	SUB SCORE STANDARD DEVIATION
				LABOR AVAILABILITY	LABOR COST	OPERATING COSTS	ACCESSIBILITY	QUALITY OF LIFE		
Phoenix-Mesa-Scottsdale	AZ	Mountain	121%	136%	105%	100%	159%	113%	25%	
Dallas-Fort Worth-Arlington	TX	West South Central	120%	123%	97%	118%	167%	122%	26%	
Orlando-Kissimmee-Sanford	FL	South Atlantic	119%	122%	107%	118%	156%	100%	22%	
Miami-Fort Lauderdale-West Palm Beach	FL	South Atlantic	116%	120%	98%	101%	167%	123%	28%	
Atlanta-Sandy Springs-Roswell	GA	South Atlantic	115%	123%	98%	91%	170%	124%	31%	
Tampa-St. Petersburg-Clearwater	FL	South Atlantic	115%	116%	106%	114%	144%	105%	16%	
Denver-Aurora-Lakewood	CO	Mountain	114%	122%	93%	104%	157%	116%	24%	
Charlotte-Concord-Gastonia	NC-SC	South Atlantic	113%	114%	101%	109%	159%	98%	25%	

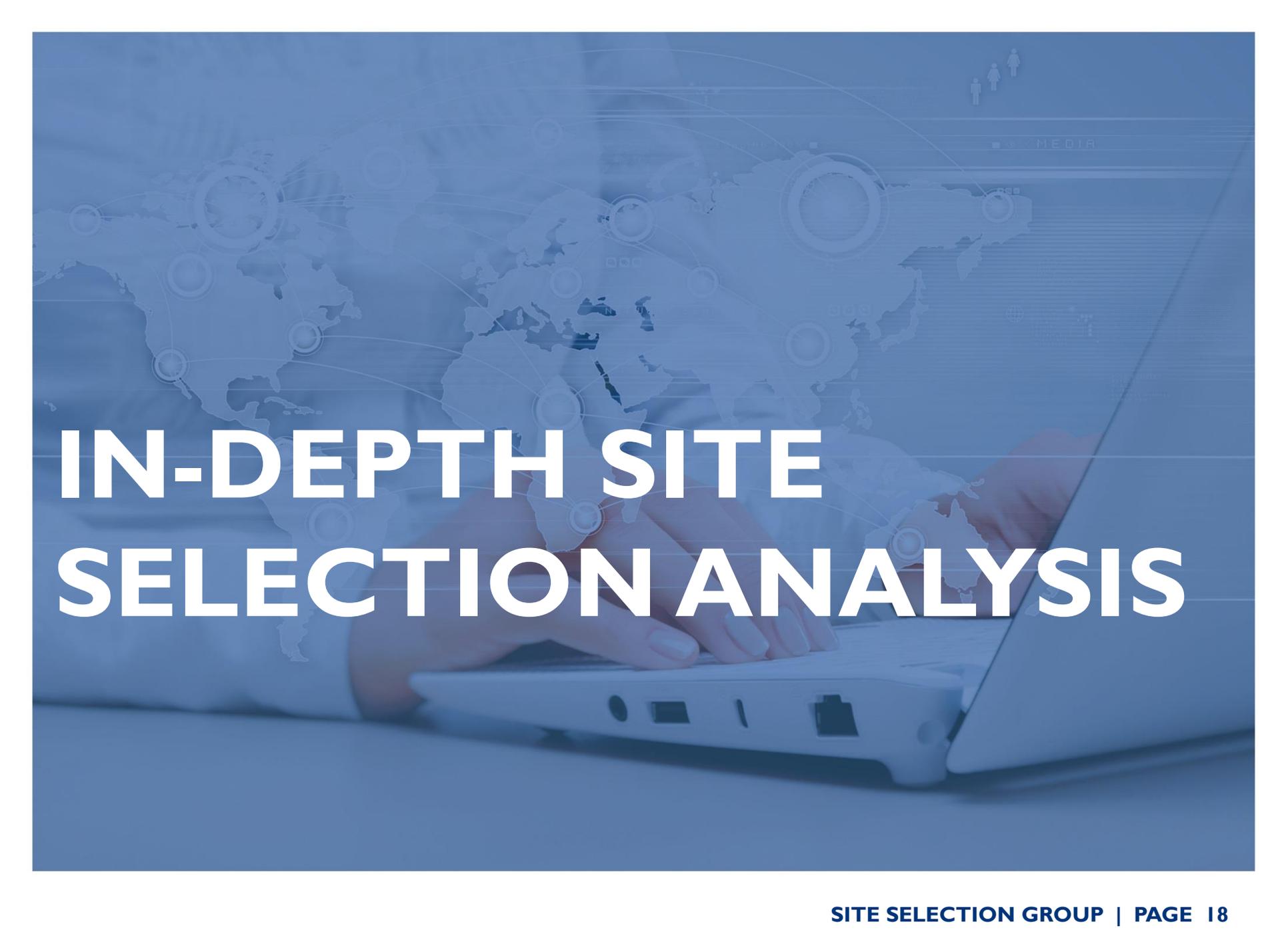
MANUFACTURING: SCORING RESULTS

GEOCISION® ANALYSIS

Finally, SSG conducted an initial filtering analysis for a prospective advanced manufacturing project, specifically one in the medical device sector. SSG expanded the types of communities under consideration for this mock project to those with more than 250k residents. SSG considers it unlikely that a community considering operating in a large metro area like Tampa-St. Petersburg would also consider operating in a community smaller than this 250k threshold. In addition, SSG focused the search only on markets in the Southeast U.S.

The Tampa market does not score as well under this model as it did for the Headquarters and Financial Services projects. Highlighted below in **red**, Tampa's Labor Availability score would likely eliminate it from consideration if this were a real project. In addition, while Tampa's Accessibility score does not appear at first glance to be overly concerning, that is because at this stage communities are benchmarked against all other communities. In other words, Tampa's accessibility from an industrial perspective is more optimal than, say, western markets. In the next phase, however, Tampa's geographic positioning challenges are likely to be more pronounced compared to the comparison markets. The full results provided separately show a number of markets that score higher than the greater Tampa market. Regardless, SSG used the markets below as competitive comparison markets for the next phase of the project.

MSA	TIER	STATE	CENSUS REGION	Weight	30%	30%	30%	10%	SUBSCORE STANDARD DEVIATION
				TOTAL INDEX	LABOR AVAILABILITY	LABOR COST	OPERATING COSTS & CONDITIONS	ACCESSIBILITY	
Atlanta-Sandy Springs-Roswell	1	GA	South Atlantic	118%	116%	104%	131%	124%	11%
Greensboro-High Point	2	NC	South Atlantic	117%	115%	103%	127%	136%	14%
Greenville-Anderson-Mauldin	2	SC	South Atlantic	116%	123%	105%	115%	128%	10%
Huntsville	3	AL	East South Central	114%	125%	100%	113%	123%	11%
Knoxville	2	TN	East South Central	113%	106%	106%	121%	126%	10%
Augusta-Richmond County	2	GA-SC	South Atlantic	109%	105%	104%	112%	131%	12%
Lexington-Fayette	3	KY	East South Central	109%	100%	104%	119%	118%	9%
Jacksonville	1	FL	South Atlantic	108%	90%	110%	119%	124%	15%
Tampa-St. Petersburg-Clearwater	1	FL	South Atlantic	106%	89%	112%	113%	117%	13%



IN-DEPTH SITE SELECTION ANALYSIS

EVALUATING COMMUNITIES: IN-DEPTH

COST VS. QUALITATIVE FACTORS

After the preliminary filtering process, SSG then conducts a more in-depth analysis of the remaining communities. While there are typically many components of this stage, the end results in two primary analyses that help guide the elimination process going forward. The full rankings and calculations for both analyses are provided separately.



Qualitative Analysis

Examines qualitative factors such as demographic trends, workforce availability, hiring pressures, complementary and competing industries, organized labor, and other factors that are difficult to assign a specific cost.



Operating Cost Analysis

Estimates the 10-year and average annual operating cost of the operation in each location including wage and benefits, turnover and training, utilities, logistics, state and local taxes, real estate, and capital expense.

Key Factors to Consider:

- **Balance:** Typically, but not always, there is a tradeoff between costs and quality in each location. While each project is different, it is critical to identify locations that best meet both the broad qualitative and cost criteria, but also within each type. For example, on the cost side, it is important to identify markets that have both competitive wages while minimizing logistics costs. Additionally it is important to identify markets that balance an attractive organized labor environment with strong demographic growth.
- **Benchmarking Three Pinellas Locations (Qualitative), One for OpEx:** Within the proceeding qualitative analysis, SSG has benchmarked three locations within Pinellas including a southern/downtown site, one in Carillon, and another in north county. SSG uses only one estimate for the analogous operating cost analyses, as operating costs are likely to be very similar across the county. In addition, SSG has benchmarked one location in Tampa/Hillsborough county, as well. Further, in this phase, SSG typically switches from evaluating the entire MSA to drawing a drive time around potential sites (generally 30-45 minutes) and evaluating based on a real commute zone.
- **Comparison Markets:** Like in an actual project, SSG has selected what it sees as very competitive comparison locations for each type of project, using actual sites in those markets that are likely to be competitive for these types of projects. As a result, Pinellas County may fall short of these comparison markets in some respects. However, this exercise is far more valuable when it reveals a community's limitations so that they can be addressed over time.

HEADQUARTERS

OPERATING COST ESTIMATE



The table below shows a ten-year operating cost analysis for the hypothetical headquarters project. Overall, Pinellas County's estimated costs are closely aligned with those in nearby Tampa and Orlando (slightly higher than the former, slightly lower than the latter, but within close proximity). SSG typically does not consider economic incentives at this point in the evaluation process, and as a result, they are not included in the figures below.

	Nashville, TN	Indianapolis, IN	Tampa, FL	Pinellas County	Orlando, FL	Atlanta, GA	Charlotte, NC	Houston, TX	Dallas, TX
Wages & Salaries	\$352,914,308	\$365,760,588	\$381,863,512	\$382,828,347	\$387,540,468	\$395,184,380	\$398,910,089	\$409,444,919	\$413,356,728
Benefits	\$86,762,024	\$91,363,734	\$93,188,391	\$93,349,133	\$96,824,458	\$96,605,749	\$98,713,396	\$98,576,997	\$98,335,765
Training	\$31,693,493	\$31,783,938	\$31,897,376	\$31,897,376	\$31,920,115	\$32,034,062	\$31,134,290	\$31,670,924	\$31,738,682
Utilities	\$1,359,020	\$1,198,067	\$1,111,400	\$1,063,321	\$1,095,511	\$1,232,940	\$1,171,819	\$966,749	\$1,048,463
Tax Expense	\$10,035,385	\$11,220,537	\$8,394,184	\$9,461,069	\$9,398,424	\$8,151,945	\$6,417,241	\$11,999,980	\$9,715,917
Transportation	\$6,892,245	\$6,690,370	\$5,885,133	\$5,885,133	\$4,917,830	\$6,752,253	\$7,960,674	\$7,486,739	\$6,179,078
Real Estate	\$1,752,680	\$1,408,450	\$1,578,950	\$2,466,540	\$4,960,320	\$4,400,000	\$1,750,000	\$1,150,000	\$4,500,000
Capital Outlay	\$57,400,000	\$58,480,000	\$57,280,000	\$57,360,000	\$57,200,000	\$57,880,000	\$57,120,000	\$57,100,000	\$57,380,000
TOTAL 10-YEAR	\$548,809,154	\$567,905,684	\$581,198,947	\$584,310,918	\$593,857,126	\$602,241,329	\$603,177,510	\$618,396,308	\$622,254,634
NPV TOTAL (10%)	\$331,714,949	\$343,149,305	\$350,504,035	\$352,657,017	\$359,013,375	\$364,028,043	\$363,480,390	\$372,312,494	\$375,678,111
TOTAL COST DIFFERENTIAL	\$0	\$19,096,529	\$32,389,793	\$35,501,764	\$45,047,972	\$53,432,175	\$54,368,355	\$69,587,153	\$73,445,480
ESTIMATED DIFFERENCE FROM LOWEST MARKET (%)	0.00%	3.48%	5.90%	6.47%	8.21%	9.74%	9.91%	12.68%	13.38%

Drivers of the Cost Differential (outlined in the table in red):

- **Wages and Salaries:** As typically for this type of project, the largest cost determinant (and driver of differences between communities is wages and salaries). Here, Pinellas County ranks squarely in the middle as compared to other communities. Markets like Nashville and Indianapolis may offer more competitive wage and salary conditions, but Pinellas and its Florida neighbors do provide cost savings relative to larger markets in the South, especially those in fast-growing Houston and Dallas. If this were a real project, one of the critical factors moving forward would be interviewing a multitude of staffing agencies and employers to further calibrate market wages.

HEADQUARTERS

QUALITATIVE FACTORS



The table below shows the results of the qualitative analysis for the mock headquarters project. Here, SSG draws a 40-minute drive-time radius around each prospective site and pulls key demographic, labor market, and related information for each market and compares it against one another. Specific takeaways of interest are shown at bottom right.

	WEIGHT	30.0%	30.0%	15.0%	25.0%
	TOTAL	Workforce Demographics	Occupation & Industry Presence	Air Accessibility & Traffic	Tax Climate
Dallas (Plano)	106.4	132.9	100.0	120.6	73.8
Charlotte (Southpark)	100.7	117.2	66.6	115.7	113.1
Atlanta (Sandy Springs)	100.1	131.2	89.6	120.2	63.4
Nashville (Brentwood)	98.9	107.5	109.4	92.0	80.1
Houston (The Woodlands)	97.7	115.9	102.0	92.6	73.8
Orlando (Maitland)	96.6	104.1	73.2	98.6	114.3
Indianapolis (Carmel)	90.4	80.1	77.5	80.4	124.2
Tampa (Hidden River)	89.0	83.8	74.5	86.3	114.3
PINELLAS (CARILLON)	88.6	81.6	67.8	100.9	114.3
PINELLAS (DOWNTOWN)	86.1	74.8	68.6	96.4	114.3
PINELLAS (NORTH COUNTY)	84.9	70.9	68.5	96.4	114.3

Key Takeaways

- ✓ **Tax Climate:** As expected, the overall tax climate of Florida would be attractive for a headquarters project like the one shown here.
- ✓ **Air Accessibility:** The Tampa region scores relatively well against comparison markets, although it does lag those markets with a hub presence. However, in SSG's experience, while a hub can be positive factor in some projects, others may prefer a more "right-sized" airport that balances accessibility with user friendliness.
- ✗ **Demographics:** The comparison markets here are all very fast growing, "booming" metro areas, and as a result, the region overall may not look as favorable.

FINANCIAL SERVICES

OPERATING COST ESTIMATE



The table below shows a ten-year operating cost analysis for the hypothetical financial services project prior to any incentives. From a cost perspective, Pinellas County ranks very favorably compared to the comparison markets. As with its actual projects, SSG does not include potential incentives in the analysis at this point.

	Pinellas County	Orlando, FL	Tampa, FL	Phoenix, AZ	Atlanta, GA	Charlotte, NC	Dallas, TX	Miami, FL	Denver, CO
Wages & Salaries	\$135,390,924	\$133,970,667	\$134,991,981	\$135,439,878	\$142,609,954	\$142,759,556	\$147,004,220	\$139,703,654	\$148,322,062
Benefits	\$47,076,781	\$49,059,129	\$47,010,317	\$47,342,423	\$49,510,691	\$51,557,263	\$49,703,226	\$48,146,316	\$51,237,682
Training	\$4,662,350	\$4,683,140	\$4,662,350	\$4,877,180	\$4,651,955	\$4,492,565	\$4,710,860	\$4,697,000	\$4,752,440
Utilities	\$742,722	\$757,304	\$782,788	\$797,886	\$817,661	\$829,148	\$741,312	\$818,521	\$794,103
Tax Expense	\$6,272,035	\$6,598,668	\$6,344,775	\$6,872,732	\$6,005,882	\$5,033,627	\$6,710,650	\$5,797,074	\$6,342,903
Transportation	\$2,942,567	\$2,458,915	\$2,942,567	\$3,142,555	\$3,376,126	\$3,980,337	\$3,089,539	\$2,890,588	\$2,957,188
Real Estate	\$20,342,654	\$20,402,839	\$22,449,142	\$24,039,755	\$23,205,758	\$22,853,243	\$23,953,776	\$35,371,800	\$25,381,029
Capital Outlay	\$10,944,000	\$10,935,000	\$10,944,000	\$10,998,000	\$11,011,500	\$10,926,000	\$10,955,250	\$10,899,000	\$11,040,750
TOTAL 10-YEAR	\$228,374,032	\$228,865,662	\$230,127,919	\$233,510,408	\$241,189,526	\$242,431,739	\$246,868,832	\$248,323,953	\$250,828,158
NPV TOTAL (10%)	\$138,048,262	\$138,255,617	\$139,096,879	\$141,175,905	\$145,659,863	\$146,255,454	\$148,991,296	\$149,858,083	\$151,283,335
TOTAL COST DIFFERENTIAL	\$0	\$491,631	\$1,753,888	\$5,136,376	\$12,815,494	\$14,057,707	\$18,494,800	\$19,949,921	\$22,454,126
ESTIMATED DIFFERENCE FROM LOWEST MARKET (%)	0.00%	0.22%	0.77%	2.25%	5.61%	6.16%	8.10%	8.74%	9.83%

Drivers of the Cost Differential (outlined in the table in red):

- **Wages and Salaries:** Similar to the hypothetical headquarters project, Pinellas and its Florida neighbors (excepting Miami) provide attractive salaries and wages for these types of financial service and information technology occupations. Again, if this were an actual project, SSG would want to further verify and calibrate these wages.
- **Real Estate:** Further, Pinellas County is likely to offer a competitive cost environment in terms of real estate (i.e. rental rates for Class A and B office). These rental rates are competitive against other fast growing financial service centers like Phoenix, Atlanta, Charlotte, Dallas, and Denver.

FINANCIAL SERVICES

QUALITATIVE FACTORS



The table below shows the results of the qualitative analysis for the financial services project. Here, SSG draws a 40-minute drive-time radius around each prospective site and pulls key demographic, labor market, and related information for each market and compares it against one another. Specific takeaways of interest are shown at bottom right.

	WEIGHT	40.0%	40.0%	10.0%	10.0%
	TOTAL	Workforce Demographics	Occupation & Industry Presence	Air Accessibility & Traffic	Tax Climate
Phoenix (Tempe)	119.2	123.1	130.0	95.3	84.4
Dallas (Plano)	113.5	126.2	117.6	82.4	77.9
Denver (Downtown)	108.5	124.6	110.2	65.0	81.2
Atlanta (Sandy Springs)	98.5	123.5	89.8	76.6	55.5
Charlotte (Uptown)	90.5	109.6	67.3	90.6	106.3
Miami (Fort Lauderdale)	89.1	97.3	71.4	100.8	115.8
Orlando (Downtown)	88.9	106.0	69.0	72.7	115.8
Tampa (Downtown)	81.0	82.1	69.0	90.4	115.8
PINELLAS (CARILLON)	79.4	75.8	73.1	82.9	115.8
PINELLAS (DOWNTOWN)	76.5	67.8	75.6	75.8	115.8
PINELLAS (NORTH COUNTY)	75.1	64.1	75.4	76.8	115.8

Key Takeaways

- ✓ **Tax Climate:** Like the headquarters project, Florida offers a very competitive tax environment relative to the other communities.
- ✗ **Workforce Demographics:** For this mock project, SSG heavily weighted both broad demographic variables and occupational presence and growth to identify locations with fast-growing, “young” tech and finance talent. Again, Pinellas and Tampa overall are not as attractive as the very competitive comparison communities shown here.

MANUFACTURING

OPERATING COST ESTIMATE



The table below shows a ten-year operating cost analysis for the hypothetical advanced manufacturing project prior to any incentives. Overall, Pinellas County is the most expensive of the analyzed markets. As with its actual projects, SSG does not include potential incentives in the analysis at this point.

	Lexington, KY	Knoxville, TN	Huntsville, AL	Greensboro, NC	Augusta, GA	Tampa, FL	Atlanta, GA	Jacksonville, FL	Greenville, SC	Pinellas County
Wages & Salaries	\$156,549,257	\$155,808,009	\$161,086,843	\$160,598,704	\$158,451,192	\$158,446,070	\$162,515,403	\$162,304,178	\$163,059,287	\$158,826,638
Benefits	\$70,648,675	\$67,440,386	\$71,232,958	\$70,917,345	\$73,730,256	\$69,674,912	\$71,401,748	\$70,035,959	\$71,092,769	\$69,738,315
Training	\$4,009,156	\$3,710,447	\$3,388,581	\$3,300,589	\$3,576,143	\$3,796,123	\$3,816,963	\$3,805,385	\$3,735,918	\$3,796,123
Utilities	\$11,556,629	\$10,632,566	\$10,409,220	\$10,883,724	\$11,671,812	\$10,733,394	\$11,891,199	\$12,310,589	\$10,706,505	\$10,895,748
Tax Expense	\$5,885,657	\$14,934,241	\$11,040,130	\$9,727,118	\$11,106,125	\$15,871,509	\$11,845,167	\$15,789,524	\$18,723,602	\$19,078,500
Transportation	\$13,404,959	\$13,327,931	\$13,391,141	\$14,630,553	\$14,702,341	\$18,277,172	\$13,924,177	\$16,205,195	\$14,231,676	\$18,516,139
Real Estate	\$3,000,000	\$3,200,000	\$2,340,000	\$3,700,000	\$1,400,000	\$4,000,000	\$4,800,000	\$3,400,000	\$2,000,000	\$8,000,000
Capital Outlay	\$82,875,000	\$81,062,500	\$81,968,750	\$82,062,500	\$82,718,750	\$82,000,000	\$82,937,500	\$81,343,750	\$81,718,750	\$82,000,000
TOTAL 10-YEAR	\$347,929,333	\$350,116,079	\$354,857,623	\$355,820,534	\$357,356,620	\$362,799,180	\$363,132,158	\$365,194,581	\$365,268,507	\$370,851,462
NPV TOTAL (10%)	\$229,951,609	\$231,466,664	\$234,174,992	\$234,986,604	\$235,257,721	\$239,326,423	\$239,861,813	\$240,281,687	\$240,075,603	\$245,431,131
TOTAL COST DIFFERENTIAL	\$0	\$2,186,746	\$6,928,290	\$7,891,201	\$9,427,288	\$14,869,847	\$15,202,825	\$17,265,248	\$17,339,174	\$22,922,129
ESTIMATED DIFFERENCE FROM LOWEST MARKET (%)	0.00%	0.63%	1.99%	2.27%	2.71%	4.27%	4.37%	4.96%	4.98%	6.59%

Drivers of the Cost Differential (outlined in the table in red):

- **Transportation Costs:** While every project's logistics profile is different, this hypothetical analysis puts in dollar terms the potential challenges associated with locating a production project in Florida overall and Pinellas County specifically. This cost disadvantage would shrink for projects that have low volumes and frequencies of in and outbound shipments.
- **Land Cost/Property Tax:** Pinellas County has limited land availability, especially for a production use. What is available is more than likely to be of higher cost relative to comparison markets (SSG assumes \$200k per acre for this exercise). This higher costs is evident in both the upfront real estate cost and the ongoing (unabated) property tax estimate. The county and cities' ability to abate and reduce property taxes would help offset this cost going forward.

MANUFACTURING

QUALITATIVE FACTORS



The table below shows the results of the qualitative analysis for manufacturing. Here, SSG draws a 40-minute drive-time radius around each prospective site and pulls key demographic, labor market, and related information for each market and compares it against one another. Specific takeaways of interest are shown at bottom right.

	WEIGHT	20.0%	30.0%	30.0%	10.0%	10.0%
	TOTAL	Workforce Demographics	Occupation & Industry Presence	Accessibility	Union Climate	Tax Climate
Atlanta (Acworth)	121.1	130.1	140.3	109.4	103.4	98.5
Greenville (Matrix)	112.9	94.4	126.9	115.9	150.5	61.8
Greensboro (Premier)	110.1	92.6	94.9	123.8	146.6	113.0
Knoxville (Hardin)	99.4	86.3	80.2	133.9	84.6	94.7
Tampa (60 and I-75)	98.5	124.6	99.2	71.0	117.3	108.5
Lexington (Alexandria)	98.3	82.3	84.0	135.9	68.0	90.6
Jacksonville (JAXUSA)	95.5	104.7	102.9	80.4	87.2	108.5
PINELLAS (CARILLON)	95.4	116.3	96.6	68.7	117.3	108.5
PINELLAS (SOUTH COUNTY)	95.0	109.4	100.6	68.1	117.3	108.5
Huntsville (Jetplex)	93.4	90.7	91.2	117.1	27.6	100.5
PINELLAS (NORTH COUNTY)	92.5	103.3	96.3	68.1	117.3	108.5
Augusta (Corporate Park)	91.7	85.7	87.0	107.8	63.0	98.5

Key Takeaways

- ✓ **Workforce:** The overall demographic and occupational profile for this type of manufacturing project are relatively competitive in Pinellas County.
- ✓ **Organized Labor:** Limited threat of organized labor in Pinellas or in most competing communities.
- ✓ **Tax Climate:** The overall tax climate for the Florida options are generally competitive.
- ✗ **Logistics:** Again, while each project requirement is different as volumes and frequencies of required in- and outbound shipments, Pinellas and other Florida sites are likely to become less competitive.

EMPLOYER AND STAKEHOLDER INTERVIEWS

FINDINGS FROM EMPLOYER AND STAKEHOLDER INTERVIEWS

SSG conducted a two-day site visit to Pinellas County to meet with PCED and to conduct interviews with employers and other stakeholders. Critical takeaways from those conversations are below:

ADVANTAGES

- ✓ **Airport:** Almost all interviewed parties noted the quality and ease of access of Tampa International Airport.
- ✓ **Demographics (Experienced Positions):** Community is particularly attractive for hiring and retaining more senior positions. Some noted that attracting empty-nesters, or more experienced workers from other parts of the country was an advantage. Lack of a state income tax was noted by almost all as an advantage for attractive workers from outside of the market.
- ✓ **Middle Wage Percentile:** Some also noted relative ease of hiring folks in middle income brackets (e.g. \$40k-\$60k salaries).
- ✓ **Quality of Life:** Overall positive view of quality of life in the community. Noted as a very nice place to live, especially for those desiring a warm weather climate.

CHALLENGES

- ✗ **Misperceptions of Florida/Community:** While generally positive, some noted challenge with recruiting some workers to community. At times it is difficult to battle perception that community is inundated by retirees and tourists.
- ✗ **Demographics (Younger Positions):** Can be challenging to hire and retain younger people, both for white collar and blue collar positions. While this is certainly a concern to highlight, many communities struggle with attracting young professions, or hold a perception that it is challenging to attract young professionals.
- ✗ **Commuting:** Although the bridges obviously offer connectivity to Tampa side of the market, traffic backlogs can hinder the overall flow of commuters in the market. Others also noted the lack of quality public transportation options, especially for lower wage positions that are more reliant on routing and availability.
- ✗ **Housing Costs and Availability:** Many also commented that while high-end housing was readily available, attractive and well-located mid-tier options were lacking the market overall.



REAL ESTATE SUMMARY

CORPORATE HEADQUARTERS

In evaluating the competitiveness of Pinellas County's real estate options for corporate headquarters projects, SSG focused on large, class 'A' options. The following table shows key real estate metrics for the comparative markets. The figures for the Tampa MSA are inclusive of Pinellas County.

Key Takeaways for Pinellas County

	Available Square Feet (millions)	Vacancy Rate	Average Quoted Rental Rates	% Change in Rental Rate 2014-2017	Under Construction (million sq. ft.)
Dallas-Fort Worth, TX	23.64	16.3%	\$27.86	10.6%	10.70
Orlando, FL	2.43	9.1%	\$23.73	9.2%	0.21
Atlanta, GA	15.42	12.4%	\$26.99	12.7%	4.59
Houston, TX	24.27	17.4%	\$33.26	-2.9%	3.17
Charlotte, NC	4.49	11.2%	\$26.58	12.0%	2.15
Indianapolis, IN	2.73	10.1%	\$20.36	6.5%	0.28
Nashville, TN	1.27	5.3%	\$29.55	16.8%	1.87
Tampa MSA, FL ¹	2.74	8.0%	\$26.11	7.0%	0.03
National Average	N/A	12.0%	\$30.44	2.5%	N/A
Pinellas County, FL	0.82	9.6%	\$23.66	Unavailable	0.00

Availability: Although Pinellas County vacancy rates are below some of the larger markets, SSG believes there to be some competitive options for class 'A' office space especially in the Carillon area.

Rent Expense: Average rental rates in Pinellas County are below comparative markets which is a strength for the County, especially for intra-market relocations.

Quality: Existing options present well, as do proposed developments.

Comments: At first glance, the availability and cost of competitive class "A" office space does not appear to be a major barrier to this type of project.

¹ Inclusive of Pinellas County
Source: CoStar 2017

FINANCIAL SERVICES

Most locationally-active non-headquarters financial service projects will be sensitive to cost savings initiatives. Therefore, SSG focused on the large class 'B' options. The following table shows key real estate metrics for the comparative markets. The figures for the Tampa MSA are inclusive of Pinellas County.

Key Takeaways for Pinellas County

	Available Square Feet (millions)	Vacancy Rate	Average Quoted Rental Rates	% Change in Rental Rate 2014-2017	Under Construction (million sq. ft.)
Phoenix, AZ	16.25	16.2%	\$22.01	10.8%	0.75
Dallas-Fort Worth, TX	24.16	14.4%	\$20.97	12.4%	1.09
Orlando, FL	4.44	9.0%	\$18.95	4.9%	0.38
Miami, FL	4.85	10.4%	\$29.00	11.8%	0.42
Atlanta, GA	17.03	13.4%	\$18.35	10.6%	0.34
Denver, CO	10.59	10.0%	\$22.50	11.8%	1.04
Charlotte, NC	3.5	8.0%	\$19.19	5.3%	0.07
Tampa, MSA, FL	6.7	10.0%	\$19.24	7.1%	0.14
National	N/A	9.9%	\$21.57	\$0.00	N/A
Pinellas County, FL	2.08	13.9%	\$18.80	Unavailable	0.01

Availability: The latest market statistics and available real estate options indicate there to be baseline options for class 'B' office space.

Rent Expense: Average rental rates in Pinellas County are below comparative markets which is a strength for the County, especially for intra-market relocations.

Quality: There is a good diversity of options that would suit the needs of the majority of users.

Comments: Again, similar to the headquarter requirement, the availability of competitive real estate options for financial services projects is less of a concern as it would be for a manufacturing project (following).

1. Inclusive of Pinellas County
Source: CoStar 2017

ADVANCED MANUFACTURING

To assess Pinellas County's competitiveness for advanced manufacturing projects with a speed-to-market concern, SSG focused on large industrial options. The following table shows key real estate metrics for the comparative markets. The figures for the Tampa MSA are inclusive of Pinellas County.

Key Takeaways for Pinellas County

	Available Square Feet (millions)	Vacancy Rate	Average Quoted Rental Rates	% Change 2014-2017	Under Construction
Atlanta, GA	52.43	7.6%	\$4.43	10.2%	13.55
Greensboro, NC	13.1	4.8%	\$3.41	14.4%	1.09
Greenville, SC	14.03	6.8%	\$3.65	5.2%	0.62
Huntsville, AL	2.75	8.9%	\$5.91	6.3%	0.81
Knoxville, TN	2.00	2.7%	\$4.05	11.3%	0.41
Augusta, GA	3.95	9.7%	\$3.40	12.6%	0.16
Lexington, KY	2.02	4.0%	\$5.06	2.0%	0.02
Jacksonville, FL	6.39	5.0%	\$4.26	6.8%	0.22
Tampa MSA, FL	15.61	5.5%	\$5.65	9.7%	2.60
National	N/A	5.4%	\$6.05	2.0%	N/A
Pinellas County	3.03	4.4%	\$6.29	Unavailable	0.34

Availability: Although the real estate statistics indicate there to be 3.0m available square feet of industrial space, SSG is not aware of any options that are legitimately competitive for an advanced manufacturing project.

Rent Expense: Due to the low inventory of competitive space, average rents in Pinellas County are higher than the competitive markets.

Quality: The majority of existing space on the market are older options with antiquated specifications.

Comments: The availability of competitive industrial real estate options is a real concern for Pinellas County.

REAL ESTATE COMPARISON SUMMARY



	CORPORATE HEADQUARTERS	FINANCIAL SERVICES	ADVANCED MANUFACTURING
STRENGTHS	<ul style="list-style-type: none"> ✓ Baseline options available ✓ Effectively priced compared to other comparison markets ✓ Planned future market activity (e.g. proposed developments) 		<ul style="list-style-type: none"> ✓ None. The Airco site could become a competitive option in the future, but would require significant investment.
AREAS OF CONCERN	<ul style="list-style-type: none"> ✗ Attractive options mostly limited to Carillon area. Other parts of the County may have limited current opportunities. ✗ Sheer number of options. Although space is available and developments are proposed, compared to amount of space under construction in competing markets, there may be some limitations in choice. 		<ul style="list-style-type: none"> ✗ Lack of existing buildings ✗ Lack of competitive land development options
COMMENTS	<p>The office real estate market in Pinellas County is adequate, especially when compared to production availability (see right). There is diversity among options and real estate is competitively priced, although mostly limited to the Carillon area which may limit work options for residents, especially in the northern part of the County. In addition, there are proposed projects that could provide long-term space options if they are fully realized.</p>		<p>Industrial real estate is an area of significant concern for Pinellas County's ability to attract new and expand its current advanced manufacturing operations. There is a lack of adequate existing product, and the County lacks competitive shovel-ready industrial sites that are properly zoned. The most competitive option is the Airco Aviation Business Center, but would require significant investment.</p>



INCENTIVES OVERVIEW

INCENTIVES

SUMMARY

While their importance in identifying and securing the optimal location for an operation may be overstated from time-to-time, incentives do remain a critical part of the site selection process. They become especially important when drawing fine distinctions between otherwise competitive locations.

As part of this process, PCED provided hypothetical local incentive offerings for each type of project. In addition, PCED also provided hypothetical incentive offerings from partner organizations, like the State of Florida and Duke Energy. Those proposals are summarized below, with a competitiveness analysis following.



INCENTIVE	CORPORATE HEADQUARTERS	FINANCIAL SERVICES	ADVANCED MANUFACTURING
QTI	\$2.1 Million	\$1.5 Million	\$1.25 Million
Ad Valorem Tax Exemption	TBD (based on ownership or lease)	N/A	\$5.7 Million
Capital Investment Tax Credit	Eligible: Depending on Corporate Income Tax Liability	N/A	Eligible: Depending on Corporate Income Tax Liability
High Impact Performance Credit	Eligible: Negotiated	N/A	Eligible: Negotiated
Expedited Permit Initiatives	Eligible: Based on Permit Costs	Eligible: Based on Permit Costs	Eligible: Based on Permit Costs
Training: FloridaFlex	\$270,000	\$225,000	\$225,000
Training: Incumbent Worker Training	\$35,000	\$35,000	\$35,000
Training: On-the-Job	Eligible	Eligible	Eligible
Sales Tax Exemption on M&E	N/A	N/A	\$3.0 Million
Sales Tax Exemption on Electricity	N/A	N/A	Eligible: Dependent on Consumption
Electricity: Duke Energy ED Rider	\$169,865	\$92,540	\$517,774

MOCK PROJECTS: LOCAL INCENTIVES

HYPOTHETICAL INCENTIVES PROPOSAL

The graphic below summarizes SSG's view of the overall competitiveness of the local incentives offered for the hypothetical projects.

Average Local Incentive Package	Pinellas County Mock Offer	Comparison Community Summary
Property Tax Abatement 10-year abatement of real and personal property taxes (excluding school portion).	✓ While many states will extend the abatement or fee-in-lieu of payment (FILOT) program for 10+ years, exempting seven years at 75% of city and county millage is competitive. It is critical to demonstrate coordination of abatement process between city and county officials.	10+ year abatements of property taxes is common in many communities. Very competitive abatements for attraction projects can go up to 20 years and 100%. Abatements are critical in states and communities with comparatively higher property tax rates (e.g. South Carolina, Texas). Others do not offer or cannot offer (e.g. North Carolina).
Expedited Permits Expedite all applicable development, business, city and county permits.	✓ Offered to all three projects types.	Commonly used local incentive.
Permit Waivers/Cost Reimbursement Waive development, business, city & county permits.	✓ - Not initially offered for mock projects, but individual municipalities do have procedures in place to offer waivers if deemed appropriate.	Commonly used local incentive to go above and beyond simply expediting the process.
Local Workforce Development Support Provide local support via Technical School, University or Workforce Development Center.	✓ - Initially offered to all three projects types, but limiting OTJ training assistance to only currently unemployment workers may limit effectiveness.	Local workforce incentives can take a variety of forms including local grant money for training, physical space for training, or other in-kind services.
Competitive Local Incentive Package		
Free Land / Discounted Rent / Building Upfit / Public Space Improvements Free land, or subsidized or discounted rent of publically owned buildings.	✗ Not initially offered for mock projects.	While it runs the gamut, the most competitive communities may offer discounted or free land, especially for manufacturing projects. Community may also subsidize rent and or provide grant money for office improvements or public space enhancements. As an alternative, public investment in infrastructure improvement at a site like Airco could serve a similar function as an incentive paid directly to a company.
Highly Competitive Local Incentive Package		
Cash Grants, Forgivable Loans, Etc. Any financial assistance that offsets a company's upfront capital expense.	✗ Not initially offered for mock projects.	While it varies from project to project, very competitive communities may offer direct cash support to high impact recruitment targets. SSG suggests at the very least having a mechanism in place to explore the cost/benefit of cash incentives with appropriate local officials. For example, some communities in Texas use local portion of sales tax to fund either direct incentives or product improvement initiatives.

MOCK PROJECTS: PARTNER INCENTIVES

HYPOTHETICAL INCENTIVES PROPOSAL

PCED also provided hypothetic incentives offered from its state and other economic development partners. SSG provides its overarching view of the incentive offerings from those partners in the below.

Average State Incentive Package	Pinellas County Mock Offer	Comparison Community Summary
State Tax Credits Non-refundable credits that can be used to offset state corporate income tax liability.	✓ Capital Investment Tax Credit offered for Headquarters and Manufacturing projects.	Traditional state tax credits are highly dependent on the tax structure in each state. For example, Georgia’s Quality Jobs Tax Credit is commonly used in projects there. Other states have recently shied away from tax credits (e.g. North Carolina). They are not relevant in states with no corporate income tax (e.g. Texas).
Training Incentives Either grant or in-kind training and related services.	✓ Offered to all three project types.	While difficult to compare in terms of pure dollar figures, almost all states offer some form of incoming and incumbent workforce training program. Oftentimes, it can be more important to demonstrate the scope of services offered (from hiring and screening services to customized training) rather than just a dollar amount. Programs like Georgia’s QuickStart are leaders in providing customized, “one-stop shop” start-up and training services.
Statutory Tax Exemptions Exempting sales tax for certain purchases, electricity/gas sales.	✓ Exempt Sales Tax on M&E and Electricity.	Many competitive states already exempt M&E and Electricity from sales tax by statute. For those that do not, it is typically a standard incentive offering.
Utility Discounts/ED Riders Based on usage and demand, discounted electricity rates.	✓ Offered to all three project types.	Discounted rates vary considerably by utility provider, project specifications, and required infrastructure improvements. While rates in locations like Tennessee (via TVA) may be most competitive, overall, Duke’s economic development support is a clear advantage for the community.
Competitive State Incentive Package		
Refundable Tax Credit/ Withholding-Based Grant Refundable tax credits, or grants based on tax withholding	✓- Offered to all three project types via QTI. However, wage thresholds could limit effectiveness for manufacturing project if \$45k standard cannot be waived.	Commonly used discretionary incentive in competitive states. Similar wage thresholds in competing states can oftentimes limit the applicability of this type of incentive for production related projects in more heavily populated areas.
Highly Competitive State Incentive Package		
Cash Grants/Closing Fund Upfront and ongoing cash to offset initial capital costs	✓ Potentially offered to Headquarters and Manufacturing projects.	As with other incentives, closing funds and similar cash grants can help tip the balance towards one competitive community over another.

HEADQUARTERS COMPARISONS

INCENTIVES IN COMPETITOR COMMUNITIES



The following slides provides recent and comparable incentives awarded in competitor communities. While not every awarded incentive is disclosed in publicly-available documents or in the media, the follow provides a sampling of the types and amounts of awarded incentives.

Company	Location	Date	Jobs	Capital Investment	Average Wage	Incentive Notes
National Air Cargo	Orlando, FL	August 2014	105	\$875,000	\$61,245	<ul style="list-style-type: none"> • QTI: \$504k • Quick Action Closing Fund: \$200k • City Grant: \$126k • Training: \$52.5k
Merchant Esolutions, Inc.	Atlanta, GA	July 2016	143	\$5,000,000	Not confirmed	<ul style="list-style-type: none"> • Invest Atlanta: \$40k grant • State Grant: \$100k • State Job Tax Credits: Unspecified
Hd Supply Holdings, Inc.	Marietta, GA	April 2016	500	\$100,000,000	Not confirmed	<ul style="list-style-type: none"> • Cobb County issued \$60M in bonds to support project • State Job Tax Credits: Unspecified
Courion Corporation	Roswell, GA	September 2015	100	Not confirmed	Not confirmed	<ul style="list-style-type: none"> • State Job Tax Credit: \$3,500/job
Mercedes-Benz	Atlanta, GA	January 2015	800	\$74,000,000	\$78,000	<ul style="list-style-type: none"> • Approx. \$24M total including \$6M state grant
Sealed Air	Charlotte, NC	July 2014	1262	\$58,000,000	\$119,482	<ul style="list-style-type: none"> • JDIG (withholding rebate): \$36M over 12 years • OneNC (grant): \$2.5M • City (grant): \$1.6M • County (grant): \$2.8M
Albemarle	Charlotte, NC	August 2015	120	Not confirmed	\$169,425	<ul style="list-style-type: none"> • JDIG (withholding rebate): \$2M over 12 years • County: \$129k
Jamba	Frisco, TX	May 2016	100	Not confirmed	Not confirmed	<ul style="list-style-type: none"> • Texas Enterprise Fund (grant): \$800k • Local Incentives: Unspecified
Kubota Tractor	Grapevine, TX	May 2015	344	\$51,000,000	Not confirmed	<ul style="list-style-type: none"> • Texas Enterprise Fund (grant): \$3.8M • Local Incentives: Unspecified
Farmers Brothers Coffee	Denton County, TX	August 2015	330	\$65,000,000	\$50,000	<ul style="list-style-type: none"> • County Abatement: 10 year, 60% • City Abatement: 10 year, 85% personal/75% real • Texas Enterprise Fund (grant): \$1.2M • City (grant): \$307k

HEADQUARTERS COMPARISONS

INCENTIVES IN COMPETITOR COMMUNITIES



Additional Corporate Headquarters incentives:

Company	Location	Date	Jobs	Capital Investment	Average Wage	Incentive Notes
Schlumberger	Sugar Land, TX	October 2015	517	Not confirmed	Not confirmed	<ul style="list-style-type: none"> City/County: 10 year, 100% real property tax abatement
Layne Christensen Company	The Woodlands, TX	December 2012	210	\$6,700,000	Not confirmed	<ul style="list-style-type: none"> Texas Enterprise Fund (grant): \$1.3M
Cummins Inc.	Indianapolis, IN	August 2015	400	\$30,000,000	Not confirmed	<ul style="list-style-type: none"> City: 10 year, 70% property tax abatement City: 50% of land for project (~\$5.0M) City/Utility: \$3.3M in utility improvements
Gyansys Inc.	Carmel, IN	October 2015	246	Not confirmed	\$70,000	<ul style="list-style-type: none"> State Tax Credits: \$4.5M State Training Grant: \$250k
Krone North America	Shelbyville, IN	March 2016	101	\$12,500,000	Not confirmed	<ul style="list-style-type: none"> State Tax Credits: \$1.8M Local Grant: \$500k Unspecified city incentives
CKE Restaurant Holdings	Franklin, TN	April 2016	100	\$5,000,000	Not confirmed	<ul style="list-style-type: none"> Unspecified State Fast Track Grant
Hankook Tire America Corp.	Nashville, TN	April 2016	200	\$5,000,000	Not confirmed	<ul style="list-style-type: none"> State Fast Track Grant: \$2.7M
Johnson & Johnson (Corp Service HQ)	Tampa, FL	August 2015	500	\$23,500,000	\$75,000	<ul style="list-style-type: none"> State Quick Action Closing Fund: \$4.9M Local Incentives: \$1.5M
BlueLine Associates	Tampa, FL	January 2017	150	\$2,000,000	\$72,000	<ul style="list-style-type: none"> State QTI: \$900k Additional State and Local: \$180k

FINANCIAL SERVICES COMPARISONS

INCENTIVES IN COMPETITOR COMMUNITIES



Financial Services incentives:

Company	Location	Date	Jobs	Capital Investment	Average Wage	Incentive Notes
Merchant Esolutions, Inc.	Atlanta, GA	July 2016	143	\$5,000,000	Not confirmed	<ul style="list-style-type: none"> • Invest Atlanta: \$40k grant • State Grant: \$100k • State Job Tax Credits: Unspecified • Also included on HQ list
Honeywell	Atlanta, GA	September 2016	800	\$19,000,000	Not confirmed	<ul style="list-style-type: none"> • State and Local Grants: \$2M • State Job Tax Credits: \$10M • Primarily IT rather than financial services
Dimensional Fund Advisors	Charlotte, NC	April 2016	316	\$105,000,000	\$147,025	<ul style="list-style-type: none"> • JDIG (withholding rebate): \$10.3M over 12 years • City/County Grants: \$7.6M over 7 years
AIG	Charlotte, NC	March 2014	230	\$5,500,000	\$100,000	<ul style="list-style-type: none"> • JDIG (withholding rebate): \$4.9M over 12 years • No Local Incentives requested
CoreLogic	Dallas, TX	August 2015	500	\$68,000,000	Not confirmed	<ul style="list-style-type: none"> • City Grants: \$600k • Intra-North Texas competition for project – was not looking outside DFW
JPMorgan	Plano, TX	January 2016	4,800	\$220,000,000	Not confirmed	<ul style="list-style-type: none"> • City Grant: \$4.9M • Property Tax Abatement: 50% for 10 years on \$220M in property
Liberty Mutual	Plano, TX	April 2015	4,000	\$325,000,000	Not confirmed	<ul style="list-style-type: none"> • City Grant: \$5.2M • Property Tax Abatement: 50% for 10 years (approx. \$3M value)
Johnson & Johnson	Tampa, FL	August 2015	500	\$23,500,000	\$75,000	<ul style="list-style-type: none"> • Quick Action Closing Fund: \$4.9M • Local Incentives: \$1.5M

FINANCIAL SERVICES COMPARISONS

INCENTIVES IN COMPETITOR COMMUNITIES



Additional Financial Services incentives:

Company	Location	Date	Jobs	Capital Investment	Average Wage	Incentive Notes
FiveStars Loyalty	Denver, CO	April 2016	236	Not confirmed	Not confirmed	• State Tax Credits: \$3.6M
Personal Capital	Denver, CO	October 2013	213	Not confirmed	Not confirmed	• State Tax Credits: \$1.6M
Viewpost	Maitland, FL	September 2014	262	\$2,000,000	\$80,828	• State Tax Credits: \$1.8M
SquareTrade	Orlando, FL	October 2015 March 2016	100 +60	\$546,000	Not confirmed	• State and Local: \$93k in (undisclosed type) • Training: undisclosed FloridaFlex award
Farmers Insurance	Phoenix, AZ	February 2016	1,000	\$24,000,000	Not confirmed	• Workforce Training: \$500k from city • State Incentives: Unspecified
Northern Trust	Tempe, AZ	February 2015	1,000	\$26,000,000	\$82,000	• City Incentives: \$7.3M (undisclosed type) • Arizona Competes Fund grant: \$4M • Waived Permit Fees: \$250k
Gateway One Lending & Finance	Tampa, FL	March 2015	115	\$675,000	\$47,581	• State QTI: \$276k with \$69k local match
Johnson & Johnson	Tampa, FL	August 2015	500	\$23,500,000	\$75,000	• Quick Action Closing Fund: \$4.9M • Local Incentives: \$1.5M undisclosed type

MANUFACTURING COMPARISONS

INCENTIVES IN COMPETITOR COMMUNITIES



Advanced Manufacturing Incentives:

Company	Location	Date	Industry	Jobs	Capital Investment	Average Wage	Incentive Notes
Adidas	Cherokee County, GA	August 2016	New Footwear Production Facility	160	\$20,000,000	Not disclosed	<ul style="list-style-type: none"> State Job Tax Credit: \$2.8M over 10 years) 10 Year Property Tax Abatement Workforce Training Grant Fee waiver: \$21k
Textron Specialized Vehicles	Augusta, GA	February 2016	Expanded Electric Vehicle Production Facility	400	\$40,000,000	Not disclosed	<ul style="list-style-type: none"> State Grant: \$600k QuickStart Training Program: \$1.6M Land Purchase support: undisclosed amount Property tax abatement: undisclosed amount
EdenCrete Industries	Augusta, GA	April 2016	New Materials Production Facility	251	\$67,000,000	Not disclosed	<ul style="list-style-type: none"> Grant of 112 acres of land: (\$2.8M) Property Tax Abatement: \$5.8M (20 years) Site Improvements: \$3.0M Utility Improvements: \$1.6M Road Improvements: \$500k State Job Tax Credits: undisclosed
HAECO Cabin Solutions	High Point, NC	August 2015	Expansion of MRO Facility	147	\$11,300,000	\$60,000	<ul style="list-style-type: none"> Local Training Grant: \$147k Local Grant: \$1471 State Grant (OneNC): \$294k
Nypro	Mebane, NC	July 2015	Expansion of Advanced Textiles Facility	75	\$17,000,000	Not disclosed	<ul style="list-style-type: none"> Local Cash Grant: \$314k Permit Fee Waivers: \$60k
Herbalife	Winston-Salem, NC	July 2015	Expansion of nutritional supplement facility	301	\$3,500,000	\$55,000	<ul style="list-style-type: none"> JDIG (withholding rebate): \$3.0M Local Grants/Waivers: \$300k
PL Developments	Piedmont, SC	December 2016	Expansion of packaging facility	450	\$45,000,000	Not disclosed	<ul style="list-style-type: none"> State Set Aside Grant: \$750k
Ritrama	Moore, SC	October 2016	New adhesive manufacturing facility	150	\$85,000,000	Not disclosed	<ul style="list-style-type: none"> State Set Aside Grant: \$150k Job Development Tax Credits: undisclosed
Tower International	Fountain Inn, SC	July 2016	New metal manufacturing facility	140	\$75,000,000	Not disclosed	<ul style="list-style-type: none"> State Set Aside Grant: \$100k Job Development Tax Credits: undisclosed

Source: IncentivesMonitor, Local Media, SSG Research

MANUFACTURING COMPARISONS

INCENTIVES IN COMPETITOR COMMUNITIES



Additional Advanced Manufacturing Incentives:

Company	Location	Date	Industry	Jobs	Capital Investment	Average Wage	Incentive Notes
Shape Corp	Athens, AL	October 2015	New injection molding facility	170	\$24,000,000	\$40,000	<ul style="list-style-type: none"> City/County Grants: \$200k Free Land: \$200k State Grant: \$5.4M Property Tax Abatement: \$1.4M over 10 years
GE Aviation	Huntsville, AL	October 2015	New engine components facility	300	\$200,000,000	Not disclosed	<ul style="list-style-type: none"> Free Land via City, County, Utility, and Industrial Board: \$2.4M Industrial Access Grant: \$2.2M State Job Tax Credit: \$3.5M over 10 years State Investment Tax Credit: \$12.4M over 10 years State Training Grants: \$1.9M (in kind)
Johnson & Johnson Vision Care, Inc.	Jacksonville, FL	July 2015	Expansion of eye care production facility	100	\$301,000,000	\$60,000	<ul style="list-style-type: none"> Property Tax Rebates: \$7.1M over 7 years State Capital Investment Tax Credits: \$90.3M High Impact Performance Grant: \$1.0M Quick Response Training Grant: \$150k
Morgan Olson	Loudon, TN	October 2015	Expansion of specialized vehicle production facility	500	\$45,000,000	\$40,000	<ul style="list-style-type: none"> State FastTrack Training Grant: \$1.0M State FastTrack ED Grant: \$1.5M Property Tax Abatement: 10 years (undisclosed amount)
More Than A Bakery	Versailles, KY	February 2016	New food production facility	310	\$57,100,000	\$45,000	<ul style="list-style-type: none"> Kentucky Business Investment Program (withholding rebate): \$8.1M Kentucky Enterprise Initiative Act grant: \$700k State Training Grant: unspecified
Mettler-Toledo	Lutz, FL	September 2016	New inspection device manufacturing facility	185	\$30,000,000	\$51,600	<ul style="list-style-type: none"> County Incentives: \$5.5M (unspecified)



FINAL SSG IMPRESSIONS

FINAL SSG IMPRESSIONS

ECONOMIC DEVELOPMENT SUPPORT

In the below, SSG shares some additional thoughts on Pinellas County's overall competitiveness for corporate projects based on visiting the community, interviewing key stakeholders, and through its corporate site selection experience.

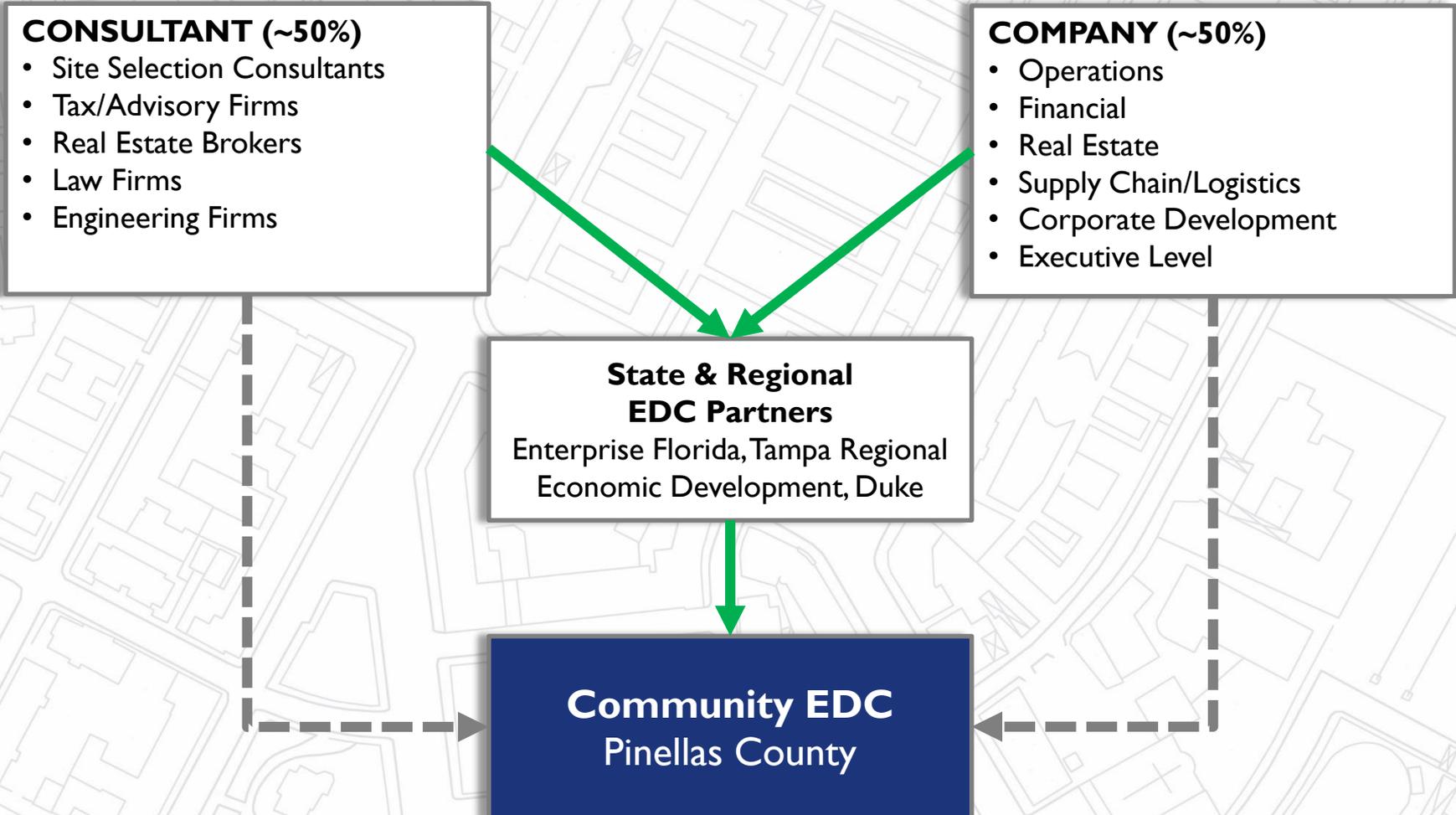
ECONOMIC DEVELOPMENT SUPPORT

- **Regional Marketing and Project Support:** Many consultants (SSG included) are likely to perform preliminary analyses at the MSA level to identify candidate communities. Thereafter, SSG (and other consultants) typically reaches out to a regional economic development agency that often helps it identify competitive locations and sites within those broader markets. As a result, it is important in SSG's view to have some form of metro-level economic development marketing and/project management function to funnel those projects to competitive communities, either at the county level, and as necessary down to the municipal level. While regional economic development efforts are being reevaluated and relaunched, SSG believes it is critical that there is a regional focus in place so that Pinellas County has the opportunity to compete for projects interested in the broader market.
- **State Economic Development Support:** At the same time, some consultants (and many companies) often engage economic development officials initially through the state. Again, it is critical that the Tampa region and Pinellas County in particular have a strong relationship with Enterprise Florida so that appropriate projects are funneled to the community. The graphic on the preceding page helps demonstrate the flow of projects from their source through economic development partners and finally to community level economic development.
- **Sales Tax for Economic Development:** Even some of the most competitive communities in corporate site selection can suffer if they do not have adequate funds to support their mission and address their weaknesses. As a result, the proposed sales tax portion to fund economic development initiatives could be a significant boon for economic development in the County. While specific use of those potential funds is far outside the scope of this engagement, the opportunity to invest in land/building development and re-development could be especially important in a mature community.

FINAL SSG IMPRESSIONS

PROJECT FLOW: CRITICAL TO ENGAGE REGIONAL AND STATE PARTNERS

The graphic below shows a high-level view of how most projects move from either a consultant or company to economic development support. In this case, it is meant to highlight the critical importance of having robust relationships with regional and state partners



FINAL SSG IMPRESSIONS

REAL ESTATE AND ACCESSIBILITY

Additional views on real estate and market access follow below.

REAL ESTATE AND ACCESSIBILITY

- **Industrial Real Estate:** In SSG's judgement, Pinellas County has very limited options as it relates to industrial buildings or shovel-ready land sites. While there is short supply of high quality industrial buildings and truly shovel ready land sites in many communities, it is particularly evident in Pinellas County. This is likely to be a significant hindrance to attracting new industrial investment to the community. As a result, it will be incumbent on the community to examine ways to develop or redevelop land sites (e.g. Airco) to meet the speed-to-market needs of advanced manufacturing firms.
- **External Market Access:** As noted by several on SSG's trip to the community, Pinellas County is "a peninsula on a peninsula". As a result, the community clearly knows some of the challenges it faces in attracting an industrial user that has significant volumes of in- and outbound product. While not all manufacturers require the same geographic access, it will be important for the community to focus in on the types of manufacturers that either have smaller volumes of product, are focused on serving markets in Florida and/or Latin America, or could fully-leverage a potential long-term asset like runway access at Airco.
- **Intra-Market Access:** One comment that came through in several conversations were the challenges associated with traffic jams on the bridges across the bay that can hinder workforce flow. At the same time, however, most of the demographic and occupational data and analyses favored the central Carillon location as that part of the county best captures the workforce from the Tampa side of the bay. If this were a real site selection project, SSG would further evaluate the pros and cons of a central Pinellas County location, versus one either further south or further north. This is also an example of where the data may not be telling the whole story. Regardless, it is important for PCED team to be able to fully address questions and concerns of companies exploring their options in all parts of the County to give them confidence that they will have the workforce they need regardless of their preferred real estate option.

FINAL SSG IMPRESSIONS

COMMUNITY OVERALL

SSG's final thoughts on the community overall are below.

COMMUNITY IMPRESSIONS

- **Overall Impressions:** In Site Selection Group's judgement, the community presents very well and offers an attractive option for corporate expansions and relocations. As noted earlier herein, the community offers easy air access and ground options via the Tampa airport. Downtown St. Petersburg along with Historic Old Northeast present especially well both in terms of their attractiveness, along with the ease of access. In addition, the existing and future growth of the University of South Florida St. Petersburg adds an additional positive element to that part of the community. Candidly, SSG was not aware of USFSP's significant presence in downtown St. Petersburg prior to the initial community visit. SSG is optimistic that the growing university presence can further support urban development in the core.
- **But Broad Demographic Challenges Compared to Competitors:** At the same time, when stacked up against other fast-growing metro areas in the southern part of the United States, it is clear that Pinellas County may not be looked upon as favorably, especially for companies looking to access highly-skilled, young talent (as shown in the Financial Service project, in particular). There are few quick fixes when evaluating demographic and labor force challenges, but it is critical to recognize challenges and work to confront them over the long-term.

