

Board of County Commissioners

Agenda Request

Date of Meeting: August 2, 2010

Date Submitted: July 16, 2010

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Heather Encinosa, County Attorney
Jennifer Langston, Special Projects Coordinator
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Subject: Provide Board Update and Seek Board Direction in Pursuing Rural Area of Critical Economic Concern Designation

Statement of Issue:

This agenda item provides a Board update and seeks Board direction in pursuing the Rural Area of Critical Economic Concern (RACEC) designation from the State of Florida.

Background:

On April 5, 2010, the Board directed staff to research the Rural Area of Critical Economic Concern designation. Florida's Rural Areas of Critical Economic Concern (RACEC) are regions comprised of rural communities that have been adversely affected by severe or chronic economic distress, extraordinary economic events or natural disasters. The designation of the three RACECs in Florida allows these regions certain provisions for initiatives such as the waiving of certain criteria and requirements for economic development programs. Additionally, some funding has been provided in the past to assist in economic research, site selection, and marketing in order to develop catalyst sites for each region.

Analysis:

Since April 5, 2010, staff has researched the RACEC designation, the impact that such a designation would have on Wakulla County, and the likelihood of being designated a RACEC County.

Staff held a conference call with the Office of Tourism, Trade and Economic Development (OTTED), located in the Executive Office of the Governor. During this conference call, Mr. Karl Blischke and Ms. Sherri Martin, both of OTTED, explained the process by which a County could join a RACEC designation, and some of the potential barriers to Wakulla County in joining a RACEC designation, if desired by the County. With Mr. Blischke's and Ms. Martin's guidance, staff compiled a list and related data set of the statutorily required considerations for joining a RACEC designation. Example data are shown below within this agenda item (*see Statistical Analysis*).

In addition, staff met with the County Attorney's office to discuss the statutory considerations of joining a RACEC designation, including the programs made available and the changes to the grant

process that would result. Following the meeting, staff met with representatives of OTTED which resulted in further discussion of the impacts of joining a RACEC designation, as well as what differences, if any, would exist between the current rural designation of the County and the designation of Wakulla County as a RACEC.

What is a RACEC?

RACECs are defined s. 288.0656, F.S. as follows: “‘Rural area of critical economic concern’ means a rural community, or a region composed of rural communities, designated by the Governor, that has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster or that presents a unique economic development opportunity of regional impact.”

This economic distress is determined through factors including low per-capita income, low per-capita taxable values, high unemployment, high underemployment, low weekly earned wages as compared to the state average, high percentages of the population receiving public assistance, high poverty levels as compared to the state average, and a lack of year-round stable employment opportunities.

RACEC Designation Process

The process of being a RACEC is found in s. 288.0656 F.S. In order to be designated, a county must demonstrate that it meets the statutory requirements mentioned above and have a population of 75,000 or less. The Rural Economic Development Initiative (REDI)¹ considers the statistical data, and issues recommendations for counties becoming or not becoming designated as part of a RACEC.

The Governor may designate a county as included within a RACEC through the issuance of an Executive Order (See Attachment #1 for example). Additionally, a memorandum of understanding detailing the various responsibilities of each party with regards to economic development between OTTED, the County, and the affected municipalities must be executed.

Existing Designated RACECs (See Attachment #2)

- There are currently three designated RACECs statewide, a limit which is imposed in state statute. The Northwest RACEC includes Holmes, Washington, Jackson, Calhoun, Gulf, Gadsden, Liberty, and Franklin counties.
- The North-Central RACEC includes Jefferson, Madison, Taylor, Hamilton, Suwannee, Lafayette, Dixie, Columbia, Gilchrist, Levy, Baker, Union, Bradford, and Putnam counties.
- The South-Central RACEC includes Hardee, De Soto, Highlands, Glades, Hendry, and Okeechobee counties.

Rural Counties

¹ REDI consists of the deputy secretary of higher-level staff (or their designees) from 19 state agencies and organizations

In addition to these RACEC designations, there are four counties designated rural but not considered part of a RACEC, including Wakulla County. The other three counties are Walton, Nassau, and Flagler counties. According to the information received from OTTED and comparisons of applicable data, it is likely that Wakulla County and the other three rural counties were not in as dire economic straits at the time of the initial RACEC designations.

Effects of a RACEC Designation

From a statutory perspective, there are several effects of being within a RACEC. Generally they fall within two categories: (1) increased grant amounts, waiver of match, priority for grants; and (2) comprehensive plan flexibility. State revenue sharing programs for fiscally constrained counties can expire if the County grows out of the fiscally constrained designation, but RACEC counties continue to meet the eligibility requirements for the duration of the RACEC designation. Being designated a RACEC also affects the school district. Specifically, the effects include the following:

GRANTS

- HIGHER GRANTS, LESS MATCH UNDER THE RURAL INFRASTRUCTURE FUND AND CATALYST PROGRAM. RACEC counties, in comparison to other rural local governments, have access an increased level of grant funds from OTTED under the catalyst program and the Rural Infrastructure Fund pursuant to sections 288.0655 and 288.0656, Florida Statutes. RACEC counties are authorized for OTTED grants up to 40 percent of the total infrastructure cost for projects that are related to specific job-creation or job retention opportunities. In contrast, other rural communities are eligible for grants up to 30 percent of the total infrastructure funding efforts. Additionally, the grants awardable to RACEC counties are higher-up to \$300,000 per project. In comparison, non-RACEC local governments are eligible for a maximum of \$50 to \$150,000. In addition, the 50 percent local match requirements for certain OTTED-approved catalyst projects in RACEC counties may be waived for grants awarded for surveys, feasibility studies, and other activities related to the identification and preclearance review of land which is suitable for preclearance review for permitting and comprehensive plans for job creating projects pursuant to section 403.973(18), Florida Statutes.
- HIGHER GRANTS FROM THE REGIONAL RURAL DEVELOPMENT GRANTS PROGRAM. Section 288.018, Florida Statutes, authorizes a matching grant program to provide funding to regionally based economic development organizations representing rural counties for the purpose of building the professional capacity of their organizations. RAC counties are eligible to receive \$100,000 annually. Non-RACEC counties are eligible for only \$35,000 annually.
- WAIVER OF LOAN REPAYMENT TO THE RURAL COMMUNITY DEVELOPMENT REVOLVING LOAN FUND. The Rural Community Development Revolving Loan Fund

Program is administered by OTTED pursuant to section 288.065, Florida Statutes. The program provides long-term loans, loan guarantees, and loan loss reserves to units of local governments or certain types of economic development organizations to promote the economic viability of rural communities. The funds may be used to finance initiatives directed toward maintaining or developing the economic base of rural communities, especially initiatives addressing employment opportunities for residents of these communities. All the principal and interest from the loans must be repaid, except that loans to RACEC counties may be retained by the applicant if such repayments are dedicated and matched to fund regionally based economic development organizations representing the RACEC county.

- **WAIVER OF MATCH REQUIREMENT FOR INNOVATION INCENTIVE PROGRAM.** OTTED administers the Innovation Incentive Program. The program is created in section 288.1089, Florida Statutes, “to ensure that sufficient resources are available to allow the state to respond expeditiously to extraordinary economic opportunities and to compete effectively for high-value research and development, innovation business, and alternative renewal energy projects. The statute details the program requirements, including a one to one match from the local community. The law requires that the match may be reduced or waived in a RACEC, but may only be reduced not waived in a rural area.
- **CRITERIA WAIVER FOR PARTICIPATION IN THE QUICK ACTION CLOSING FUND.** Section 288.1088, Florida Statutes, authorizes Enterprise Florida, Inc. to fund projects designed for the growth of certain high-impact business facilities, privately developed critical rural infrastructure, key facilities in economically distressed urban or rural communities which provide widespread economic benefits to the public under certain circumstances. There are several criteria listed in the statute that a project must meet to qualify. However, Enterprise Florida Inc in consultation with OTTED may waive the otherwise mandatory criteria for projects in RACEC counties.
- **ELIGIBILITY FOR TRANSPORTATION REGIONAL INCENTIVE PROGRAM (“TRIP”).** Section 339.2819 directs the Department of Transportation to give priority for the expenditure of TRIP funds for certain transportation projects. The statute directs that DOT give priority to RACEC counties where the funds will support economic development and the movement of goods.

SCHOOL DISTRICT

- **ELIGIBILITY FOR SMALL SCHOOL DISTRICT STABILIZATION PROGRAM.** Only school districts within a RACEC county may participate in this program created in section 1011.76, Florida Statutes. This program allows the department of Education to award the school district a stabilization grant intended to protect the district from continued financial

reductions. The grant may be the equivalent to the amount of the decline in revenues projected for the next fiscal year. Additionally, OTTED may implement an economic development initiative to identify the economic factors and consult with Enterprise Florida to develop a plan to address them. The grants are available to the school district for a period of up to five years.

GROWTH MANAGEMENT

- **INCREASED ACREAGE FOR A SMALL SCALE AMENDMENT.** Section 163.3187, Florida Statutes, defines a small scale amendment to a comprehensive plan for a RACEC county as development encompassing 20 acres, which is twice the acreage of non-RACEC counties.
- **INCREASED THRESHHOLD FOR DEVELOPMENT OF REGIONAL IMPACT (“DRI”).** Section 380.06(2)(e), Florida Statutes, requires DRI review in a RACEC county only when the intensity of the development is 150 percent of the Development in a non-RACEC county. And section 380.0651 limits DCA from requiring DRI review of residential development located wholly within a RACEC county, whereas residential development constituting a DRI will be subject to DRI review when 25 percent or more of the development is located within two or less miles of a less populated adjacent county.

MISCELLANEOUS

- **ELIGIBILITY FOR EMERGENCY MEDICAL SERVICES ASSESSMENTS.** Section 125.271, Florida Statutes, authorizes a RACEC county to fund the costs of emergency medical services through the levy of a special assessment that apportions the cost among the property based on a reasonable methodology that charges a parcel in proportion to its benefits. Other less populated, non-RACEC counties are eligible only if they levy 10 mills of ad valorem tax.
- **CONTINUATION OF ELIGIBILITY FOR THREE STATE REVENUE SHARING PROGRAMS FOR FISCALLY CONSTRAINED COUNTIES.** RACEC counties continue the designation as fiscally constrained for the duration of the RACEC designation. As a consequence, RACEC counties can exceed the population cap and the ad valorem valuation cap in excess of the statutory criteria for non-RACEC counties and not be disqualified. See, §§ 218.67, 218.12 and 218.125, Fla. Stat.
- **CONTINUATION OF ELIGIBILITY FOR DJJ COST EXEMPTION FOR FISCALLY CONSTRAINED COUNTIES.** RACEC counties continue eligibility for State offset for Department of Juvenile Justice costs regardless of whether the county exceeds the property tax value limitation applicable to non-RACEC counties. See, § 985.686, Fla. Stat.

Statistical Analysis:

Listed below is a selection of the criteria that would be considered by REDI in designating the county as a RACEC, should the County decide to pursue the RACEC designation. These data compare Wakulla County to three counties that are currently RACEC designated, as well as to the state of Florida as a whole. (**Sources: 2008 Census Estimates, LAUS, Workforce Indicators**).

Per-Capita Income:	
Baker County	\$ 26,173
Franklin County	\$ 28,613
Jefferson County	\$ 29,495
Wakulla County	\$ 26,875
<i>Florida</i>	<i>\$39,064</i>

Unemployment:	
Baker County	11.6%
Franklin County	9.9%
Jefferson County	8.7%
Wakulla County	9.1%
<i>Florida</i>	<i>12.0%</i>

Weekly Earned Wages:	
Baker County	\$ 570.25
Franklin County	\$ 725.25
Jefferson County	\$ 671.25
Wakulla County	\$ 716.75
<i>Florida</i>	<i>\$822.92</i>

Population Receiving Public Assistance:	
Baker County	0.94%
Franklin County	0.53%
Jefferson County	0.79%
Wakulla County	0.48%
<i>Florida</i>	<i>0.50%</i>

Population Below the Poverty Line	
Baker County	15.3%
Franklin County	23.1%
Jefferson County	18.5%
Wakulla County	13.0%
<i>Florida</i>	<i>13.3%</i>

By reviewing the statistical RACEC designation criteria, Wakulla County's comparison does not overwhelmingly make the case alone for the need to be classified as a RACEC. However, other relevant declining factors such as, loss of agriculture production, increased state and federal seafood harvesting restrictions, frequent bay closures, and the recent oil spill emergency presents a case for the designation. Another factor is that, 64% of County property is government-owned and largely undevelopable, that doesn't include the amount of conservation lands and wetlands.

Conclusion:

Staff concludes that Wakulla County currently utilizes the advantage of being classified as Rural when seeking various grants and implementing available taxing options. The analysis indicates there are additional options open to RACECs that are currently not available to Wakulla County as a non-RACEC as noted in the agenda item, and being included in a RACEC would also exhibit another example of Wakulla County's desire to participate and take advantage of regional partnerships.

Staff sought out to make sure that if the County was RACEC designated, that it wouldn't jeopardize existing funding distributions, such as Fiscally Constrained, or prohibit the County from receiving any other funding or services that we currently utilize funding. Staff also considered if there may be a stigma attached to the name of the designation, OTTED is considering changing the name of the designation to reflect more positively and not as such a dire category, as it may negatively impact economic development interests from exploring doing business in those areas.

At this time staff is requesting Board direction on whether to pursue the State RACEC designation. Should the Board choose to pursue the RACEC designation, staff, including the County Attorney would begin preparing a formal request to the REDI representatives.

Options:

1. Accept the informational update on RACEC designations.
2. Pursue Proceeding with Submitting Designation Request to OTTED.
3. Do not accept the update on the RACEC designation and provide board direction.
4. Do Not Pursue Proceeding with Submitting Designation Request to OTTED.
5. Board direction.

Recommendation:

Options #1 & #5.

Attachment(s)

1. Executive Order 08-132 concerning RACEC Designations
2. Map of Counties under RACEC designation