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Hernando County Economic Development Study

Part I
April, 2001

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OVERVIEW

Hernando County is positioned within the Southwestern coastal region of Florida, an area that has experienced rapid growth. With the accompanying benefits and costs of rapid development, the need to guide the direction of growth increases. Hernando County is experiencing the following conditions that prompt the need for a comprehensive economic development study:

- 1) Rapid levels of growth in population and the resulting need to address present and future concerns.
- 2) The desire to evaluate and benchmark, through community indicator research, the goals, objectives, and performance of past and current community economic development activities, as well as establish targets for future outcomes.

Economic development is a multifaceted issue, with many variables influencing directions and outcomes. The desire of Hernando County to address the complexities of economic development planning is an indication of the commitment to guiding future growth and development in a positive direction. Economic development is a highly competitive and complex activity. Cities, counties, states, and even entire regions routinely compete with each other for attracting corporate investments, tourists, and new residents. Given this competitive environment, communities periodically should review, analyze, and modify programs and resources that affect economic development outcomes.

The overall project consists of three parts:

- Part I:** A comprehensive assessment of the economic development environment in Hernando County;
- Part II:** An economic development plan that will identify goals and recommendations accomplishing the goals and objectives;
- Part III:** An evaluation system, using community indicators, to set targets and measure outcomes.

The study calls for a comprehensive effort to assess, devise, and suggest implementation strategies for various components to address community economic development issues and concerns. Each of the following parts is dependent on the other, and will be revised upon completion of each phase. This draft interim report provides the results of Part I, the assessment. We anticipate delivering the draft results for Part II in late May or early June, with the final report in late July or early August.

Assessment

This crucial first stage entails a comprehensive assessment of the community economic development environment in Hernando County. This is accomplished via analysis of data collected from primary and secondary sources, including databases and through the personal interview technique. Comparisons with the state of Florida and the U.S. will be integrated, whenever applicable. There are several components in this stage of the project:

1) Historical and Current Economic Conditions Analysis

This section includes an assessment of past, current, and projected demographic and economic data for the following factors:

- Population (Growth trends and projections; age; and racial characteristics)
- Income (Per capita income; household income; and poverty)
- Education (Educational attainment)
- Employment and Occupation (Employment by industry; and occupational characteristics)

2) Assessment of Development Factors and Resources

Focusing on the factors and resources that influence economic development, this section provides a summary analysis of the following elements:

- Labor (Overview; issues and areas for improvement)
- Transportation

- Utilities and Sites (Overview; availability and structure of utilities; sites and buildings)
- Taxes and the Regulatory Environment (Tax summary; Incentives)
- Knowledge System (Workforce training; education system)
- Quality of life factors

3) Strengths and Weaknesses

This section provides an objective assessment of both the strengths and weaknesses within Hernando County that influence and affect economic development outcomes.

Taken together, these three sections provide a thorough assessment of the factors, resources, and conditions that influence Hernando County in its current and future growth and development. It is the first step of the overall economic development study.

I-1. Historical and Current Economic Conditions Analysis

It is important to understand the economic and demographic conditions affecting Hernando County, and how these conditions have changed, and are projected to change. Historical development and recent growth trends are vital economic indicators because they serve to explain the pattern of development – and when appropriately analyzed, can be capitalized upon to benefit the community. This section uses data from a variety of sources – Federal, state, and regional, as well as private sources to develop a comprehensive overview of the historical, current, and projected economic conditions for Hernando County. This section begins with a review of demographic characteristics, followed by economic analysis of Hernando County.

POPULATION

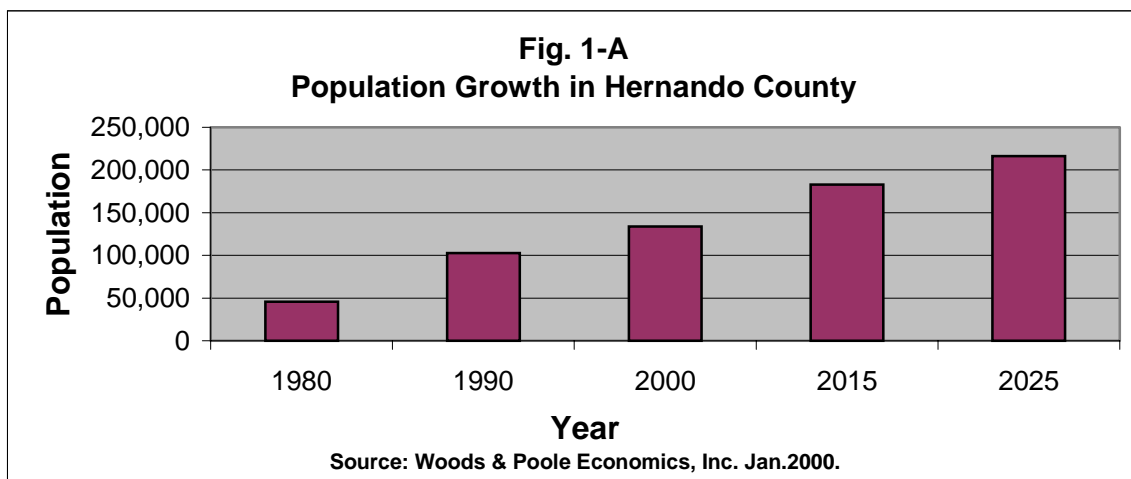
Changes in population are the major barometer of what is occurring in an area. Hernando County has experienced major - and rapid - changes in population. *Natural increase* is the difference between the number of births and the number of deaths and *net migration* is the difference between total population change and natural increase. For natural increases, Hernando County's population has experienced more deaths than births, during the time period 1990 – 1998. Accordingly, it is ranked 62 for the state's 67 counties in terms of absolute numbers and 50th in terms of percentage (Bureau of Economic & Business Research, 2000). This indicates an aging and older population. More striking is the finding that Hernando County is ranked first in the state of Florida for the percentage increase in net migration. (It should be noted that several counties received a ranking of "1" due to high levels of in-migration). In other words, the flow of people moving into Hernando County has been rather dramatic. This finding alone carries significant implications for Hernando County, and requires substantial attention as the amount and structure of population change influences current and future decisions regarding economic growth and development.

The following categories of population are explored in depth: growth trends and projections; characteristics of age; and racial characteristics. Graphical interpretation has been provided when applicable.

Growth Trends and Projections

Hernando County is expected to be among the top 25 fastest growing counties by annual growth rate in the United States (NPA Data Services). Not only is it among the most rapidly growing counties nationally, it is also expected to be among the fastest growing county economies in Florida for the next 15 years (Bureau of Economic & Business Research). Figure 1-A below clearly illustrates the dramatic upward trend in population increase in Hernando County since 1980, and the trend is projected to continue in this direction over the next 25 years. Hernando County's "upward" trend is consistent with the population growth of the state, as one of the top three fastest expanding states in the nation:

"Florida is one the fastest growing states in the nation and is expected to continue to generate jobs and attract migrants at a rapid pace over the next twenty years" (Woods & Poole, 6).



Source: Woods & Poole, Inc. January, 2001.

The volume of growth for a county the size of Hernando is dramatic, and as the area's citizens, businesses, and community leaders already know, implies much change throughout the area. Appropriate and timely response to rapid population change needs to occur in anticipation of the future growth. Hernando County has already dealt with rapid population change throughout the last several decades – momentum and the importance of preparing for additional growth should be a focus of all sectors of the community.

Table 1-1 below provides the estimates of total population in Hernando County. Woods & Poole Economics estimates that the total population in Hernando County in 2000 was 133,870. This is projected to increase to 183,010 by the year 2015, and 216,350 by 2025. Breaking the threshold of a 200,000 population base is a major

point in an area's growth and places it in the category of mid-sized cities and counties. This is an increase of 37% from the year 2000 to 2015, and 18% from 2015 to 2025. Thus, the trend of growth will continue, although slightly slowing in the second decade of this century.

Table 1-1 Total Population, including projections to 2025			
	Hernando County	Florida	United States
1980	45,740	9,841,140	227,225,620
1990	102,710	13,018,840	249,440,650
2000*	133,870	15,379,060	275,205,750
2015*	183,010	18,781,460	310,863,330
2025*	216,350	21,117,920	335,870,690

Source: Woods & Poole Economics, Inc. Jan.2000. * Note data from 1999-2025 is projected.

As stated earlier, this expansion trend is not new: since 1980, Hernando County has consistently grown at a faster rate than Florida and the United States. Table 1-2 illustrates the dramatic increases in population, in percentages. And even though Hernando County's growth will slow in the second decade of the 21st Century, it is still projected to continue to grow at a faster rate between 2000 and 2025 than the both the state and the nation. However, the largest growth in population has been historical for Hernando County, occurring between 1980 and 1990 with a 125% change, as compared to a 32% change in the state of Florida, and a 10% change in the United States. The growth trend slowed in the 1990's with a 30% change in population in Hernando County, and an 18% change in Florida from 1990 to 2000, while the national growth rate remained stable at 10%.

Table 1-2			
Percentage of Population Growth			
	Hernando	Florida	United States
1980-1990	125%	32%	10%
1990-2000	30%	18%	10%
2000-2015	37%	22%	13%
2015-2025	18%	12%	8%

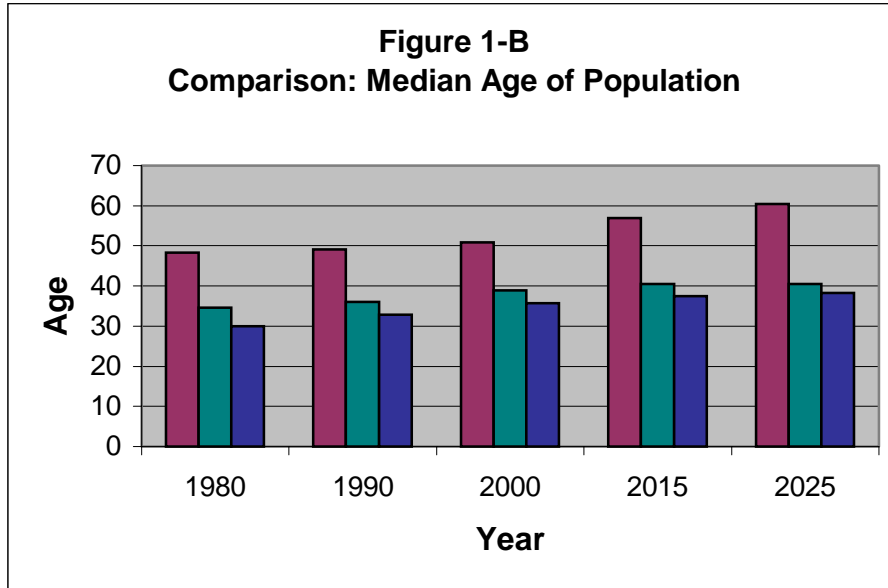
Source: Woods & Poole Economics Inc., Jan 2000

Age

An aging population is the trend for Hernando County. As Table 1-3 indicates, the demographic trend in the past, and over the next twenty-five years, is toward an older average population base. The projected median age in 2025 will be: for the U.S. 38.20; in Florida 40.45; and in Hernando County, the median age will be much higher at 60.44. In addition, Table 1-3 shows that the median age of the population in Hernando County is - and has been - significantly higher than both the state and national averages since 1980. A graphical representation of this strikingly high median age, in comparison to the state and the nation, is presented in Figure 1-B.

Table 1-3			
Comparison:			
Median Age of Population	Hernando	Florida	United States
1980	48.24	34.67	30.04
1990	49.12	36.00	32.83
2000	50.88	38.93	35.75
2015	56.94	40.50	37.40
2025	60.44	40.45	38.20

Source: Woods & Poole Economics Inc., Jan 2000



In fact, according to the projections for Hernando County, the median age is expected to increase by 19% from 2000 to 2025, as opposed to a 4% increase in Florida and a 7% increase in the United States. Furthermore, Table 1-4 shows that the largest population gains in Hernando County over the next 25 years are expected to occur in the age category of 65+, increasing from 32% of the total population in Hernando County in 2000, to 42% of the population in 2025. The projections for 2025 indicate that *the age category of 65+ in Hernando County will make up the largest distribution of the population.*

	1980			1990			2000			2015			2025		
	HC	FL	US	HC	FL	US	HC	FL	US	HC	FL	US	HC	FL	US
0-9 years	23%	.28%	32%	21%	26%	29%	21%	26%	.29%	18%	25%	27%	18%	25%	26%
20-64 years	52%	55%	57%	48%	56%	59%	47%	56%	59%	46%	55%	58%	40%	51%	55%
65 and older	25%	17%	11%	31%	18%	12%	32%	18%	12%	36%	20%	15%	42%	24%	19%

Source: Woods& Poole Economics, Inc. Jan 2000. HC=Hernando County, FL=Florida, US=United States.

To further emphasize the growth rate of the elderly population in Hernando County, Table 1-5 shows a 54% increase in the 65+ age category from 2000-2015, and a 39% increase from 2015 to 2025, as opposed to a 33%, and 35% increase in Florida, respectively; and a 32%, and 36% increase in the United States, respectively.

Table 1-5 Percentage of Growth in Population by Age	1980-1990			1990-2000			2000-2015			2015-2025		
	HC	FL	US	HC	FL	US	HC	FL	US	HC	FL	US
1-19 years	101%	23%	-7%	31%	21%	9%	19%	16%	5%	14%	12%	8%
20-64 years	110%	35%	13%	27%	17%	11%	33%	21%	13%	4%	4%	1%
65 and over	178%	39%	22%	36%	17%	12%	54%	33%	32%	39%	35%	36%
Total pop	125%	32%	10%	30%	10%	10%	37%	22%	13%	18%	12%	8%

Source: Woods & Poole Economics, Inc. January HC=Hernando County, FL=Florida, US=United States

Race

Hernando County is not racially diverse in its population mix; the vast majority is white, with little expected change over the next 25 years. Table 1-6 presents the historical, current, and projected distribution of population by race in Hernando County, in absolute numbers.

Table 1-6 Population by Race Hernando County, Florida	1980	1990	2000	2015	2025
White	42,780	98,060	126,510	174,460	206,950
Black	2,780	3,980	6,040	7,030	7,850
Other	180	670	1,320	1,520	1,550
Total	45,740	102,710	133,870	183,010	216,350

Source: Woods & Poole Economics, Inc. January 2000

As Table 1-7 illustrates, Hernando County historically has had, and is projected to have, a higher than average distribution of the white population, as compared to Florida and the United States. Furthermore, the trend on the national and state level, both historically and projected, is for the distribution of the white population to decrease annually, while other distributions of population slowly increase. However, the distribution of population by race in Hernando County does not follow this trend: while the distribution of the white population decreased from 1990 to 2000, it is projected to increase from 2000 to 2025.

Table 1-7,

**Comparison:
Percentage of
Population by
Race**

	1990			2000			2015			2025		
	HC	FL	US	HC	FL	US	HC	FL	US	HC	FL	US
White	95.5%	84.7%	83.8%	94.5%	82.1%	82.2%	95.3%	78.7%	79.7%	95.7%	76.6%	78.3%
Black	3.9%	13.8%	12.3%	4.5%	15.5%	12.8%	3.9%	17.6%	13.7%	3.6%	18.8%	14.1%
Other	.6%	1.5%	3.8%	1%	2.4%	5%	.8%	3.7%	6.6%	.7%	4.6%	7.6%

Source: Woods & Poole Economics, Inc. Jan. 2000. HC=Hernando County, FL=Florida, US=United States

INCOME

Income is another major indicator of the economic health and growth patterns of a community. It is typically considered in context of per capita income and household income. Both of these factors are summarized below, as well as a brief discussion on the issue of poverty.

Per Capita Income

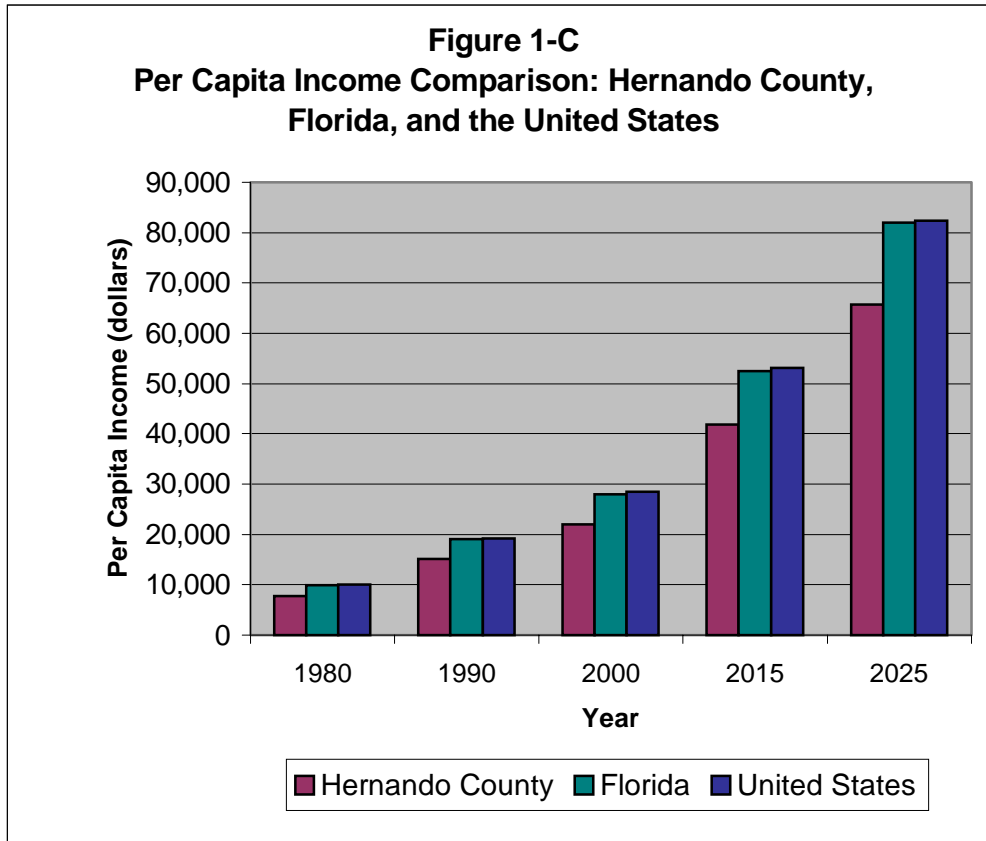
Hernando County has consistently had a lower than average per capita income when compared to Florida and the United States, and is projected to continue to have a lower per capita income than both the state and the nation. This is reflective of several factors, including the lower wages prevalent in Hernando County versus other locations. The absolute dollar amounts of per capita income are provided in Table 1-8.

Table 1-8**Per Capita
Income
Comparison:
Hernando
County,
Florida and
the United
States**

	1980	1990	2000	2015	2025
Hernando	\$ 7,767	\$15,143	\$22,008	\$41,762	\$65,663
Florida	\$ 9,956	\$19,126	\$27,999	\$52,527	\$81,938
U.S.	\$10,062	\$19,156	\$28,469	\$53,099	\$82,410

Source: Woods & Poole Economics, Inc. January 2000 *Note, Data from 1998-2025 is projected

Figure 1-C on the following page illustrates that Florida and the United States have remained, and are projected to remain, consistently close in the per capita income figures. However, the gap in the difference of figures in Hernando County as compared to Florida and the U.S. is projected to grow larger over the next twenty five years, with over a \$15,000 difference in the figures projected in 2025, as opposed to an approximately \$6,000 difference in 2000, and an approximately \$2,000 difference in 1980.



Household Income

As with per capita income, the median household income in Hernando County has historically been lower than average when compared to both Florida and the United States. However, the gap between the median household income in Hernando County and Florida has been narrowing since 1989, while the gap between the median household income in Florida and the United States has been growing. Using the data displayed in Table 1-9, a difference of 21% was calculated between Hernando County and Florida in median household income in 1989. Calculations also showed a 9% difference in 1989 between Florida and the U.S., as compared to a 19% estimated difference in 1997 between Hernando County and Florida, and a 13% estimated difference between Florida and the U.S.

Table 1-9**Comparison of Median Household Income**

	1989	% change	1993	% change	1997
Hernando County	\$22,741	2.0	\$23,201	19.6	\$27,740
Florida	\$27,483	2.7	\$28,230	16.5	\$32,877
U.S.	\$30,056	3.9	\$31,241	18.5	\$37,005

Source: USA Counties & U.S. Census Bureau Quick Facts

In 1989, the median household income in Hernando County was \$22,741. In Florida it was \$27,483 and in the United States it was \$30,056. In 1993 it was \$23,201, \$28,230, and \$31,241, respectively, showing a 2% increase in Hernando County, a 2.7% increase in Florida and a 3.9% increase in the nation in a five-year period. Based on the 1990 data from the U.S Census Bureau, the median household money income in Hernando County in 1997 was estimated to be \$27,740. In Florida, it was estimated at \$32,877, and in the United States it was estimated at \$37,005. In the five-year period between 1993 and 1997, the median household income increased much more dramatically than in the preceding five-year period, increasing by 19.6% in Hernando County, 16.5% in Florida, and 18.5% nationally. Figure 1-D provides a graphical representation of this data.

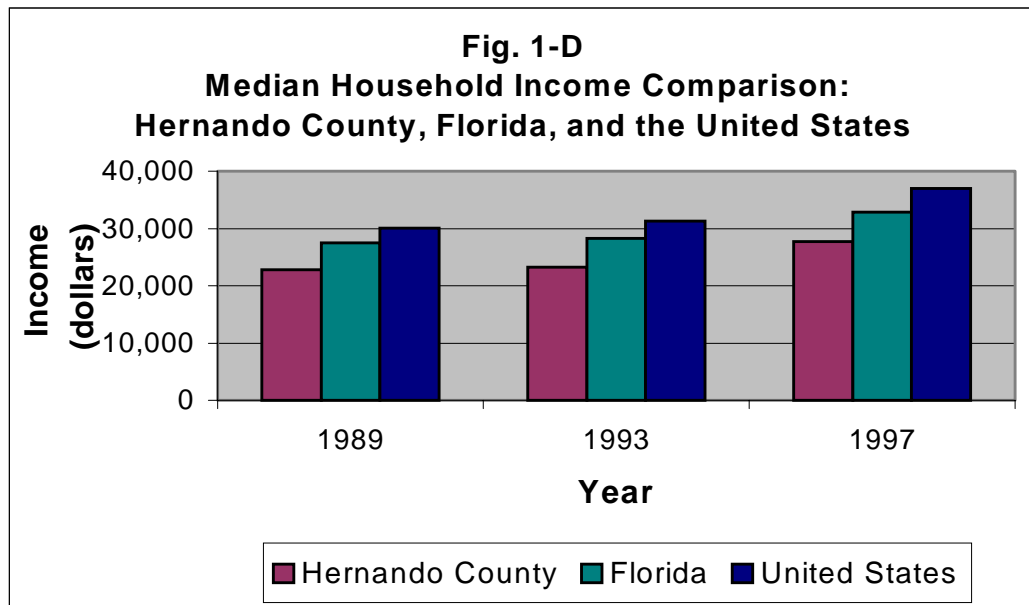


Table 1-10 shows the comparison of historical as well as projected household income levels in the U.S., Florida, and Hernando County. This data indicates that the highest concentration of household incomes in 1990 on the local, state and national level was found in the \$10,000-\$19,999 range. Furthermore, the general trend appears to be that the highest concentration of household incomes will consistently be found in a higher income range than in the previous years compared.

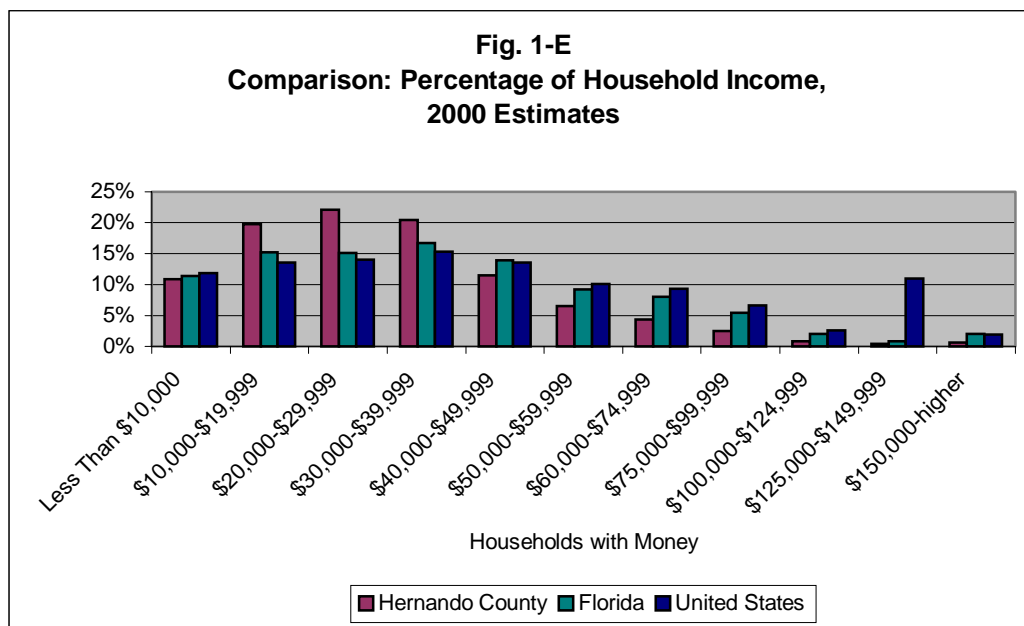
However, the amount of increase varies between Hernando County, Florida, and the U.S.. While Hernando County shows an increase in the highest concentration of household incomes by one income bracket for each of the four years compared; Florida and the United States both show an increase in the highest concentration of household incomes by two income brackets from 1990 to 2000, and from 2015 to 2025, and an increase of one income bracket from 2000 to 2015. The lowest concentration of household incomes remains consistent from 1990 to 2025, on the local, state and national level, and is found in the \$125,000 to \$149,999 range.

Table 1-10

Comparison of Household Income, Hernando County and the U.S.

	1990			2000			2015			2025		
	HC	FL	US	HC	FL	US	HC	FL	US	HC	FL	US
Below \$10,000	14.8%	15.1%	15.5%	10.0%	1.4%	11.8%	6.8%	7.7%	8%	4%	5.3%	5.5%
\$10,000-\$19,999	27.1%	20.1%	17.7%	19.8%	15.2%	13.6%	12.3%	10.1%	9.2%	7.3%	6.9%	6.5%
\$20,000-\$29,999	24%	18.8%	16.8%	22.1%	15.1%	14%	13.8%	10.1%	9.7%	8.2%	6.9%	6.8%
\$30,000-\$39,999	14.7%	14.8%	14.5%	20.4%	16.7%	15.3%	23.3%	13.2%	12.8%	14.1%	9%	9.3%
\$40,000-\$49,000	8.3%	10.4%	11.1%	11.5%	13.9%	13.6%	18.7%	16.6%	14.9%	22.7%	13.8%	13.3%
\$50,000-\$59,999	4.7%	6.9%	7.8%	6.5%	9.2%	10.1%	10.7%	14%	13.3%	18.6%	16.4%	14.8%
\$60,000-\$74,999	3.1%	6%	7.1%	4.3%	8%	9.3%	7.1%	12.3%	13.6%	12.4%	18.1%	17.7%
\$75,000-\$99,999	1.8%	4.1%	5.1%	2.5%	5.4%	6.6%	4.1%	8.3%	10%	7.1%	12.3%	14.2%
\$100,000-\$124,999	.7%	1.6%	2%	.9%	2.1%	2.6%	1.4%	3.2%	3.9%	2.5%	4.8%	5.5%
\$125,000-\$149,999	.3%	.7%	.8%	.4%	.9%	1.1%	.7%	1.4%	1.6%	1.2%	2.1%	2.2%
\$150,000-above	.5%	1.5%	1.6%	.7%	2.1%	2%	1.1%	3.1%	3%	1.9%	4.5%	4.2%

Table 1-10 illustrates that the number of households with an income equal to or below \$19,999 in Hernando County are estimated to consistently decrease from 1990 to 2025, while the number of households with an income equal to or above \$40,000 are expected to increase consistently from 1990 to 2025. Furthermore, this trend is fairly similar to that of the state, and the nation, in which the number of households with an income equal to or below \$29,999 are estimated to consistently decrease from 1990 to 2025, while the number of households with an income equal to or above \$50,000 are expected to increase consistently from 1990 to 2025.



The data presented in Fig. 1-E indicates that there will be an overall increase not only in the number of households with income, but also an increase in the actual income of these households, on a local, state, and national level.

The number of households that fall into the income bracket of \$20,000 to \$29,999 is expected to increase from 1990 to 2000, and to decrease from 2000 to 2015, while the percentage of total household income is expected to consistently decrease from 1990 to 2025. The number of households that fall into the income bracket of \$30,000 to \$39,999 is estimated to increase from 1990 to 2015, and to decrease from 2015 to 2025.

Poverty

The percentage of people below poverty increased on all levels: locally, statewide and nationally in the five-year period between 1989 and 1993. However, from 1993 to 1997, this percentage decreased slightly on all levels. Table 1-11 shows that the percentage of people below poverty in Hernando County was lower than the percentages in both the state and the nation in 1989 and 1993. In 1997, however, it was estimated to be lower than the percentage of people below poverty in Florida, but not the United States. Thus, Hernando County is about average in terms of the

percentage of persons below poverty, when compared with both the U.S. and the state of Florida.

Table 1-11

Percentage of People Below Poverty

	1989	1993	1997
Hernando County	11%	13.9%	13.8%
Florida	12.7%	16%	14.4%
United States	13.1%	15.1%	13.3%

Source: U.S. Census Bureau's *USA Counties*, 1998

EDUCATION

Education is a demographic factor that serves as a major component of quality of life in a community. Not only is the educational system a consideration in most business site selection processes, it is also an indicator of a community's social health. If a strong educational system exists, then it generally reflects a positive community, and vice versa. But educational factors go beyond influencing quality of life, it also directly impacts the abilities of the area's workforce. The major measure of education as a demographic factor is an analysis of educational attainment. The information below summarizes the situation in Hernando County.

Educational Attainment

Table 1-12 compares the percentage of high school and college graduates, 25 years and over, in Hernando County, Florida, and the United States from 1980 to 2000. This data indicates that while the overall percentage of high school and college graduates in Hernando County is generally increasing, as are the state and national levels, Hernando County has historically ranked below the state and national averages in high school and college graduates in 1980, and 1990. Furthermore, while 2000 County data has not yet been released for educational attainment, if the trend remains consistent with the 2000 data presented in table 1-12, there will be an increase in educational attainment overall, with Hernando County continuing to rank below the state, and national figures.

Table 1-12

Educational Attainment: Percentage of People 25 Years and Over

	1980		1990		2000	
	H.S.	College	H.S.	College	H.S.	College
Hernando County	60%	8.6%	70.5%	9.7%	N/A	N/A
Florida	66.7%	14.9%	74.4%	18.3%	84%	22.8%
United States	66.5%	16.2%	75.2%	20.3%	84%	25.5%

Source: U.S. Census Bureau's USA Counties, 1998; U.S. Census Bureau, 2000. High school graduates calculated for 1980 by dividing persons completing 12 years or more of school by the total population of people 25 and over. College graduates calculated for 1980 by dividing persons completing 4 years or more of school by total population 25 and over.

The 1990 data, as depicted in Figure 1-F, illustrates that the largest difference in percentages is between college graduates in Hernando County (9.7%) as compared to college graduates in Florida (18.3%) and the United States (20.3%), in which the percentage of college graduates in the state and the nation are approximately double the percentage of college graduates in Hernando County.

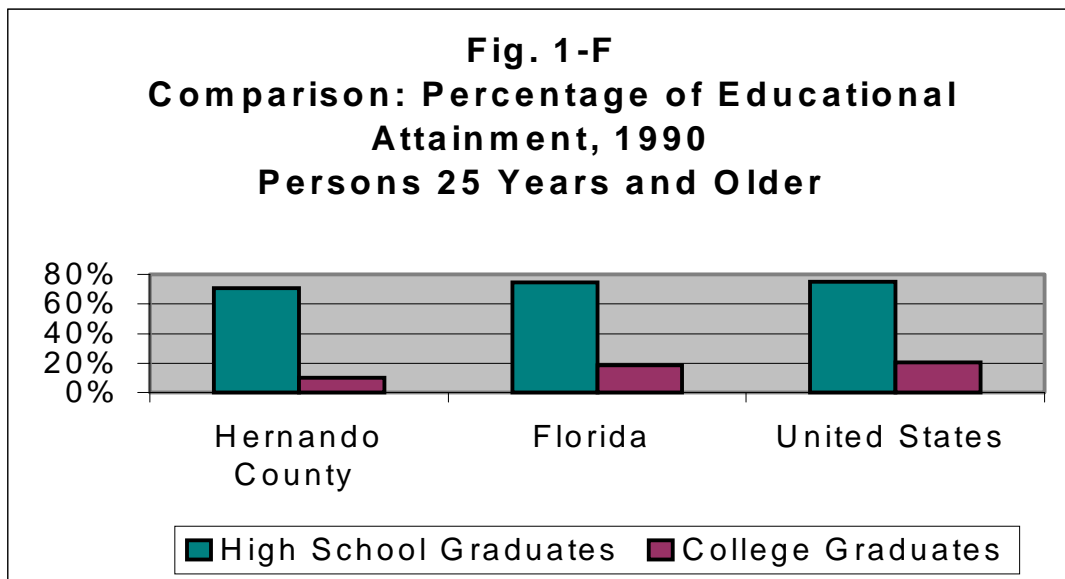


Table 1-13 below provides a breakdown of the educational attainment of Hernando County in 1990 of persons 25 years and over.

Table 1-13**Educational Attainment,
1990 Persons 25 Years
and Over for Hernando
County**

Education	Number of persons	% of Total
Less than 9th Grade	6,521	8.5%
9th to 12th Grade, no Diploma	16,077	21%
High School Graduate	28,555	37.3%
Some College, or AA Degree	17,938	23.5%
Bachelors, Graduate or Professional Degree	7,434	9.7%
Total Persons 25 and Over	76,525	100%
% of Persons with H.S. Degree		70.5%
% of Persons with College Degree		9.7%

Source: U.S. Census Bureau's *USA Counties*, 1998

EMPLOYMENT AND OCCUPATION

A diversified economy is preferable for several reasons: more stable tax revenue base for local governments; less dramatic swings in local economies and thus more conducive to conducting business there; and a more diverse labor force with varied skills and knowledge. Hernando County does not have a highly diverse economy, and is dependent primarily on the services and retail sectors. While the trend towards more employment in the service sector is reflective of national trends, Hernando County has a higher percentage than the national level – and this is expected to continue through 2025. Also, the number of persons employed in the retail sector is higher than both the state and the nation while the number employed in manufacturing is both below the state and the nation.

Why is this an issue? The major concern of relying too heavily on the services and retail sector as the economic base is the danger of pervasive low wages. Traditionally, both these sectors pay low wages, with little or no benefits. However, there are some service sector jobs, such as software development, healthcare and business services that pay very well. The key, then, is to focus on encouraging growth in the services sector that are high quality with good pay levels, versus the traditional low pay, low skill service jobs. The same holds true for the retail sector: there are higher levels of pay for management level jobs, yet the majority are low pay and low skill. Employment by industry and occupation is summarized and presented in the following information.

Employment by Industry

The largest concentration of employed persons by major industry in Hernando County has historically been, and is projected to be, in the services industry. Furthermore, the percentage of employed persons in the services industry is expected to grow at a consistent rate over the next 25 years. This is demonstrated in Table 1-14, in which it was estimated that 13,230, or 32.6% of persons employed by industry in Hernando County were employed in the services industry in 2000, and 24,140, or 35.4% will be employed in the services industry in 2025. This increase in the service base is part of an ongoing evolution, specifically in Florida, in which the manufacturing base is declining and the service base, tourism and international trade areas are growing (Enterprise Florida, 2000). Figure 1-G provides a graphical representation of the distribution of employment by industry.

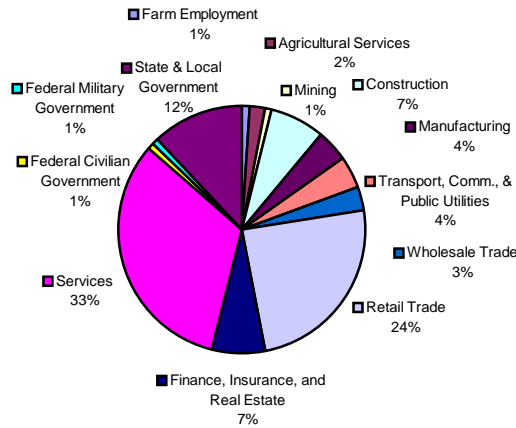
Moreover, this trend is similar to both the state and the nation, as seen in table 1-15, in which the services industry has been, and should continue to be, the top provider of employment for major industry in Florida and the United States. The retail industry in Hernando County has been, and is projected to be, the second largest employer by major industry, and it too, is estimated to grow consistently at a slow rate over the next 25 years. This is indicated in Table 1-14, in which a consistent slow rate of growth has occurred over the last 10 years: 21.5% in 1990, 24.5% in 2000, 26% in 2015, and 26.9% in 2025. Furthermore, as in Hernando County, the projections through 2025 also indicate that the retail industry will contain the second largest concentration of employed persons by major industry in Florida and the United States, as it has in the past.

Table 1-14

**Employment
by Industry
for Hernando
County**

	1990	%Total	2000	%Total	2015	%Total	2025	%Total
Farm Employment	540	1.9%	450	1.1%	410	.7%	390	.6%
Agricultural Services	580	2%	820	2%	880	1.5%	960	1.4%
Mining	510	1.8%	350	.8%	400	.7%	430	.6%
Construction	2,480	8.7%	2,840	7%	3,860	6.7%	4,350	6.4%
Manufacturing	1,170	4.1%	1,740	4.3%	2,240	3.9%	2,400	3.5%
Transport, Comm., and Public Utilities	1,140	4%	1,710	4.2%	2,710	4.7%	3,360	4.9%
Wholesale Trade	710	2.5%	1,250	3.1%	1,990	3.4%	2,500	3.7%
Retail Trade	6,160	21.5%	9,930	24.5%	15,020	26%	18,320	26.9%
Finance, Insurance, Real Estate	2,430	8.5%	2,780	6.9%	3,230	5.6%	3,520	5.1%
Services	8,540	29.8%	13,230	32.6%	20,030	34.7%	24,140	35.4%
Fed. Civilian Government	280	1%	290	.7%	370	.7%	410	.6%
Fed. Military Government	310	1.1%	280	.7%	280	.5%	280	.4%
State & Local Government	3,770	13.2%	4,900	12.1%	6,280	10.9%	7,170	10.5%
Total Industry	28,620	100%	40,580	100%	57,710	100%	68,220	100%

**Fig. 1-G
County, Florida: 2000**



The smallest concentration of employed persons by major industry in Hernando County in the past has been Federal Civilian government, and is expected to be Federal Military government in the future. In 1990, Federal Civilian Government made up 1.0% of the total industry employment, and in 2000, Federal Civilian, and Federal Military Government each made up 0.7% of the total industry employment. Later projections show Federal Military Government containing the lowest concentration of employees, at 0.5% in 2015, and 0.4% in 2025. This trend varies from both Florida and the United States, in which the mining industry has made, and is projected to make up, the smallest percentage of employment by industry. The reason for Hernando's variance on this point is the presence of rock mining industry in the county.

Again, looking at table 1-15, it can be seen that Hernando County somewhat reflects the state and national economy, with the exceptions of higher reliance on the services and retail sectors. The most striking difference, though, is the lack of manufacturing employment, as a percentage – even lower than Florida, which is traditionally a “low manufacturing” state.

Table 1-15

**Comparison:
Percentage of
Employment
by Industry in
Hernando Co.
and the U.S.**

	1990			2000			2015			2025		
	HC	FL	US	HC	FL	US	HC	FL	US	HC	FL	US
Farm Employment	1.9	1.4	2.3	1.1	1.0	1.8	0.7	0.8	1.4	0.6	0.7	1.2
Agricultural Services	2.0	1.7	1.0	2.0	1.9	1.3	1.5	1.7	1.3	1.4	1.7	1.3
Mining	1.8	0.2	0.7	0.8	0.1	1.5	0.7	0.1	0.5	0.6	0.1	0.5
Construction	8.7	6.4	5.2	7.0	6.0	5.6	6.7	5.6	5.4	6.4	5.3	5.4
Manufacturing	4.1	7.9	14.1	4.3	6.0	11.8	3.9	4.9	10.2	3.5	4.4	9.2
Transport, comm., & Public Utilities	4.0	4.7	4.7	4.2	4.8	4.9	4.7	4.6	4.7	4.9	4.5	4.5
Wholesale Trade	2.5	4.7	4.8	3.1	4.7	4.6	3.4	4.7	4.6	3.7	4.7	4.6
Retail Trade	21.5	19.0	16.4	24.5	18.0	16.5	26.0	17.4	16.3	26.9	17.0	16.0
Finance, Insurance, & Real Estate	8.5	8.7	7.7	6.9	8.5	7.7	5.6	8.3	7.8	5.1	8.1	7.8
Services	29.8	30.7	27.8	32.6	36.4	31.8	34.7	39.6	34.9	35.4	41.3	36.7
Fed. Civilian Employment	1.0	1.8	2.3	0.7	1.4	1.7	0.7	1.3	1.4	0.6	1.2	1.3
Fed. Military Employment	1.1	2.2	2.0	0.7	1.3	1.3	0.5	1.0	1.0	0.5	0.9	0.9
State & Local Gov.	13.2	10.6	11.0	12.1	9.9	10.5	10.9	10.0	10.5	10.5	10.1	10.6

Source: Woods & Poole Economics, Inc., Jan 2000

Occupation

The civilian labor force in Hernando County in 2000 is estimated to be 48,800, or 36.6% of the estimated population. Of this labor force, 46,500 people were employed, giving an unemployment rate of 4.6%, which was the estimated unemployment rate in 2000 in the State of Florida as well. Furthermore, as Table 1-16 indicates, while the unemployment rates in the county have fluctuated, since 1992 the rate has continuously decreased. In addition, 1997 saw the lowest unemployment rate in Hernando County in the past 20 years. However, the long term forecast for Hernando County shows an increase in the unemployment rate through 2010, in which the estimated unemployment rate is shown as 5.4%. An increase in the unemployment rate in the state is expected as well, with an estimated 5.3% in 2010. Given current national and regional economic conditions, it may likely increase from this level as well.

Table 1-16

**Comparison:
Unemployment Rates in
Hernando County and
Florida**

	Hernando County	Florida
1980	8.5	5.9
1981	9.7	6.8
1982	11.0	8.2
1983	10.9	8.6
1984	7.8	6.3
1985	6.2	6.0
1986	6.1	5.7
1987	6.7	5.3
1988	6.5	5.0
1989	6.4	5.6
1990	7.1	6.0
1991	8.7	7.4
1992	9.2	8.3
1993	7.3	7.0
1994	6.8	6.6
1995	5.3	5.5
1996	4.5	5.1
1997	4.0	4.8
Projections:		
2000	4.6	4.6
2005	5.6	5.5
2010	5.4	5.3

Source: Bureau of Economic & Business Research: *Florida Long Term Economic Forecast*, 1999

Table 1-17 shows that the average earnings by industry in Hernando County in 2000 were estimated to be \$19,643, which was 32% lower than the estimated average annual earnings by industry in Florida, and 47% lower than in the United States. The highest average annual earnings by industry in Hernando County and Florida in 2000 is estimated to be in Federal Civilian Government sector. In the United States, however, the highest average annual earnings by industry in 2000 is in Mining. The lowest average annual earnings by industry varied on the local, state, and nation level, with Federal Military Government ranking the lowest in Hernando County, as well as significantly lower than both the state and national averages. Agricultural Services ranked the lowest in Florida, and Farm Employment ranked the lowest in the United States. Aside from the Federal Military Government, additional areas of industry in which Hernando County significantly ranked below the state or national averages are in farm employment and retail.

Table 1-17			
Comparison: Average Annual Earnings by Industry, 2000			
	Hernando County	Florida	United States
Farm Employment	\$ 7,889	\$24,720	\$13,928
Agricultural Services, other	\$11,329	\$13,234	\$14,359
Mining	\$28,771	\$29,693	\$46,507
Construction	\$20,599	\$26,447	\$30,101
Manufacturing	\$28,643	\$35,404	\$40,892
Transport., Comm., & Public Utilities	\$25,719	\$35,345	\$40,526
Wholesale Trade	\$26,456	\$36,524	\$39,409
Retail Trade	\$12,989	\$15,868	\$15,335
Finance, Insurance & Real Estate	\$15,503	\$29,850	\$33,750
Services	\$20,655	\$24,917	\$27,002
Fed. Civilian Employment	\$36,034	\$43,378	\$44,418
Fed. Military Employment	\$ 7,821	\$24,198	\$20,338
State & Local Government	\$26,700	\$28,647	\$29,217
Total Average Earnings	\$19,643	\$25,873	\$28,782

Source: Woods & Poole Economics, Inc., Jan. 2000

Table 1-18 shows that the total number of establishments in Hernando County in 1998 was 2,258. Of these establishments, 98% are considered small businesses, with 100 or fewer employees, and 96% of these establishments have fewer than 50 employees. This propensity for small businesses is a trend in Florida as well. According to Enterprise Florida (April 2000), nearly 98% of business establishments in Florida are small, employing 100 or fewer employees.

Table 1-18	
Total Number of Establishments by Employment-Size Class, Hernando County, FL 1998	
Number of Employees	Number of Establishments
1 – 4	1,364
5 – 9	444
10 – 19	237
20 – 49	118
50 – 99	54
100 – 249	36
250 – 499	3
500 – 999	1
1000 or more	1
Total	2,258

Source: U.S. Census Bureau, *County Business Patterns*, 1998

As seen in Table 1-19, the largest number of establishments in Hernando County in 1998 was found in retail, with 365 establishments. Construction, health care & social assistance, and services follow that lead with 303, 289, and 279 establishments, respectively. The smallest number of establishments in Hernando County in 1998 was found in auxiliaries, with one establishment. Forestry, fishing, and agriculture support, and companies and enterprises were a close second with 2 establishments each.

Table 1-19

Comparison of the Number and Types of Establishments in Hernando County, 1998

Type of Establishment	Number of Establishments
Forestry, Fishing, and Agriculture Support	2
Mining	3
Utilities	4
Construction	303
Manufacturing	74
Wholesale Trade	97
Retail Trade	365
Transportation and Warehousing	61
Information	22
Finance & Insurance	134
Real Estate & Rental Leasing	87
Professional, Scientific, & Technical Services	154
Management of Companies & Enterprises	2
Administrative Support, Waste Management & Remediation Services	144
Educational Services	4
Healthcare & Social Assistance	289
Arts, Entertainment & Recreation	31
Accommodation & Food services	185
Other Services Except Public Administration	279
Auxiliaries	1
Unclassified Establishments	17

Source: U.S. Census Bureau, *County Business Patterns*, 1998

I-2. Assessment of Development Factors and Resources

One of the critical steps in assessing economic development potential and formulating recommended actions for the future is a comprehensive assessment of existing economic development resources. These resources include labor, transportation, and other resources such as available sites and buildings, availability and structure of utilities, taxes, and incentives. Quality of life factors are also analyzed, as these components are becoming increasingly important to many types of economic activities, including technology-intensive industries.

The sections that follow will focus on vital economic development resources and assets available in Hernando County. There are a variety of resources available in the Hernando County area for supporting economic development activities, as evidenced by the presence of existing industrial and commercial activities. These include transportation infrastructure; availability and costs of utilities (electric power, natural gas, water and sewer); and the use of state level incentives. A summary of each of the development factors and resources is provided in the following information.

LABOR

Throughout the United States, there has been a trend towards decreasing employment in the manufacturing sectors. However, labor availability, skill, and productivity are still major locational determinants for many domestic and international firms seeking manufacturing and distribution sites. Not only are these issues important for attracting additional corporate investment, they are vital to existing business expansion and retention. Jobs will be a pervasive issue for the rest of the century; among all business location factors, it is one of the most important. For some, it is the only factor. While we may never see any overheated boom towns this century, many metro areas are expected to recover jobs lost during the recessions of the early 1990's and gain a good many more besides. Let's ask the perennial question: Do people move where the jobs are, or do jobs come to where the people are? Economists argue about this quite a bit, but most believe that jobs come to the people. In other words, any growing place that has a concentration of workers with a variety of skills is by definition potentially a job Mecca. Given the tight labor markets of the recent past, this may hold even more relevance.

Some metro areas are saddled with sunset industries -- shipbuilding, textiles, sawmills, and steel, for example -- while others have sunrise industries, such as

healthcare, higher education, and software. Most metro areas have varying mixes of both. However, the biggest continuing trends are massive growth in service-oriented sectors and marked decline in goods-producing industries. Opportunities for highly trained white-collar workers are growing rapidly, while the number of blue-collar jobs is declining. In the past, southern states relied on an abundant source of low-cost, unskilled labor as a drawing card for attracting business investments. With technology modernization and changes in industry structure, there is less need for high quantities of unskilled labor. Instead, the emphasis has shifted more towards high-quality flexible labor with skills or the ability to be trained, to respond to the changing needs of businesses. Hernando County, in the past, has "sold itself short" somewhat as a low-cost location. This is reflected in its economic base, with many jobs that pay low wages and do not necessarily require a high level of skills. Now is the time to shift to an orientation towards sunrise industries, with a focus on quality versus quantity, in relation to economic development.

The service division includes careers in business, health, recreation, the professions, and education -- an increasing proportion of which will require formal education and certification. Health and education, typically underwritten by government or third-party payers, lead the way in this division. This is logical, if one considers the numbers of people of the baby-boom generation; thus, the healthcare industry is growing as the population ages and needs more medical attention. Hernando County also has a substantial retirement community that provides further demands on this sector. Overall, this category has been and is projected to be the fastest growing for new jobs in the nation, adding 10 million by the year 2000, for a total of more than 32 million payroll jobs. Important shifts in healthcare are taking place. Cost-containment policies have halted the expansion of hospitals and hospital employment, with healthcare delivery moving from the hospital to out-patient care centers. We look for employment growth in the emergency care clinics, surgi-centers, and walk-in treatment centers that are already growing. Hernando County is actually well-positioned to garnering benefits of the healthcare industry.

Nationally, the other major area in the service sector is information technologies - computer and data processing, systems design, programming, and software development. Another important area is business services, with a very large projected increase in employment in the personnel supply business, especially the temporary help industry. No longer limited to placing office workers, temporary personnel service businesses are beginning to place workers from industrial, medical, managerial, engineering, and technical occupations as well. The employers like the lower fringe benefits and the access to added help during peak times, and the temporary workers like the flexibility, variety, and experience. With the trend toward development of new service businesses, the demand is growing for research, management, and consulting services. Independent laboratories for research and development, market researchers, personnel training, or management consultants, economic researchers, efficiency experts, lobbyists, and other business consultants will be in increasing demand.

In general, interviews conducted with Hernando County employers indicated satisfaction with the local workforce, although there were issues related to retention, trainability, and skill level (discussed in a subsequent section of this report). Many employers interviewed stated that they were pleased with the attitude of most of their workers, low absenteeism and turnover rates, and productivity levels. While the scope of the Center For Building Better Communities' work did not include a formal wage and productivity survey, it was evident that a majority of employees (seasonal employees being the exception) were considered to be productive by their employers. Most of the employers interviewed stated that union activity was not a problem, with low level of activity in the area. Labor management relations appeared to be satisfactory in all cases, with virtually no work stoppages reported by the employers. Manufacturing labor costs vary, depending on the type of job. The average wage is about \$10.56 per hour, with fringe benefits averaging 30% of the total wage (Bureau of Labor Statistics). Clerical and administrative employees' wages are on the lower end of the scale, and wages become progressively higher as skills increase, with highly-skilled workers commanding the highest wage rates.

With regard to the quantity of labor, there is an adequate supply available at comparable wage rates in Hernando County and the surrounding expanded commuting area. This is reflected by the 1999 unemployment rate of 4.4%, which indicates an available labor force of 2,090 workers in the county. According to the *Florida Long-term Economic Forecast, 1999* the total civilian labor force in Hernando County was 47,165. Hernando County also draws from a much larger workforce in surrounding counties (Hillsborough, Pasco, Pinellas, and Polk). The table below summarizes the labor supply for Hernando County. The difficulty is not with quantity, per se, but rather quality. Many employers expressed concern over the ability to recruit and retain professional level employees, given the competition of Tampa and St. Petersburg.

Table 2-1.

Civilian Labor Force for Hernando County

	Labor Force	Employed	Jobless	Jobless Rate
	1999	1999	1999	1999
Hernando	47,165	45,074	2,090	4.4%
Hillsborough	547,542	528,855	18,686	3.4%
Pasco	135,720	129,955	5,765	4.2%
Pinellas	468,625	453,009	15,616	3.3%
Polk	203,296	190,404	12,892	6.3%
Tampa Bay	1,402,347	1,347,298	55,049	3.9%
Florida	7,483,413	7,136,061	347,352	4.6%

Source: Chart data were derived from "Florida Long-Term Economic Forecast 1999", a publication of the Bureau of Economic and Business Research, University of Florida. Data are estimates or projections. Population includes military and prisoners and excludes military overseas who consider Florida their home and seasonal residents. Dollar values are in constant 1992 dollars. Civilian labor force data include self-employed persons and farm workers. Jobs data measure the number of positions, not employed persons, and exclude agricultural and military jobs and self-employment. Rounding accounts for differences between totals and the sum of components. N/M=not meaningful.

Labor Issues and Areas for Improvement

- The labor climate in Hernando County is generally favorable, with good reports from the employers interviewed. However, there are a few areas that could be improved to foster an even better labor climate. One issue is the lack of available skilled labor in the area. Hernando County is not alone in experiencing this need as the demand for skilled labor exceeds supply in many areas of the county. Some local employers reported that they have to seek skilled labor from outside the areas or rely on training to develop a skill base for their own employees. Obtaining skilled labor from outside the area is costly; several of the employers interviewed said they preferred instead to utilize in-house training to build their base.

- In addition to using in-house training (both customized and provided by suppliers), many employers in the area rely on Pasco-Hernando Community College for training. Most employers using PHCC thought the training received was excellent, although a few stated that the employee skill base was not much improved (that is, the skills taught were very basic and had to be improved by on-the-job training). Others indicated that the range of training available is very limited and difficult to access.
- Trainability of workers was not a problem in most cases; however, there were some employers who experienced difficulty in training unskilled labor. The difficulty was described as a lack of business skills in math, reading, and writing that would enable the employees to be properly trained. In some cases, there was a need for remedial training in these basic skills before specialized skills could be taught. The solution to this situation relates to improvement in the quality of the public education system, as addressed in a later section.
- Employee retention was a major concern for some of the employers interviewed. As with the problem of lack of general literacy and math skills, the solution to this problem entails complex and often difficult social issues. Training programs may be one approach to help mitigate both problems. Typically, when employees have a vested interest in the company and feel that the company is concerned about them, there is a tendency for employees to remain. Training programs are an excellent method of fostering a “vested interest” relationship between employees and their employers.
- The inability to recruit and retain professional and highly skilled employees was cited by many employers. Given the competition of higher wages from Tampa and St. Petersburg, it takes the situation in which a prospective employee wants the life style offered by Hernando County to outweigh the pull of the larger metro area.

TRANSPORTATION

Transportation factors are crucial aspects considered by business during the location analysis and site selection process. There are four major arteries in Hernando County. Interstate 75, which runs north-south, provides access to Tampa and the Ocala/Gainesville area. US Highway 41 connects Hernando County to Tampa, travels through the central portion of Hernando and by-passes the Hernando County Airport. US Highway 19 travels along the western edge of the county and serves as the main artery from St. Petersburg/Clearwater to Hernando and points north. State Road 50 is the principal east-west corridor, which connects US 19, US 41, and I-75. It also serves as a direct route to Orlando. Industrial companies specializing in bulk commodity products and manufacturing plants recognize the importance of plant

proximity to regional distribution and transportation. Increased activity through both local production and increased outside traffic enhances the economic base of the region.

In addition, Hernando County offers business highway transportation through the newly opened, limited-access Suncoast Parkway, which links the county to Tampa. Hernando County should strive to capitalize on the business and other transportation opportunities presented by the Suncoast Parkway. The parkway, which opened in February 2001, has been designed to increase trade and tourism and reduce transport time and costs. It originates in Tampa and serves to link the Tampa Bay area. The roadway is attractive from an economic development perspective for a variety of reasons. Tampa International Airport is now within easy access to surrounding counties serviced by the highway. This parkway provides ample opportunities to increase tourist and recreational activities, such as boating, fishing, water sports and enjoyment of natural areas which augment the economic impact of the region. Ultimately, an analysis of industrial traffic, followed by a marketing effort to capitalize on those industries most likely to realize the benefits from transportation, and the locational advantages of the Tampa Bay area, will be extremely important to the overall economic development strategy for Hernando County.

Commercial air service is available through Tampa International Airport approximately 45 minutes to the south via the Suncoast Parkway. Connections from Tampa to major air transport hubs are provided by many major airlines. Several daily round-trip flights connect the Tampa Bay area to Miami and Ft. Lauderdale in the east, to Orlando's market in central Florida, and to the major air hub of Atlanta to the north. The Hernando County Airport offers charter service and air cargo; its location is adjacent to the Suncoast Parkway. CSX rail service also serves the airport.

UTILITIES AND SITES

The capacity of water, sewer, and electricity is an indication of a community's readiness for economic development. Is there excess? Are current needs adequately served? Utilities are a major location analysis factor for many types of industries. Inadequate supplies of water, wastewater treatment ability, and inconsistent supplies of electricity can serve as detriments to attracting industrial and commercial facilities. For many of the "New Economy" technology-intensive companies, electric power quality is extremely important. Given the need for uninterrupted power supplies due to highly sensitive electronic equipment and processes, the issue of electric power reliability is paramount. Also, since costs vary widely, electric power charges are often the most important utility cost, especially to high volume users.

Cost, quality and reliability of electric power are vitally important to other types of manufacturing and office facilities as well. Companies rely on electricity to power

production processes, as well as to maintain light and climate control. For many mid-sized to large operations, electric power is the single most important utility cost. Since costs vary widely by geographic region, business site selectors routinely examine the cost of power to a community. Additionally, existing businesses consider utility costs before making expansion decisions.

Becoming equally important is the telecommunications system and capabilities in an area. Increasingly, businesses are becoming focused more on information technologies - even traditional "low-tech" industries such as distribution are exhibiting this trend. High volumes of electronic data, computer, and voice communications lines with appropriate capacity and backup are vital to support a computer-integrated business. ISDN lines, fiber optic cable, digital switching, points of presence all combine to give communities a distinct advantage to those businesses relying heavily on telecommunications.

Site and building needs vary tremendously, depending on the type of company and its functions. Because these needs are so diverse, it is vital that a community offer a variety of available sites and buildings to accommodate space needs of prospective and existing businesses. A national trend in building space requirements is the need for flexible space, with expansion options and shorter term leases. Other requirements that have changed include the need for a larger truck turning space, given the 53-foot semi trailers versus the 40-foot trailers of the past. Some older buildings also suffer marketability because of 12 foot or less ceiling heights; many of today's manufacturing and distribution companies need heights of 24 – 28 feet. For information technology companies, different requirements prevail: there may be special needs such as clean rooms, laboratory space, production facilities, temperature and humidity controls, and security that are best answered through new building construction. Other operations, such as call centers, may prefer single story buildings with much parking spaces and those buildings with expansion potential, such as vacant shopping center locations.

Availability and Structure of Utilities

Overall, Hernando County offers good infrastructure in regards to utilities. Costs are moderate and compare favorably with counties of similar size, both in the region and nationally. Although detailed information on excess capacity (again, an indicator of what types and levels of future economic activity that can be supported) was not provided, it is assumed that generating capacity is adequate to support future growth. Information was also not provided regarding the availability of special rate discount programs for energy intensive companies, but it is assumed that such rates are available to serve as business location incentives. Local businesses were generally pleased with utility services and costs in the area, as expressed during interview

research. It should be noted that the majority of utility infrastructure is concentrated in the “built-up” areas of the county, with less availability in the northern and eastern regions of the county.

Electric power is supplied through Florida Power and Withlacoochee River Electric Cooperative (WREC). The latter indicates the willingness to provide on-site equipment for uninterruptible power supply, for those large-end users who need this service. This serves as a favorable site selection factor to attract business investment. The difficulty with electric power in Hernando County is related to this – frequent thunderstorms in the marine-influenced climate lead to recurring power outages. This was cited as a problem during the interview research, particularly for businesses that are heavily reliant on electrical power. Many of these businesses likely could not afford the expensive equipment to maintain uninterruptible power supply, so this represents somewhat of a limitation to smaller businesses that may need constant power (technology-intensive businesses, for example).

Tables 2-2 and 2-3 provide a summary of electric power rates. Although higher than many other states, Hernando County’s rates compare favorably for commercial, industrial, and residential rates within Florida and the region.

Table 2-2					
Commercial and Industrial Electric Rates Florida, 1997					
	15,000/KWH	45,000/KWH	150,000/KWH	400,000/KWH	800,000/KWH
	(in dollars)				
Withlacoochee River Electric	1,140	2,914	9,639	23,609	47,193
Florida Power and Light	1,010	2,914	9,473	22,375	44,674
Florida Power	975	2,618	8,698	23,609	47,193
Tampa Electric	1,171	2,885	9,519	22,993	45,731

Source: State of Florida, Public Service Commission, Division of Research and Regulatory Review, *Statistics of the Florida Electric Utility Industry, 1999*. Note: costs exclude local taxes.

Table 2-3	
Residential Electric Rates	Cent/KWH
Florida Power Co.	7.06
Withlacoochee River Electric Co.	6.98
Florida Average	7.7

Source: Electric Sales and Revenue, 1999, table 17, Energy Information Administration of the U. S. Department of Energy. (Average for Florida was 7.7)

Natural gas is supplied by a number of firms within Hernando County: AmeriGas, Bay Cities Gas, Engles Gas, Heritage Propane, Suburban Propane, and Wilkerson Bottle Gas. Some large industrial users may negotiate to pay a more favorable spot gas rate plus a fee for transportation. While this rate varies, it is generally cost-competitive on a national basis.

Water and sewer services are provided to Hernando County by three different utility companies. The Hernando County Utilities Department provides service, as well as City of Brooksville Utilities (within Brooksville city limits). Florida Water Services provides service to the Spring Hill subdivision of the county. Solid waste disposal is available through several local firms which utilize its Northwest landfill.

Water and sewer capabilities seem adequate. Water is a major issue in the region, and throughout south Florida. Indeed, water is seen as the “limit to growth” in many areas. Hernando County is in a unique position as it has adequate water supplies through several decades and beyond. There are pressures from Tampa and St. Petersburg, south of Hernando County, “pirate” water supplies – a fear expressed by some during the interview process. However, we examined this issue with the organization that provides regulatory oversight, the Southwest Florida Water Management District, and found that it is unlikely to be a problem for Hernando County as local needs are served first. We encourage Hernando County to project its future water needs to adequately serve citizens and existing and new business developments, so that prospective investors can have their “water supply” fears alleviated.

Local telephone service is provided to the Hernando County area by BellSouth. Major long distance providers for the area include AT&T, MCI, and Sprint. Internet access is supplied through five providers: Atlantic.net, Complete Internet Solutions, CyberGate, Internet Media Services (IMS), Internet Network Corporation, and

FiberNet. Access to higher end telecommunications infrastructure in the future is not anticipated to be problematic, given the close proximity to Tampa and St. Petersburg, a major metropolitan area with high band-width capabilities and a point of presence (POP) to support telecommunications technology-intensive industry. Again, the advantageous geographic location of Hernando County provides a benefit, in regards to telecommunications availability.

Sites and Buildings

The lack of suitable buildings for business location or expansion expressed in surveys points to an area for improvement in Hernando County. This is important both to the county’s appeal to outside companies and to local companies struggling to find existing places to grow. The lack of existing space ranks high with site consultants as a reason to strike an area off their roster of potential sites. A lack of pre-permitted sites is a close second. There will be a need for additional sites and buildings, as evidenced by the amount of commercial and residential building activity that occurs in Hernando County, and the projected growth through 2025. Table 2-4 provides an overview of this level of activity, as reflected in building activity. According to the Hernando County Development Department, the total number of commercial and industrial building permits issued was 175, at a total value of \$61.2 million. Note that these figures only reflect permits issued, not necessarily actual construction, but this figure does reflect growth potential. Building has been brisk in the county, and is expected to continue at a high rate. Residential rates of building have been high as well.

Table 2-4		
Commercial and Industrial Building Activity In Hernando County		
Year	Number of Permits	Valuation
1990	63	\$28.1 million
1995	45	\$18.2 million
2000	67	\$14.9 million

Source: Hernando County Development Department

Hernando County has an ample supply of raw land suitable for development; however, most businesses seek prepared sites already served by infrastructure to support development. This is an area of weakness, since there is very little existing space (especially large properties) for expansion or relocation.

The major exception to the lack of prepared sites exist in the form of two industrial parks: Hernando County's Airport Industrial Park and the Corporate AirPark. The Airport Industrial Park covers 155 acres, with prime locations available for business or industrial expansion. The park is located in the city of Brooksville, adjacent to the airport site. Another industrial site, the Corporate AirPark, covers 250 acres, and from Brooksville offers access to a four-lane highway connecting to Interstate 75; rail linkage is also available. While the airport is not a commercial jet service facility, chartered flights and air freight are available, and corporate and general aviation needs are provided. It has land lease rates of .03 cents per square foot, and airside lots to provide aircraft access. It offers the only impact fee abatement program in the Tampa Bay area and customized training opportunities with subsidized wages for new employment. A cash refund program is available for targeted industries and it features a simplified and expedited permitting process. Building sites of 2 to 4 acres are available for lease.

The advantages offered by the Airport Industrial Park are numerous: existing infrastructure is excellent, well-positioned sites are available at reasonable prices, and airport is very close. Disadvantages include a consideration that there is a lack of signage clearly delineating and marking the entrance to the park. It was difficult to obtain a "sense of place" regarding the park; this could be improved by offering a large sign with a map of the park to locate available sites and existing facilities.

TAXES AND THE REGULATORY ENVIRONMENT

State and local taxes are generally low, especially in comparison to other regions of the nation. A summary of major taxes are as follows:

- **Corporate Income Tax:** The tax rate for C-corporations is 5.5%. If the tax liability is greater than \$2,500, the corporation is required to pay estimated taxes in installments. There is no corporate income tax on subchapter S-corporations or on limited partnerships.
- **Sales and Use Tax:** All businesses that collect Florida sales tax when selling items must obtain a Florida Sales and Use Tax number and report the 6% state sales tax and local discretionary tax to the Florida Department of Revenue. Hernando County's local option retail sales tax is 0.5%.

- **Real Property Taxes:** A property tax may be assessed at the county level. The Hernando County Property Appraiser is responsible for valuation of all real property.
- **Intangible Personal Property:** A state tax equivalent to \$2.00 per \$1000 (2 mills) or 1 – 1 ½ % of taxable value on any intangible personal property, as well as on the recording of obligations secured by mortgages on Florida real property. The tax applies to corporations, partnerships, and others that own, control, or manage intangible property that qualifies for taxable status in Florida. Intangible property includes stocks, bonds, bills, notes, loans, accounts receivable, and other obligations or credits.
- **Excise Taxes:** Florida imposes several excise taxes, some of which are on the production, importation, use, or sale of particular goods. Other excise taxes are imposed on services and certain types of businesses. Some that may apply to businesses are as follows: Alcoholic beverages, tobacco products, gasoline and special fuels, motor vehicle registration, service and production taxes, property transfer taxes, document stamp tax.
- **Worker's Compensation:** Coverage is required for most businesses that have 4 or more employees. This insurance provides wage loss and medical benefits to employees injured on the job. All construction related businesses should contact the Department of Labor and Employment Security for specific coverage requirements.
- **Unemployment Insurance:** Liability is based on employee wages and are applicable for any of the following criteria: \$1500 quarterly payroll or at least one worker for 20 weeks in a calendar year; a government entity; have a 501(c)(3) (IRS) exemption with 4 or more workers for 20 weeks in a calendar year; are an agricultural employer with a \$10,000 quarterly payroll or 20 weeks of 5 or more workers in a calendar year; paid \$1000 in a quarter for domestic services in home or college club; acquired all or part of the organization, trade, business, or the assets of a liable employer; are liable for federal unemployment taxes; or have voluntarily elected to be covered.

Table 2-5

**Local Ad Valorem Millage Rates,
1999**

Government	8.6704
Special	0.4220
Schools	10.4820
Total	19.5744

Source: Hernando County Office of the Tax Collector, 1997

There are several variables that affect taxes, including homestead exemptions and millage rates. Other taxes assessed by fire or water management districts may apply. Local taxes in Hernando County are reasonable, especially when compared with other states, and do not appear to be detrimental to economic development. Generally, local businesses interviewed were pleased with the services they received for their tax dollars. There were some exceptions, however, related to fire service protection fees. Some businesses felt that they shoulder an unfair majority of the burden of additional fees such as this. Also, there were some concerns expressed about the permitting and fee process, which was felt to be onerous by some businesses.

Incentives

Florida has a variety of advantages that make it a profitable site for nearly every type of business. Some of these advantages are:

- No corporate income tax on limited partnerships
- No corporate income tax on subchapter S-corporations
- No state personal income tax
- No state level property tax
- No property tax on business inventories
- No property tax on goods-in-transit for up to 180 days

- No sales and use tax on goods manufactured or produced in Florida for export
- No sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging
- No sales and use tax on boiler fuels
- No sales and use tax on electricity used in the manufacturing process

There are several exemptions to the sales tax for industries. These include silicon technology-based industry transactions, involving manufacturing or research development. Also, the purchases of machinery and equipment used by a new or expanding Florida business, to manufacture, produce, or process tangible personal property for sale are exempt. Labor, parts, and materials used in repair of, and incorporated into, machinery and equipment that qualify for sales tax exemption upon purchase are also exempt, as are aircraft parts, modification, maintenance and repair, sale or lease of qualified aircraft. Other exemptions include any related commercial space activity machinery and equipment, for production of items used exclusively at Spaceport Florida. The labor component of research and development expenditures are exempted as well.

From a stable tax structure and exceptional incentives to increased opportunities for global success, Florida is a consistent leader in new and expanding business locations. The state's commitment to a competitive business climate, customized site selection assistance and effective training programs make Florida a profitable choice for any prospective company. Hernando County is poised to benefit from this environment. The following are some of Florida's incentives for businesses.

- **Qualified Target Industry Tax Refund Program.** This program provides inducement for target industry to locate new facilities in Florida, or to expand existing facilities. The program provides tax refunds of \$3,000 per new job created. The incentive is increased to \$6,000 per job if the company locates in a rural county or an Enterprise Zone. Higher awards are available to companies paying very high wages. To qualify for the "QTI" program, a company must create at least 10 new jobs (or 10% increase for expanding Florida companies), pay an average of at least 115% of area wages, have a significant positive impact on the community, and have local support.
- **Quick Response Training Program.** The Quick Response Training Program provides grant funding for customized training

to new or expanding businesses. The program is flexible and structured to respond quickly to meet business training objectives. A local training provider, community college, area technical center, or university is selected. They are then made available to assist in the application process or program development and delivery. If the business has a training program in place, a state training provider will supervise and manage the training program and serve as the fiscal agent for the grant funds. Reimbursement training expenses include: instructors' and trainers' salaries, curriculum development, textbooks and manuals, and materials and supplies.

- **Economic Development Transportation Fund.** This grant program provides up to \$2 million for local governments in the construction or improvement of transportation infrastructure. This may be needed to accommodate new or expanding industry.
- **Expedited Permitting Assistance.** State and local permit streamlining procedures are available to assist businesses. The necessary permits and approvals may be obtained in a quick, efficient, and predictable manner.
- **Specialized Incentives.** A project may qualify for opportunities such as urban or rural tax credits, or incentives for brownfields and enterprise zones.

KNOWLEDGE SYSTEM

Surveys of business leaders indicated that there is trepidation regarding highly-educated or professional-level workers. These concerns were not unfounded. Research has established that in today's high-technology, high-science, and knowledge-based economy, education may be a far more important economic resource than the vast natural resources available in the county, its proximity to markets, its access to transportation, or other traditional economic factors. Providing professionally-trained workers to enable the county's businesses to be successful in the state and even the global economy is critical. Just as higher education is an essential element for a region's ability to become economically successful, it is also essential to the ability of an individual to become economically successful. The importance of education to Florida's economy in general is further substantiated by surveys conducted by the Florida Chamber of Commerce, which show that Florida businesses view the lack of access to educated workers as one of their major barriers to continued growth. Therefore, the extent to which a region educates its people has become a major determinant of the success of both individual citizens in

earning decent wages and the county's economy in competing in the state and global economy. A county such as Hernando should aggressively educate its citizens, enabling both its people and its businesses to be successful.

Hernando County's total K-12 school enrollment is 16,564, distributed among its 24 public schools. There are higher educational opportunities in close proximity to Hernando County. They include: The University of South Florida, Tampa; Tampa College, Tampa; Eckerd College, Tampa; The University of Florida, Gainesville; The University of Central Florida, Orlando; and St. Leo College, in St. Leo, Florida.

Workforce Training

Though vocational or workforce training and placement are serviced by many programs offered to businesses, there was a lack of adequate knowledge of these existing resources. Through our research, we found that the Quick Response Training Program is a customer-driven program geared toward the inducement to secure new value-added businesses to Florida. The Work Opportunity Tax Credit replaces the Targeted Jobs Tax Credit Program; this program is designed to help individuals in certain groups who have consistently had the most difficulty securing employment. This program is available to mining and manufacturing employers. Additionally the Career Center of the Pasco-Hernando Community College (PHCC) under the coordination of the Pasco-Hernando Jobs and Education Partnership (JEP) Regional Board, is able to provide students and disadvantaged workers with comprehensive job training and education. With three regional centers located in the three area campuses of PHCC, JEP is able to provide eligible Hernando County residents with excellent training and educational opportunities. JEP is also able to help the young and the disadvantaged toward obtaining a Bachelor's degree at a four-year institution.

PHCC has two campuses in Hernando County, where high school students are offered the opportunity to participate in dual enrollment. Credits may be earned toward high school graduation, and at the same time can be applied toward college or technical programs. PHCC also has a Tech Prep/School to Work Program, which is a national initiative that provides higher educational opportunities for all students. It is a cooperative effort that incorporates education, business, government, and the community with the goal to combine academic and work-site learning. This serves to prepare the future workforce for the competitive, global marketplace of the future. It recognizes the demands of our increasingly technical society and demands high academic standards. At the same time it helps to lower the dropout rate, while providing students with hands-on experience. The program's purpose is to help motivate students, connect them with the real world of work, and make their educational training useful to employers. A mentoring program is also offered which provides students with exposure to career areas by placement in the workplace.

Manpower and personnel services can be found by accessing a number of state and local resources. The Florida Department of Labor maintains a Jobs and Benefits Office in Hernando County. This office serves as a focal point for directing the area's available workforce to positions available, and to programs available for upgrading individualized training. The Jobs and Benefits Office also serves as a key contact area for businesses by providing a computerized job listing program, at no charge to the employer, that will allow ads to be made available to local and statewide workers who access the system. One problem expressed by business people surveyed was that this office was hampered in effectiveness by excessive red tape that was associated with the services offered. In addition, there are local private personnel and employment agencies that exist to meet the needs of those seeking employment. A variety of these agencies are located throughout Hernando County, and can offer an array of employee staffing opportunities for both permanent and temporary workers. Generally, surveys reveal that there is a lack of information about these placement agencies by the existing business community. Hernando County stands to benefit from a public information campaign about workforce development and placement services.

Education System K-12

K-12 education in Hernando County compares favorably in many aspects to other similar counties and to the state. The Hernando County average class size of 19.38 for the elementary level is good, and better than comparable systems that average 25-30 students or more. The system is comprised of 9 elementary schools, 4 middle schools, and 3 high schools. The high schools rate 21st in the state, for district grade point averages for the 1999-2000 school year (GPA is a compilation of rating factors, such as evaluations conducted by the State of Florida and test scores). The average in the state is a score of 1.92 on a scale of 4.00. Hernando County high schools ranked very well, with a score of 2.00/4.00. Middle schools also fared well, with a rank of 24 in the state, and a score of 2.50 on a scale of 4.00. This is higher than the overall state rating of 2.29/4.00. Elementary schools did not fare as well, ranked as 39th in the state, with a score of 2.56/4.00. The state average is 2.57/4.00. Although the elementary schools are average, in comparison with the state score, it indicates an area for improvement.

The availability of the dual enrollment program for high school students is commendable, as well as the TechPrep program. These programs, combined with a commitment to bolster the K-12 system in Hernando County should go far to help address problems expressed in business leader surveys regarding the lack of basic competency skills in some employees. The implications for economic development are severe – if Hernando County wants to expand its tax base to incorporate more technology intensive businesses, this will require a better educated and more highly skilled workforce. Education is a crucial aspect of Hernando County's future

direction, because preparedness for work of entry-level employees is directly related to the quality of the elementary and secondary education they have received.

Table 2-6

Hernando County High Schools

Expenditures Per pupil	Grad. Rate	High School Competency Test			
		Math	Communications		
Central	\$3,839	59.2	61%	88%	
Springstead	\$3,767	81.3	63%	81%	
Hernando	\$4,159	63.6	67%	81%	

Source: Florida Department of Education

The high school math competency tests are below averages for some comparable areas, but on par for the communications portion of the test. These data are indicated above in Table 2-6. The graduation rate, at all but Springstead, is low. This should be a focus of community leadership: keeping kids in school and providing quality education so they can be prepared for future jobs and careers. Table 2-7 summarizes scores for college entrance exams. The State SAT average is 997 and the national average is 1019. Thus, the test scores are on par, or above, which is a good indication of the quality of the K-12 educational system.

Table 2-7

**High School College
Entrance Exams**

	ACT score	SAT score
Central High	20.8/36	990/1600
Springstead High	21.4/36	1001/1600
Hernando High	19.8/36	1062/1600

Source: Florida Department of Education

QUALITY OF LIFE FACTORS

“Soft” factors, such as those reflected in overall quality of life, are becoming increasingly important in the site selection process. If an area’s quality of life is lacking, a business may choose another community. This is especially the case when all other factors are equal – the business typically will opt to gain the higher quality of life. The definition of “quality of life” varies widely, but generally entails the cost of living, recreational opportunities, and educational system. Florida’s business leaders consider its livability factors to be one of the state’s biggest assets. Florida’s moderate climate encourages a healthier, more attractive lifestyle, with sunshine, fresh air, clean water, and an abundance of open spaces (at least in some parts of the state) adding to its appeal. Hernando County, with its natural areas and wildlife preserves, holds true to the Florida standard. Competitive cost of living, affordable housing, and no personal income tax make Florida in general and Hernando County in particular a consistent leader among the nation’s most livable areas.

The following tables indicate one set of quality of life ratings. Hernando County fared extremely well in these ratings. It should be noted that ratings are diverse and can vary, but in general, Hernando County tends to be rated rather highly in terms of quality of life factors.

Table 2-8
Quality of Life Ranking Comparisons

Hernando	4 th
Hillsborough	15 th
Pasco	189 th
Polk	78 th

Source: EASI © Easy Analytic Software, Quality of Life index, all data derived from the U.S. Census and other official government sources. Based on the concentration of the variable with "1" being the highest and the number of areas in geography being the lowest rank. Counties are ranked out of 3,141 total.

Table 2-9
Quality of Life Rankings for:

	Culture	Amusement	Restaurants	Medical	Education
Hernando	B	A	B	A	C
Hillsborough	A	A	A	A	A
Pasco	C	C	C	C	C
Polk	B	B	B	B	B

Source: EASI© Easy Analytic Software, is ranked into a quintile frequency distribution ranging from "A"(the highest concentration group and the top 20%) through "E"(the lowest concentration groups and the bottom 20%).

The cost of living in Hernando County is quite reasonable, as apparent from spending time in the area and an analysis of data sources. The costs are definitely below those of many metropolitan areas throughout the nation. Existing data has been used to gauge an estimate of cost of living for the area. The Florida Price Level Index lists Hernando County as 91.71 for cost of living. This is significant, as the state

average is 100. Community survey results indicate that residents recognize the benefits of a low cost of living to the livability of Hernando County in general.

Table 2-10
Price Level Index For
Hernando County,
1999

County	Price Level Index	Ranking among Counties*
Hernando	93.26	-40
Polk	94.98	-30
Pasco	95.44	-26
Hillsborough	100.86	8
State Average	100	

Source: Bureau of Economic and Business Research, University of Florida, *Florida Statistical Abstract, 1999*, the higher the negative ranking, the less the price level index.

Housing costs are another measure of the quality of life in a community. The availability and cost of housing is critical to any development. Housing costs for Hernando County, using the 1990 Median Housing Value, is \$71,200, which is quite low when compared to the rest of the nation. During the interviews with businesses in Hernando County, there were no major problems expressed with housing conditions in the area. The only concerns cited by several of the businesses interviewed, was a perceived lack of “affordable” housing, in terms of rental housing or low-cost housing for workers. This is a problem common to many communities, in which lower-priced housing stock is not readily available. Hernando County may want to encourage more affordable housing stock through the use of incentives and land use tools.

Transportation, location, and access are also factors influencing the quality of life. The average distance workers commuted in Hernando County as reported by businesses was approximately 10 to 20 minutes. Compared with the long commuting times of larger metropolitan areas, Hernando County offers significant advantages in terms of shorter commutes, which is definitely a quality of life factor. Hernando County offers its residents a chance to enjoy rural life yet still have a short commute to work. For those living and working in the city, the commute can be even

shorter. This reduces tardiness and absenteeism, and can enhance overall labor productivity. The location of Hernando County is well-positioned in terms of access to a regional and national market. Within less than one day of road travel, the cities of Atlanta, Tallahassee, Jacksonville, Orlando, Ft. Lauderdale, Miami, and Tampa are in easy access.

Location, location, location. At a more local level, Hernando County is positioned close to the geographical center of the Florida market. With recent highway expansions and improvements, the highway system is excellent for providing access to Hernando County. All the businesses interviewed felt that the transportation system was good, with the excellent rail and trucking services. An exception to this was the need for more small shipment services. Amenities, climate, and recreation also influence the overall quality of life in a community. The array of amenities in Hernando County is impressive, and exceeds what one would expect. With its proximity to Tampa and the inclusion of that city's cultural resources, Hernando County's position is enhanced substantially.

Recreational opportunities are abundant, especially for a community of this size. Water-based and outdoor sports are readily available, given the presence of the Gulf of Mexico and numerous rivers. The Chassahowitzka Swamp and the Withlacoochee State Forest provide protected open space available to all in the community. Hernando County enjoys a moderate climate with warm summers and mild winters. The attractions of a mild climate are many. In the absence of severe winter weather, fewer working days are lost and productivity remains high without the obstructions of a severe climate. Not surprisingly, the mild climate increases the use and availability of the many outdoor recreational opportunities in the area.

Education is a major factor in the quality of life for an area. As referenced in the table above, some site selection sources consider education in general to be average for Hernando County. Education impacts economic development in a variety of ways, including the quality of employees that companies can expect by locating their operations in the area. Not only is education a major site selection factor for businesses, it also directly impacts the quality of life for the entire community. Companies realize that strong school systems make it easier to recruit and attract key management to the area. Moreover, the preparedness for work of entry-level employees is directly related to the quality of the elementary and secondary education they have received. No community is without challenges for improvement in their public education system. In Hernando County there is a need for improvement in education if business's concerns about the availability of qualified workers is to be allayed. While there are several strengths in Hernando County's education system, the deficiencies need to be addressed to reap full benefit.

Healthcare is very much a concern and a factor influencing quality of life in a community such as Hernando County. Florida's healthcare industry is one of the state's largest economic sectors, with high wages and large numbers of employees. It is also the state's fastest growing economic sector, and is projected to need more new employees than any of the state's other sectors over the next decade. Florida's

health services sector alone employed over 550,000 people in 1996, making it the state's third largest sector in number of employees. Florida's health services sector employs more workers than the state's manufacturing sector or construction sector. Only the state's retail trade sector employs more people, but these are not at high wages. Apart from being one of the state's largest sectors, it is also one of the state's highest wage sectors.

While Florida offers sunshine as a premium, and the semi-tropical climate is a major factor in attracting retirees to the state and its counties, health care also plays a significant role. Clearly, access to readily available, quality medical services is a factor which retirees must consider as they enter the high medical consumption phase of their lives. This has an impact on Florida communities such as Hernando County, especially when one considers the coming of age of the "baby boomer" generation and the population impact it will have on such a community. Health care is a huge and critical part of Florida's economy. Regardless of whether measured in terms of total expenditures, the earned income of residents working in health care services, the number of industry employees or the impact of health services on the attractiveness to retirees, health care represents a large part of the state's economy and employment. The total annual expenditure on health care by Florida residents is estimated to have grown from \$40.2 billion in 1996 to \$91.5 billion today; a 130% increase is projected for 2005. This will require a dramatic increase in the size of the workforce over the next ten-year period.

Each year, the American Hospital Association (AHA) surveys its thousands of member hospitals, enumerating which of 85 AHA-defined services each institution provides. The number of services a hospital offers is one indicator of the level of technology, degree of specialization, and quality of care one may receive.

Table 2-1, Hernando County Hospitals		
Brooksville Regional Hospital	91 beds	Accredited
Columbia Oak Hill Hospital	204 beds	Accredited
Spring Hill Regional Hospital	75 beds	Accredited

Source: The American Hospital Association, 2001.

Hernando County, and the state as a whole, face an incredible and unique economic growth opportunity. Expanding health care does not involve aggressive marketing to attract the relocations of large companies to the area, nor does it involve competitive

battles to attract the critical mass of demand to build an industry. Health care is a clean industry with sustainable growth potential. The needed critical mass of dollars already exists, and the task for Hernando is to provide the trained workforce, the economic and regulatory environment, and support infrastructure necessary for the industry to grow and prosper. In order to meet the resulting growth in demand for health care services and to take advantage of the opportunity to build one of the world's top health care systems, Florida on the state level and counties like Hernando at the local level need to insure that its universities and community colleges significantly increase their production of health care professionals in all areas. Leaders must persuade their educational institutions to expand enrollments to all health care occupations. In some instances, new education programs may have to be added. Expectations also need to be placed on hospitals, clinics, and other health care providers to expand opportunities for internships associated with these educational programs. In so doing, these institutions will ensure that the state's citizens develop successful careers in a high-demand, high-wage, clean industry. Communities such as Hernando County are uniquely placed to take advantage of their position on the forefront of an emerging, highly desirable growth industry.

I-3. Strengths and Weaknesses

An evaluation of both strengths and weaknesses within Hernando County that influence and affect economic development outcomes is another vital component in the assessment process. Working to improve weaknesses while internally and externally marketing a community's strengths are hallmarks of successful economic development efforts. Both elements, the strengths and weaknesses, have been identified through analysis of Hernando County via existing literature, observations, data analysis, and interviews with representatives of the business, government, and civic sectors. Additionally, information from household surveys randomly selected for participation has been integrated. The ability of an external entity that has no "vested" interest in Hernando County to effectively discern strengths and weaknesses can serve as a powerful catalyst to the community to correct the problems while capitalizing on the strengths. As such, this component is essential to success of the overall project.

The following section provides a summary of what we analyzed as the major strengths and weaknesses of Hernando County, from an economic development viewpoint. Hernando County has attractive strengths based on numerous assets and resources. And, as is common practice in economic development, it is important to highlight and focus on these strengths when marketing the community, both internally and externally.

However, there exists several weaknesses. The weaknesses, when considered together, combine to present significant barriers to future economic growth and development. Regardless of the intensity of marketing efforts based on the strengths, these weaknesses will become apparent to businesses considering investing in the area. Many existing businesses are already aware of the weaknesses, and this may influence future expansion decisions for them as well. Thus, it is critical to realize that *unless corrective actions are taken, Hernando County will soon experience "fatal flaws"* in regards to economic development. In other words, if these weaknesses are not addressed and allowed to continue growing in magnitude, Hernando County's economic development ability will be compromised. This is not to imply that Hernando County will not experience growth if fatal flaws develop; rather, these flaws will serve as barriers to achieving desirable and maximized economic development outcomes.

These weaknesses are highly interconnected; therefore, remedial and corrective actions should be coordinated to achieve the most desirable outcomes. We cannot emphasize too strongly that *remedial and corrective actions need to take place*. For example, it is much more preferable to inform those interested in investing in

Hernando County (both existing businesses and those new to the area) that remedial action is in process, rather than ignore the weaknesses with the hope that they will somehow disappear or dissipate over time.

Recommendations for remedial and corrective actions are presented in Part II, the economic development plan portion of the overall study. Part II also includes recommendations for building on existing strengths and organizing to capture maximum benefits of economic development efforts.

Strengths

▪ High Quality of Life and Moderate Living Costs

Quality of life is becoming increasingly important as a business location decision – enforcing what citizens of high quality areas have known for a long time. Hernando County offers an extremely high quality of life, and this should be considered a major resource. Compared with many other locations, it offers both small town ambience, yet convenient to a larger metropolitan area. The physical setting is attractive, with rolling hills and a high percentage of natural areas (approximately 50% of the land mass is in some form of preservation or natural areas).

Residents in Hernando County can choose from a variety of lifestyles: newer suburban developments that predominate the southern and western portions of the county with a close commute to Tampa and St. Petersburg; in-town living in Brooksville; and rural with an easy commute to work. The new suburban areas offer a variety of amenities, including a variety of golf courses interwoven with residential developments. Brooksville is an attractive town, with historic resources and “heritage” oak trees that combine to give it a desirable ambience. It is a resource in itself, with efforts to renovate and revitalize downtown well under way. The rural areas of Hernando County offer both residences and businesses. Although most people in the county are not associated with agriculture, there exists a thriving base of agribusinesses in the area, ranking 30th in the state for dairy, poultry and nursery/greenhouse enterprises. The latter has grown from 25 plant nurseries to over 125 in 10 years and comprises a thriving rural-based economic activity.

According to our survey research, Hernando's quality of life is highly rated by its residents. Survey respondents rated the overall quality of life as 3.94 on a five-point scale; the strongest categories included housing, spiritual life, and health care. Hernando's low cost of living was also highly regarded by residents, gaining an average score of 3.63 on the same five-point scale. This attribute of Hernando County is valued by its residents, and should be treated as a valuable resource to protect and enhance. Subsequent economic development programs and policies should recognize this asset and respond accordingly.

Based primarily on a semi-rural lifestyle, Hernando's livability is built upon on a strong sense of community in some regards (for example, there is much involvement in civic and community youth and sports activities), abundant natural resources, recreational opportunities, and low property taxes. The overall costs of living are low, especially in comparison with other counties further south. Average housing prices are moderate, and health care and other services are available at reasonable prices.

- **Advantageous Location and Geographic Diversity**

Hernando County is located within two hours' driving time of several Florida cities: Tampa, Orlando, Ocala, and Gainesville. Far enough to avoid congestion but close enough to provide convenient access, Hernando County is ideally located to serve as the central hub of a multi-city network. It is very close to Tampa and St. Petersburg, making access to the resources of the metropolitan area feasible, yet still separated sufficiently to be protected from the negative aspects of proximity to a major metro area. Its location "above the fray" of congested south Florida communities makes it distinctly different.

This advantageous location provides benefits to both residents and businesses alike. Businesses want to have access to markets, both regionally and nationally. Hernando County certainly provides excellent access to the regional market, yet offers the advantage of more accessibility and lower costs – by avoiding congestion, businesses save time and money. It is also uniquely positioned to serve a greater market, particularly related to distribution functions of businesses that wish to have access to both south Florida and still be within reasonable transport time of major cities in the south. Indeed, Hernando County is within 500-600 miles of major markets in the Southeastern United States, including Birmingham, Atlanta, Raleigh Durham, and New Orleans. Within a 1000 mile radius, access to the major markets in the Northeast and Midwest are available – Washington, D.C., Detroit, Chicago, Cleveland, St. Louis and other cities.

Geographic diversity abounds in Hernando County. As mentioned in the Quality of Life strength, the physical attributes of Hernando County are very appealing and stand out from typical south Florida landscape. The gently rolling hill topography in most of the county, coupled with a natural area coastline, wetlands, and preserves combine to present an amenable and aesthetic landscape. This diversity and uniqueness is a primary strength and should be regarded as a major asset to protect.

- **Excellent Primary Transportation Infrastructure**

Access to customers and suppliers mandates good transportation infrastructure as well as an advantageous location. Hernando County offers both these amenities. In regards to ground transportation, the road network is excellent and provides a location incentive to businesses seeking sites in close proximity to interstate highways for motor freight transport. Hernando County provides excellent access to

regional markets via four major arteries: I-75; U.S. 41; US 19; and SR 50. The infrastructure for these major, or primary, transportation arteries is excellent; however, it should be noted that secondary roads are not as well maintained and rely primarily on county funding. For economic development purposes, the access to the industrial parks and to the major arteries appears very adequate; thus, the issue of secondary road maintenance impacts residential activities more so than industrial or commercial at this point in time.

The newly opened, limited-access Suncoast Parkway links the county to Tampa. The parkway, which opened in February 2001, has been designed to increase trade and tourism and reduce transport time and costs. *From an economic development perspective, the Suncoast Parkway will likely serve to influence future growth and development of Hernando County more than any other single factor.* For one reason, it provides quick and feasible access to Tampa International Airport. Communities the size of Hernando County rarely have adequate commercial jet service, if any at all. The link to Tampa International Airport via the Suncoast Parkway provides an excellent transportation resource and serves as an additional positive business site selection factor. In other words, Hernando County reaps the benefits of the Tampa International Airport, without the associated costs (a positive externality, in economic terms). For general aviation needs, Hernando County Airport offers charter service and air cargo; its location is adjacent to the Suncoast Parkway. CSX rail service also serves the airport park, should this mode of transportation be desired by businesses.

Many communities that are comparable to Hernando County in terms of demographics and economics may not have such excellent transportation infrastructure. Hernando County is fortunate to have these resources that will influence the future growth and development of the area. The key is to utilize these resources in such a manner that serve to accomplish the economic development goals of Hernando County while protecting other valuable assets such as the quality of life and geographic diversity.

Weaknesses

- **Lack of an Articulated and Shared Community Vision**

Communities that are successful in all spheres of development (social, ecological, political, and economic) have an articulated and shared vision for their area. This is usually stated in a mission or goal(s) statement that is reflective of the desires, needs, and hopes of the community as a whole. Hernando County lacks a “unity of purpose” in the community and without this, it is difficult to progress. There does not appear to be a common vision of what residents or community and business leaders want Hernando County to be in the future. Some have stated that Hernando County

has sold itself short as a low-cost location for low-wage jobs. Others state that distribution is the only feasible business activity that could possibly locate in the area. Still others propose “allowing” only high-end residential developments so that the tax base will increase, yet what does this imply for the persons with the prevailing low per capita incomes and household incomes of the county? Part of this issue is founded in the transitory attitudes expressed by some citizens that Hernando County “isn’t home.” This translates into a lack of vested interest in the long-term growth, development, and desirable outcomes for the area.

While no one can purport to definitely see the future of Hernando County, one thing is virtually assured: The County is currently on the path of becoming a bedroom community for the Tampa and St. Petersburg metropolitan area, given its excellent quality of life, moderate living costs, attractive venues, and accessible transportation network. With Hernando County’s proximity to this major metropolitan area – and it will serve as a predominant influence on future outcomes - growth is inevitable. If the community does not seize the opportunity to guide its own path, then this future is most probable. *“Control your own destiny, or someone else will,”* is a quote from a CEO of an international corporation that holds a particular relevance for Hernando County. Without an articulated vision that goes beyond the concerns of just economic development, the community will find it difficult to mitigate the impacts of growth. There are excellent efforts to help promote the idea of community visioning, such as Hernando Today’s annual Community Summit. These should be supported and expanded to generate broad participation throughout the Hernando community.

At this point in time, the Hernando County community is in an enviable position of not having to respond to overwhelming crisis caused by uncontrolled and unguided growth. In five to ten years, it will be; perhaps in even less time. It is at a critical juncture in which a shared community vision, with articulated goals, can serve to guide the future growth and development to achieve what the community wants and needs. We cannot emphasize enough that the community needs to develop a shared community vision, one that drives decision-making and influences outcomes in desirable ways. Again, this is larger than economic development as it encompasses the whole spectrum of community life, in terms of political, ecological, social, and economic dimensions. Yet, desired economic development outcomes will be difficult to achieve without such a guiding vision.

- **Absence of Agreement for Economic Development/Perceived Lack of Effectiveness**

Past economic development efforts as a joint venture between the public and private sectors have been the source of much contention in the Hernando community. With a majority of funding provided by county government, the EDC was expected to be highly accountable to the public sector. When difficulties and disagreement on structure and procedure arose, the focus became too intense for the organization’s survival. The EDC issue has, in some respects, served to literally tear the

community apart, further exacerbating difficulties with other issues as well. We feel that far too much emphasis has been placed on the EDC issue, and the resulting negative news media coverage has helped prevent any positive outcomes at this point in time.

Several points of fact are presented for consideration: First, many economic development entities go through periodic organizational restructuring, on average about every five years; and the structure changes from public-private ventures, to regional partnerships, to solely non-profit organizations, depending on the development climate of the area. It is not uncommon to experience a change in organizational structure or program activities, particularly when considering the complex and often volatile nature of economic development. What is unusual and destructive is the continuing focus on the past, and the fueling of the perception that economic development is something inherently bad for the area. While not all news media has been negative, an undue portion has focused on issues that serve to further weaken relationships among the sectors in the community. Research and experience indicate that the powerful force of negative news media can be detrimental to community morale, further impeding the lack of community cohesion. Continuous and persistent negative news media serves not only to hinder positive economic development but also damages the entire spectrum of community health and well being. Indeed, the role of the news media in local economic development is crucial; without a supportive role effective economic development – and the future growth and development outcomes - is greatly hindered.

It is time to move beyond the EDC issue and explore a structure that will work for the Hernando community. Additionally, it is vital that the various perspectives of what the public sector, the private sector, and joint organizations can do, and should do in regards to growth and development, be explored. A diverse array of opinions exist, from a complete opposition to economic development to a high level of support and recognition of the benefits of an effective economic development program. A common set of goals needs to be formulated that can be agreed upon by the community at large. Recommendations for accomplishing this will be presented in Part II of this study. It is crucial that a unified front be presented, both externally and internally, in order for effective development to occur.

- **Disconnect between the Public and Private Sectors**

There is a perceived lack of effectiveness from “both sides” in regards to functioning in the business and government sectors. Perceptions from the business and community sector include describing the regulatory environment as “adversarial” rather than supportive and flexible. The permitting process has been described as rather cumbersome, and despite streamlining efforts by government, have not been perceived as effective or conducive to conducting business. Additionally, it is felt that the overall business climate suffers from this adversarial regulatory environment, further fueling the perspective that existing businesses are not appreciated in the

Hernando community. This should be a major concern for the community, as numerous studies and research indicate that the vast majority of new economic growth emanates from existing sources within an area – either expansion/retention of current businesses, or the development of new enterprises by residents of the area. Many interviewees stated that the public sector ignores them, or that very little effort has been made to support them in any meaningful way. We cannot reiterate enough the importance of having a comprehensive and effective existing business and retention program in the area. This will be presented in detail during Part II of the study.

Additionally, there is a rather pervasive feeling among private sector representatives that the government is “mercurial” and inconsistent. As government leadership changes, there is concern that a consistent and comprehensive perspective is lacking. Rather, leaders are perceived to be focused on a limited number of issues, or even one primary issue to the detriment of other needs. This concern of limited vision was expressed by a variety of interviewees, in all three sectors (non-profit, public, and private). It was also felt that too strong influences on government leadership have been exerted by certain segments of the population, for example, residents of the retirement community.

The issue of unfair or unjust burdens placed on either sector is also a concern. For example, it is perceived that the private sector may not pay its own way in some cases, such as supporting economic development activities, or fees to cover services. Conversely, the public sector is perceived as unjustly burdening the private sector, in some cases to cover costs of services. Of course perspectives vary, but it is important to note that perception is reality, in some senses, and these concerns merit attention and mitigative actions.

These issues, when taken together, form a disconnect that leads to distrust from both sectors, as well as outright animosity in some cases. The lack of trust in turn impedes effective interaction between the sectors in order to accomplish common goals. It is highly recommended that serious efforts be made by both sectors to resolve existing difficulties. We believe this ability exists, given examples of past collaborative efforts, and the expressed interests from both sectors in encouraging effective economic development. Existing businesses are already aware of this disconnect; it will be all too clear to prospective businesses as well that are exploring locating in the Hernando community.

- **Difficulties in Attracting and Retaining Professional and Skilled Employees**

There is difficulty with attracting and retaining professional level employees, as reported by many businesses. The issues revolve around the ability of Hernando businesses to pay salaries and wages to compete with Tampa and St. Petersburg. As one interviewee stated, the Suncoast Parkway runs both ways. In other words,

there will likely be some loss of the current professional and skilled employment base in Hernando County as employees seek higher wages in Tampa. Given the decreased commuting time, some workers will find that the attraction of higher wages is too powerful a draw away from their jobs in the Hernando area. And it is a certainty that the Tampa-St. Petersburg metropolitan area considers the labor force of Hernando County as “available labor” for their economic development purposes.

One of the outcomes of the Suncoast Parkway will be “wage inflation” in the sense that Hernando businesses will find it necessary to increase wages and salaries in order to compete for employees. This will likely occur during the early years after the Suncoast Parkway opens, and will taper off in later years, as Hernando County attracts more professional and skilled employees through remedial actions. These actions may include more emphasis on education and training of the existing workforce, as well as for students of the public education system. Additionally, in the future there may be more employees who reverse commute, from Tampa to Hernando, as wages become more equalized between the two areas. In fact, commute times for some of these workers may be more attractive than commuting within the Tampa metro area.

Summary of Findings for Part I - Assessment

Change is inevitable. While this is an overused phrase, it applies to the Hernando community. There are essentially three responses to change:

- Be passive – watch it, ignore it, leave it to its own devices;
- Be reactive – respond when it becomes a problem or crisis; and
- Be proactive – anticipate and plan for change so that it can be guided and controlled.

The Hernando community is at a critical juncture at this point in time: it can watch the inevitable changes happen and then wait to react when problems arise, or it can literally “seize the moment” and plan for the changes that are already in motion. It is this latter option that we hope will be the path taken. By virtue of this study, the Hernando County community has recognized that change is inevitable and that actions need to be taken. The challenge is to identify, analyze, and operationalize the appropriate actions so that desirable outcomes of change can be realized.

A bounty of assets and strengths exist in the community. From the natural resources to the moderate cost of living, it offers an attractive and viable location for retirees, tourist-based activities, retail shopping, healthcare services, distribution and other industrial and commercial activities. A summary of these strengths are:

- High Quality of Life and Moderate Living Costs
- Advantageous Location and Geographic Diversity
- Excellent Primary Transportation Infrastructure

As with any community, weaknesses exist that impede effective development outcomes. The solution is to build on the strengths while mitigating the weaknesses. Communities that are able to accomplish this are usually effective in economic development, as well as the greater sphere of overall community well-being that balances the social, political, and ecological dimensions.

The weaknesses in the community of Hernando, in regards to economic development, are:

- Lack of an Articulated and Shared Community Vision
- Absence of Agreement for Economic Development/Perceived Lack of Effectiveness
- Disconnect between the Public and Private Sectors
- Difficulties in Attracting and Retaining Professional and Skilled Employees

Taken together, these weaknesses hold the potential as “fatal flaws” for economic development. We sincerely encourage the community to take immediate action to begin mitigating these weaknesses and prevent this from occurring. *The largest barrier to future growth and development of the Hernando community is the community itself.* There are no major limitations imposed by external forces, or a lack of physical or human resources; rather, it is the self-imposed forces that must be overcome to realize the full potential that the area holds.

Recommendations for building on strengths and mitigating weaknesses will be presented in Part II – Economic Development Plan, after completion of all data collection, citizen participation forums, survey administration, and analysis.

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