



Alachua County's Economic, Demographic & Fiscal Trends

December 3, 2013



Overview

Topics

Part 1: A Demographic and Economic Overview

Part 2: An Independent Perspective on Economic Trends and Development

Part 3: Understanding the Fiscal History and Future Scenarios Concerning Alachua County Government



Part 1: A Demographic and Economic Overview

Presented by

Edgar Campa-Palafox, Economic Development
and Steve Lachnicht, Growth Management



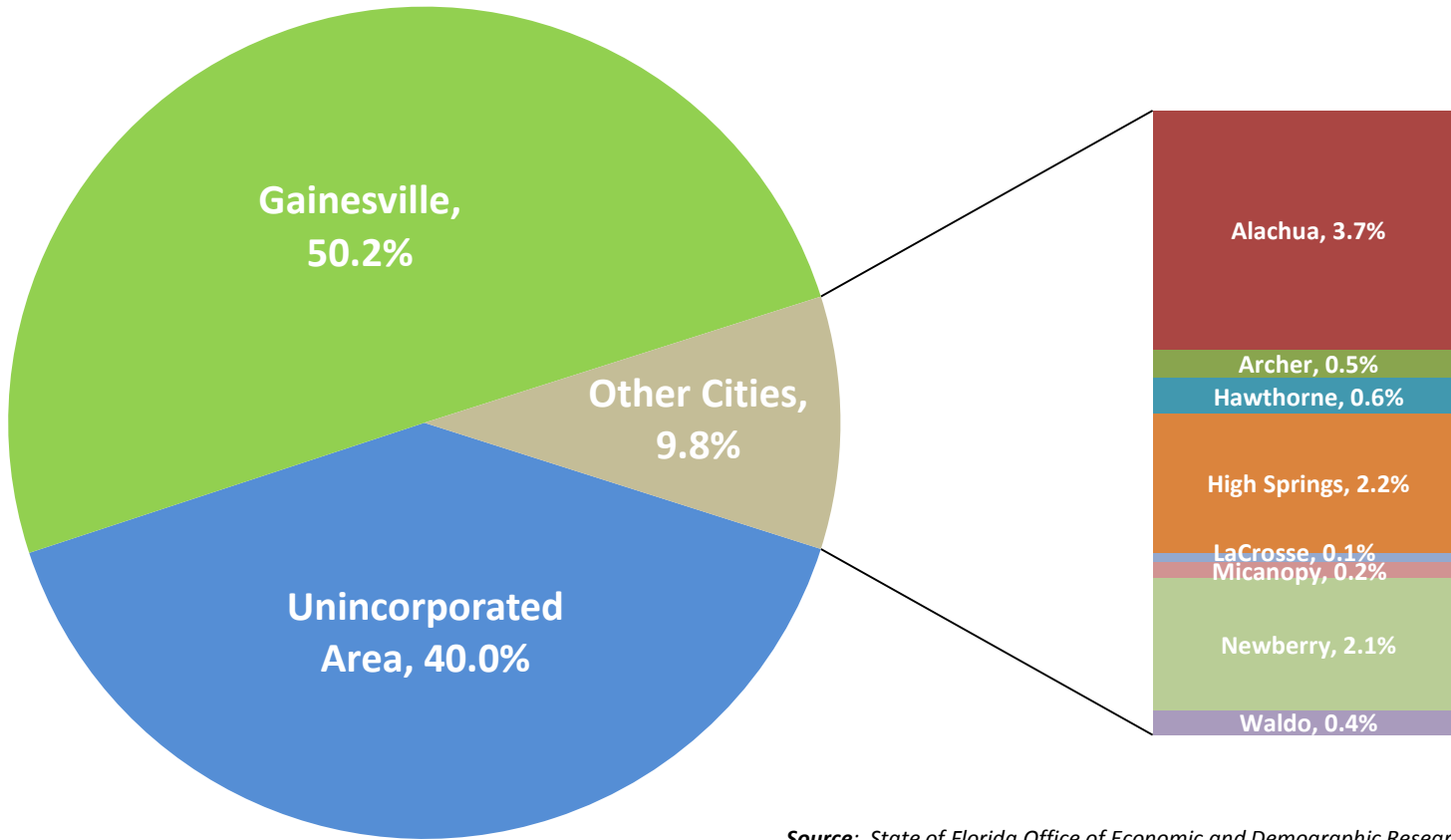
Key Points

- **County population:** 248,002; **by 2040:** 305,387
- **Annual growth rate** will be lower than in previous decades.
- **Population is relatively young** but is projected to get older.
- **Household size** is lower than the state average, and is decreasing.
- **Poverty Rate:** About 57,000 people are in poverty (about 37,000 when college students are not included).
- **Unemployment rates** have been lower than state and national rates.
- **Employment** is concentrated in relatively few industries, with almost half in the education & health services and government sectors.
- **Building Permits:** Recent trends show signs of recovery from the recession.



Current Population

Share of Alachua County Population by Jurisdiction, 2013



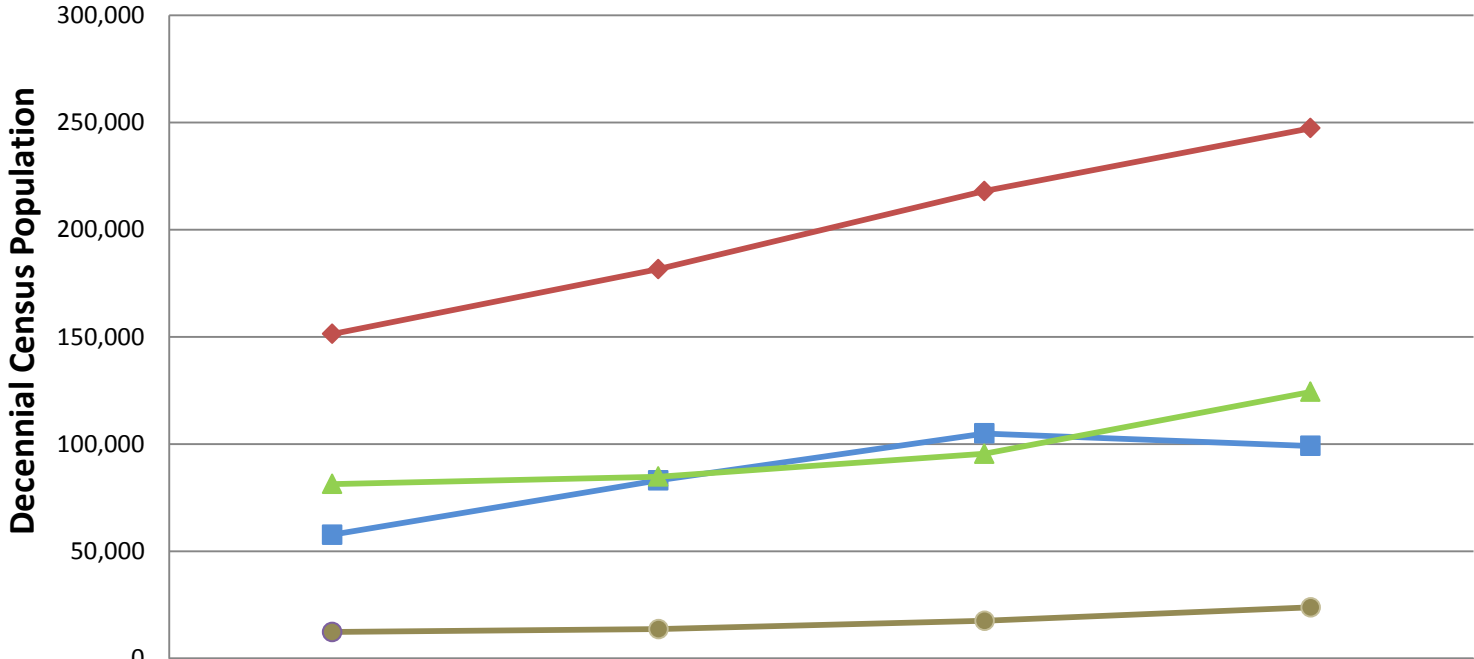
Population
Alachua County Total 248,002
Unincorporated Area 99,282
Alachua 9,300
Archer 1,123
Gainesville 124,391
Hawthorne 1,389
High Springs 5,440
LaCrosse 360
Micanopy 600
Newberry 5,148
Waldo 969

Source: State of Florida Office of Economic and Demographic Research
Florida Population Estimates for Counties and Municipalities: April 1, 2013



Population Trend 1980-2010

Alachua County Population by Jurisdiction, 1980-2010



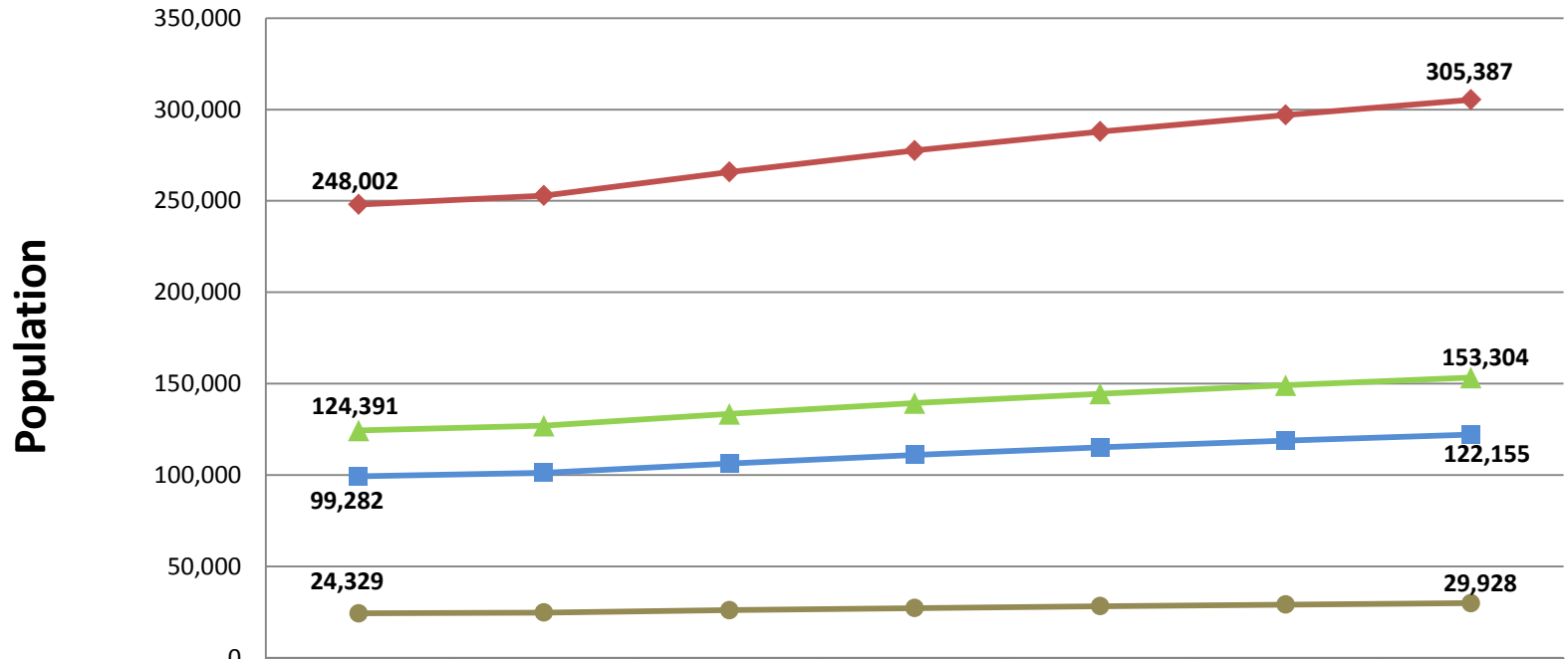
	1980	1990	2000	2010
Alachua County	151,369	181,596	217,955	247,336
Unincorporated Area	57,687	83,081	104,910	99,113
Gainesville	81,371	84,770	95,447	124,354
Other Cities	12,311	13,745	17,598	23,869

Source: United States Census Bureau. Decennial Census 1980, 1990, 2000, and 2010



Population Projections

Alachua County Population Projections, 2015-2040



	2013 Estimate	2015	2020	2025	2030	2035	2040
Alachua County Total	248,002	252,911	265,789	277,576	287,934	297,011	305,387
Unincorporated Area	99,282	101,164	106,316	111,030	115,174	118,804	122,155
Gainesville	124,391	126,961	133,426	139,343	144,543	149,100	153,304
Other Cities	24,329	24,785	26,047	27,202	28,218	29,107	29,928

Source for County projections: State of Florida Office of Economic and Demographic Research. Medium Projections of Florida Population by County, 2015-2040, March 2013.

Source for 2013 Estimates: State of Florida Office of Economic and Demographic Research. Florida Population Estimates for Counties and Municipalities: April 1, 2013.

City and unincorporated projections were calculated by Alachua County staff assuming a constant share of total County population through 2040.

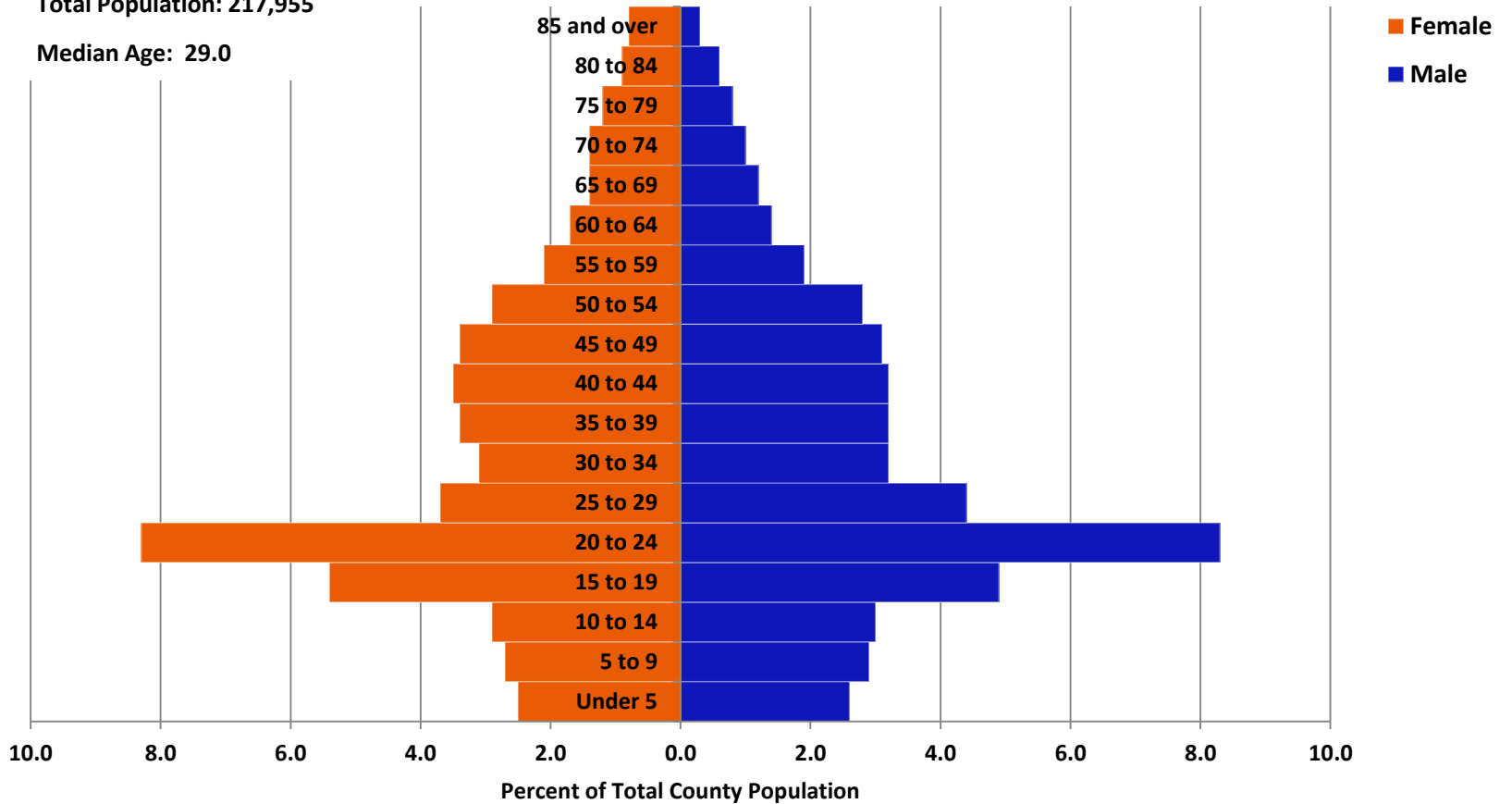


Age Distribution, 2000

Alachua County Population by Age Range - 2000

Total Population: 217,955

Median Age: 29.0



Source: U.S. Census Bureau, 2000 Decennial Census

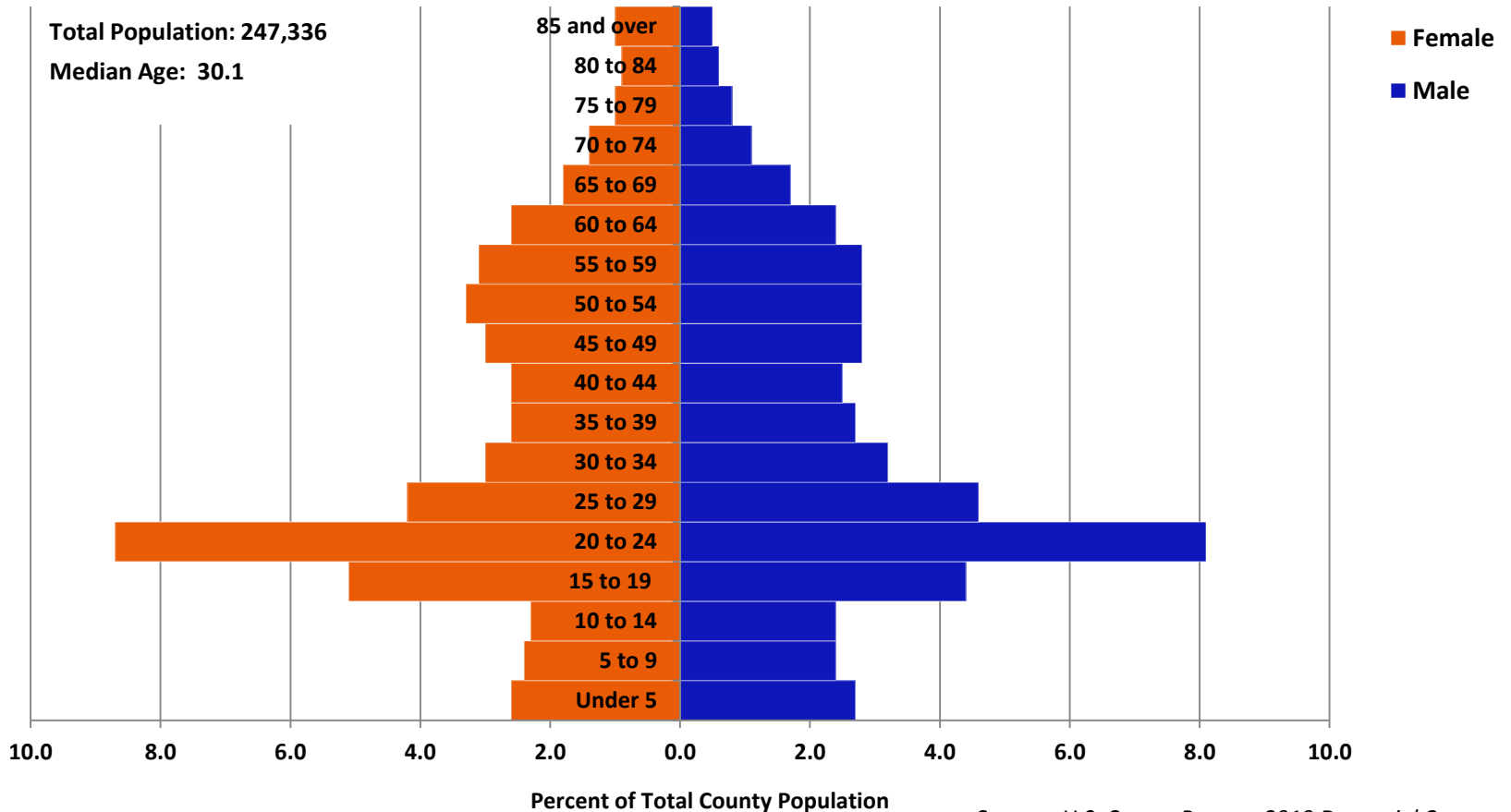


Age Distribution, 2010

Alachua County Population by Age Range - 2010

Total Population: 247,336

Median Age: 30.1



Source: U.S. Census Bureau, 2010 Decennial Census

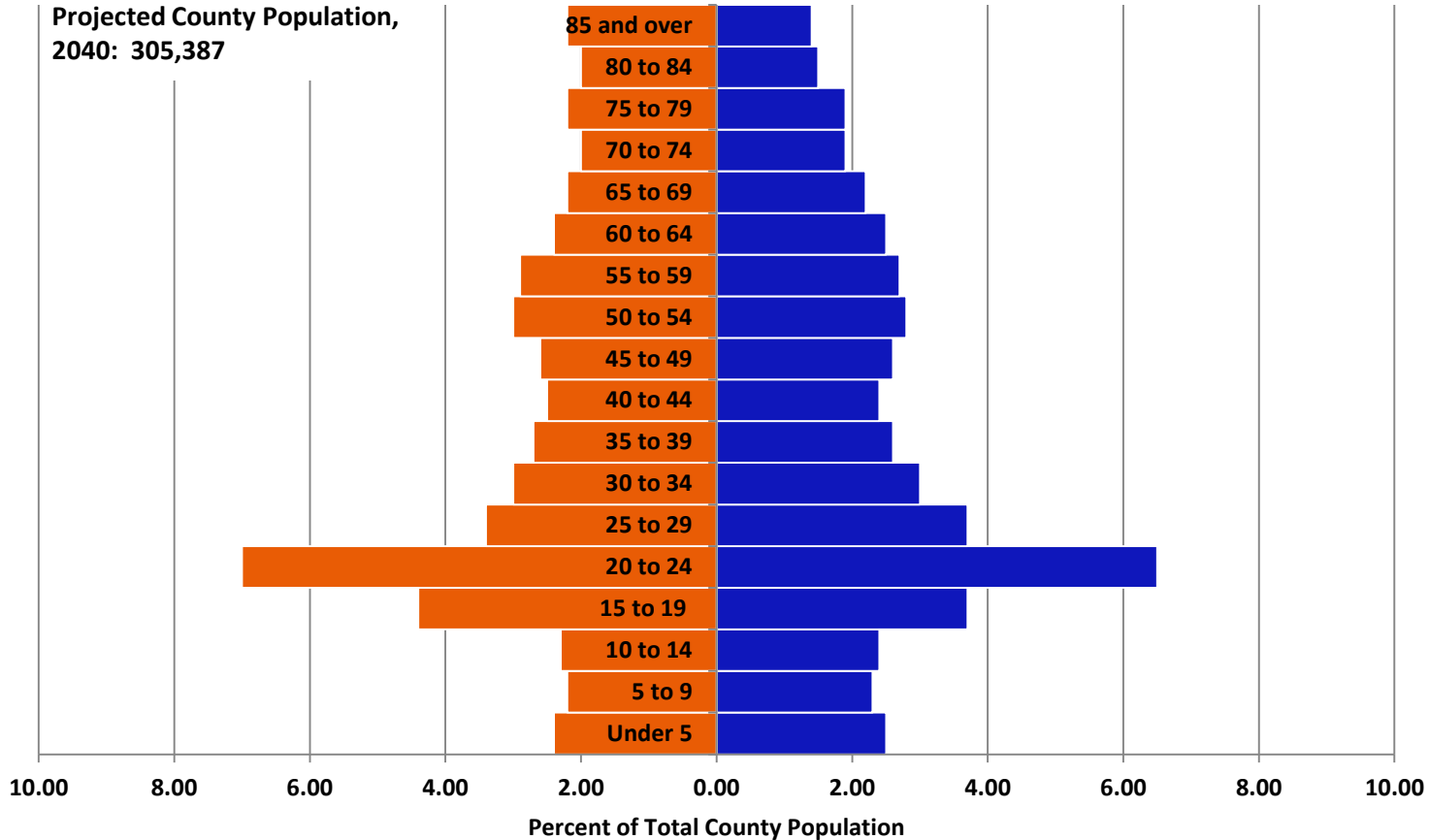


Age Distribution, 2040

Alachua County Population by Age Range - 2040 Projections

Projected County Population,
2040: 305,387

Female
Male



Source: University of Florida Bureau of Economic and Business Research



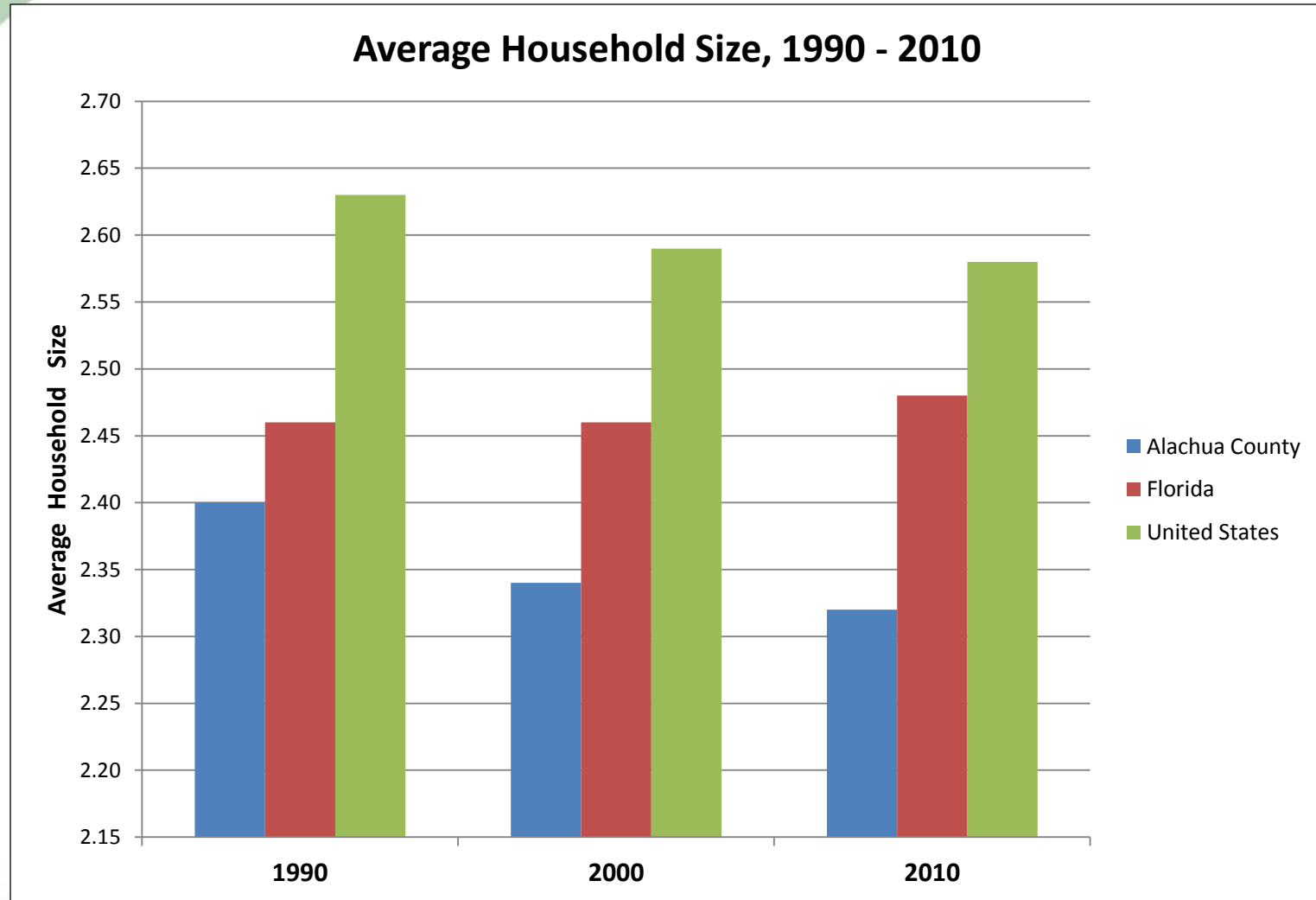
Population Projections by Age

Age Range	2010 Census		2040 Projections		2010-2040 Change	
	Population	Percent of County Total	Population	Percent of County Total 2040	Population Change	Percent Change in Population
Total	247,336		305,387		58,051	23.5%
0-4	13,068	5.3%	14,756	4.8%	1,688	12.9%
5-9	11,739	4.7%	13,929	4.6%	2,190	18.7%
10-14	11,669	4.7%	14,511	4.8%	2,842	24.4%
15-19	23,589	9.5%	25,008	8.2%	1,419	6.0%
20-24	41,515	16.8%	41,411	13.6%	-104	-0.3%
25-29	21,724	8.8%	21,571	7.1%	-153	-0.7%
30-34	15,256	6.2%	18,463	6.0%	3,207	21.0%
35-39	13,043	5.3%	16,030	5.2%	2,987	22.9%
40-44	12,465	5.0%	14,826	4.9%	2,361	18.9%
45-49	14,262	5.8%	15,885	5.2%	1,623	11.4%
50-54	15,208	6.1%	17,637	5.8%	2,429	16.0%
55-59	14,800	6.0%	17,120	5.6%	2,320	15.7%
60-64	12,371	5.0%	14,810	4.8%	2,439	19.7%
65-69	8,593	3.5%	13,369	4.4%	4,776	55.6%
70-74	5,987	2.4%	11,961	3.9%	5,974	99.8%
75-79	4,589	1.9%	12,541	4.1%	7,952	173.3%
80-84	3,786	1.5%	10,426	3.4%	6,640	175.4%
85+	3,672	1.5%	11,133	3.6%	7,461	203.2%

Sources: U.S. Census Bureau, 2010 Decennial Census and University of Florida Bureau of Economic and Business Research



Household Size

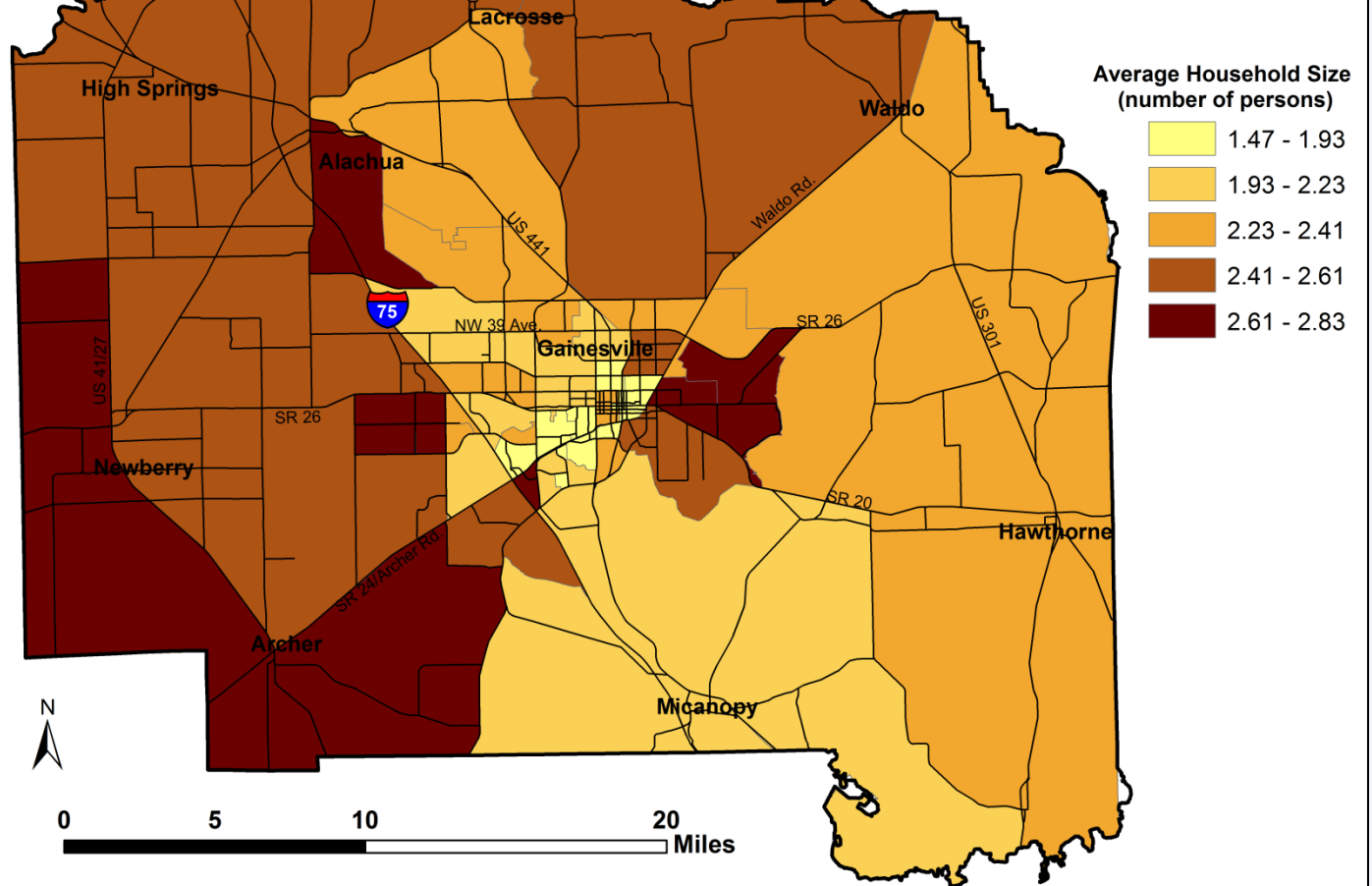


Source: U.S. Census Bureau, 1990, 2000, and 2010 Decennial Census



Alachua County Average Household Size, 2010

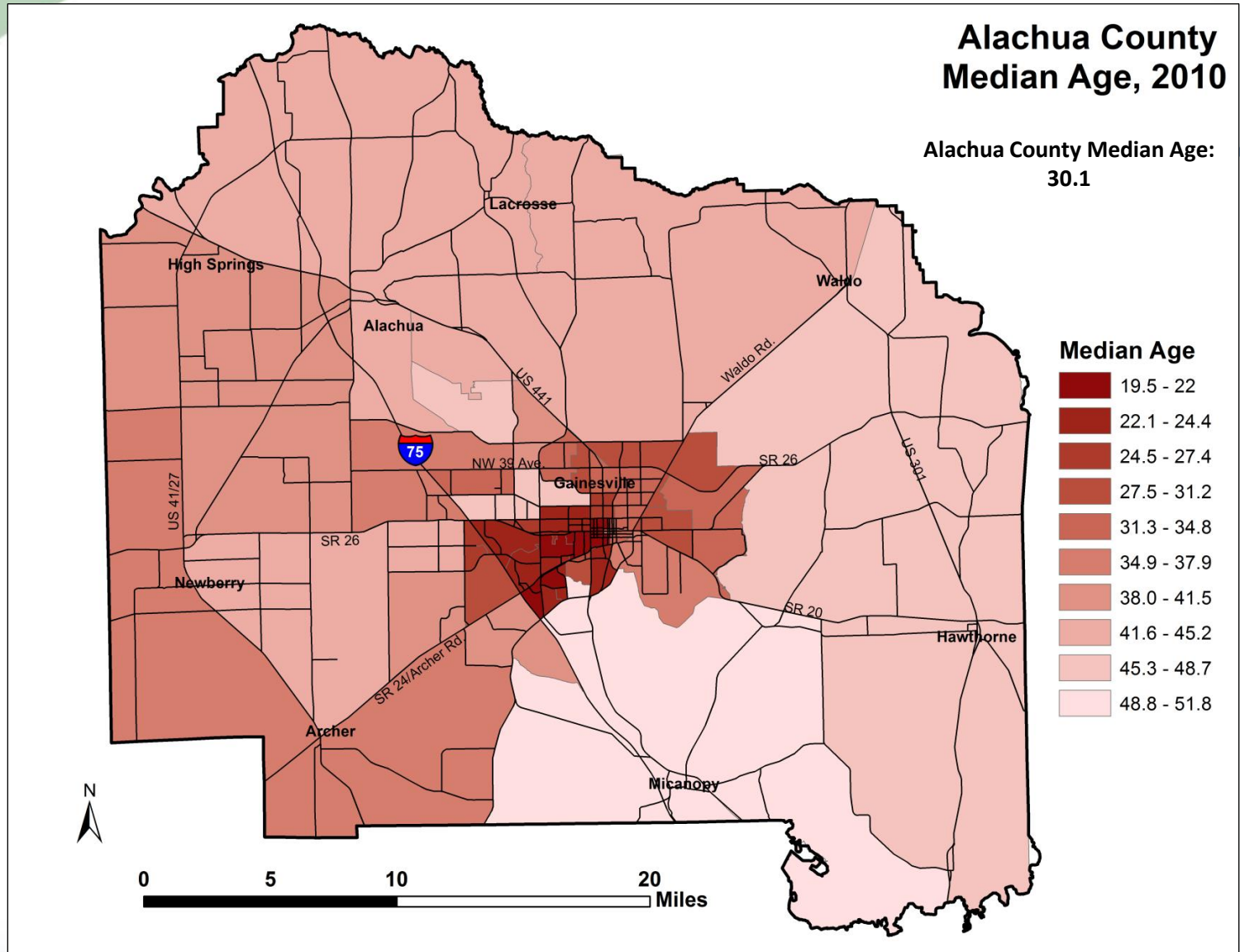
Alachua County Average
Household Size = 2.32





Alachua County Median Age, 2010

Alachua County Median Age:
30.1

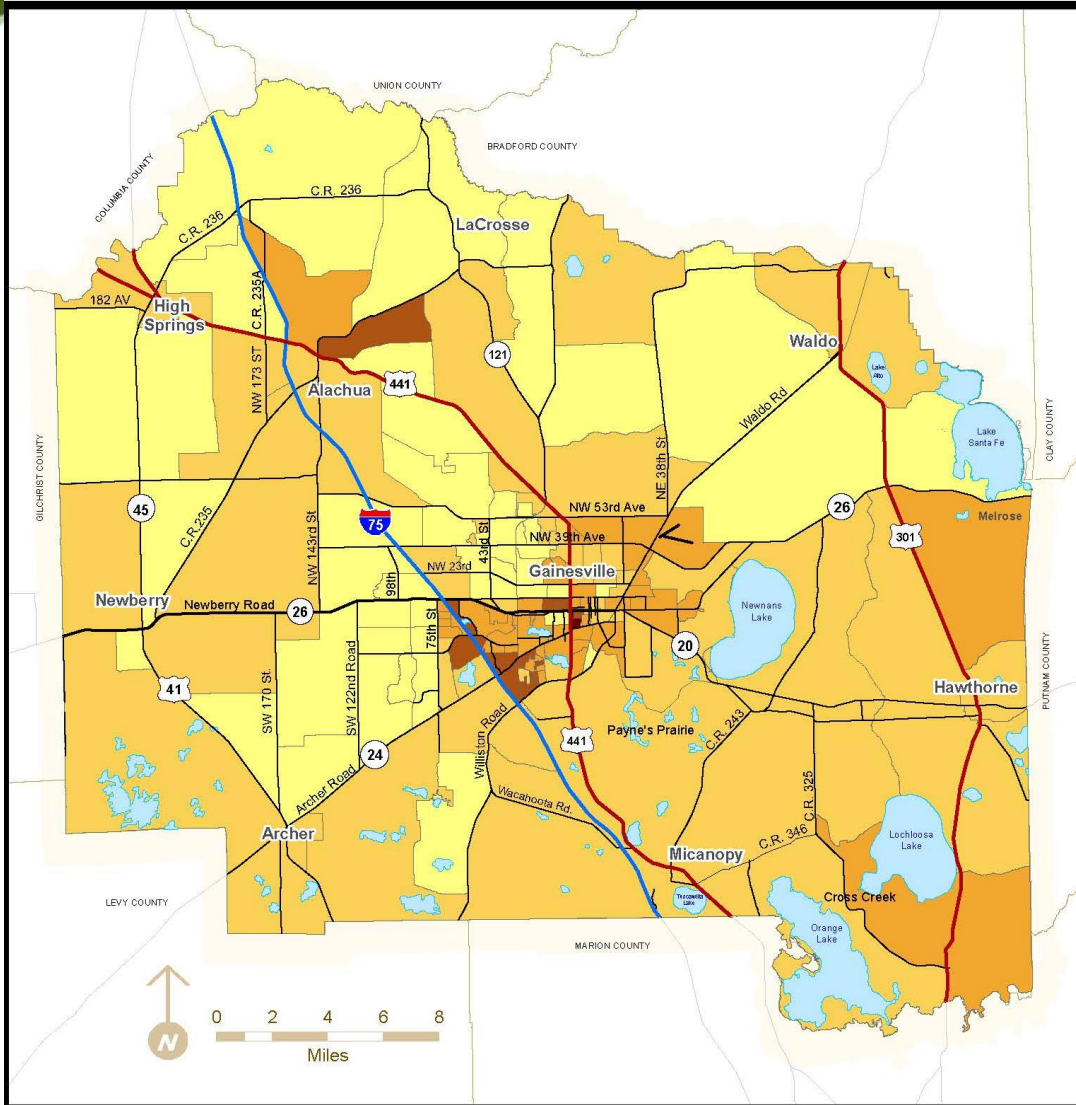


Source: U.S. Census Bureau, 2010 Decennial Census



Population Summary

- **County population** is projected to grow about 57,000 to 305,387 by 2040.
- **Annual growth rate** through 2020 is projected to be about 2,500 people per year, and then decline to about 1,700 per year toward the latter part of this period. This compares to growth rate of about 3,000 people per year in previous decades.
- **The population is relatively young**, with the college age population comprising more than 20% of the County's population, and children under 17 making up about 18% of the population. The population in these age groups is expected to grow modestly through 2040.
- **The population is getting older.** Population aged 65 and older in 2010 (26,627, or about 11% of the total) is projected to increase by more than 50% (to 41,497 in 2020); this older age group is projected to increase to 59,430 people by 2040 and make up 24% of the population.
- **Household size** is lower than the state average, and decreasing due in part to more single-person households, households without children, and other non-traditional households.



Percentage of Alachua County Population below Poverty Rate

Legend

- Lakes

Poverty as Percentage of Population

- 0 - 10%
- 10 - 25%
- 25 - 50%
- 50 - 75%
- 75 - 100%

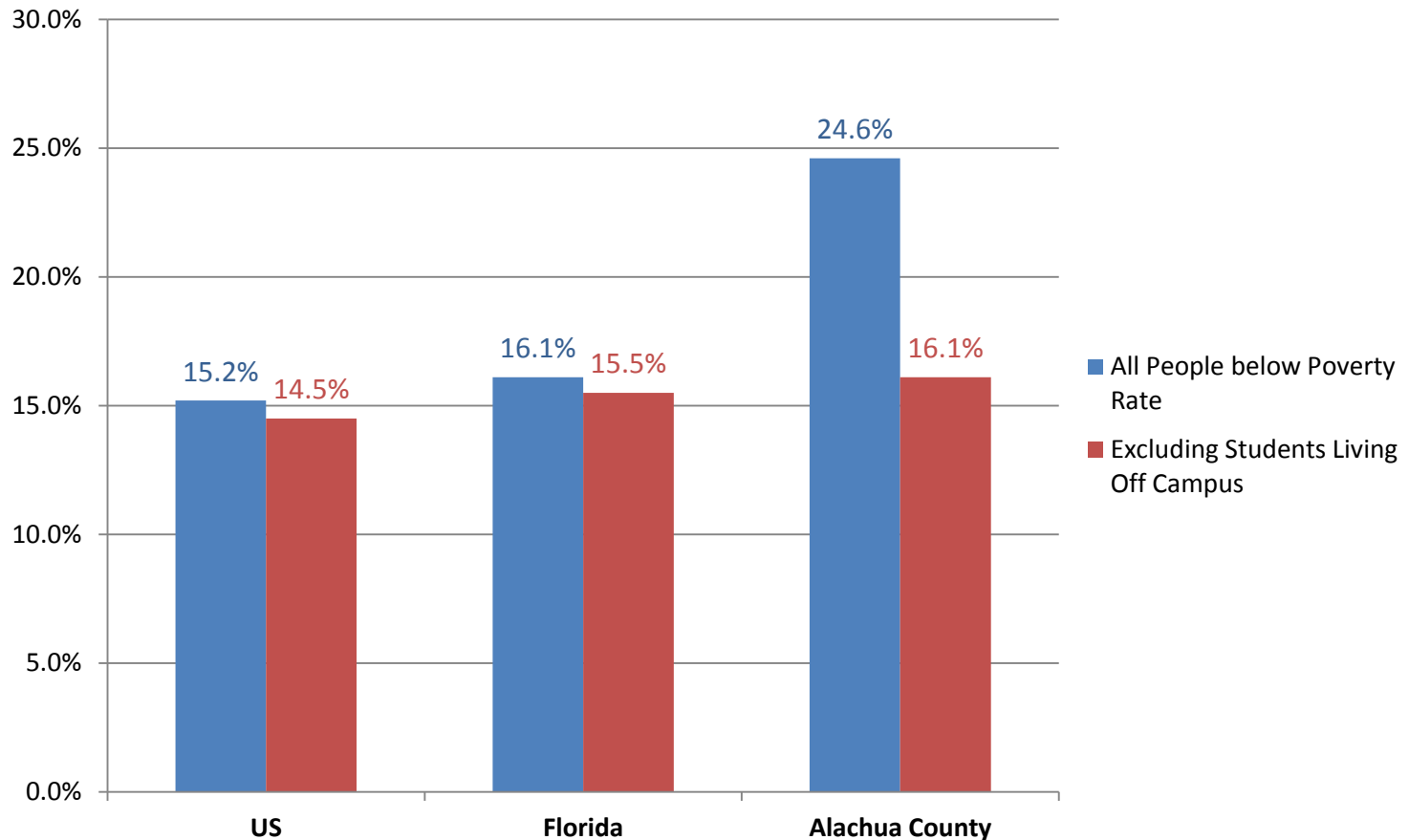
Percentage of Alachua County Population below Poverty Rate = 24.6%



Source: U.S. Census Bureau, 2011 American Community Survey 1-Year Estimates



Effect of Off-Campus College Students on Poverty Rate



Source: U.S. Census Bureau, *Examining the Effect of Off-Campus College Students on Poverty Rates* (SEHSD 2013-17)



Social Service Indicators

Persons Receiving Food Stamp Benefits in Alachua County, 2012	53,826
As Percentage of Total County Population, 2012	21.8%

Persons Receiving Medicaid Benefits in Alachua County 2012	38,332
As Percentage of Total County Population, 2012	15.5%

Persons 60+ Years of Age Living in Poverty in Alachua County, 2011	3,248
As Percentage of Total County Population 60+ Years of Age, 2011	8.3%

Percentage of Grandparents Living in Household with One or More Own Grandchildren Under 18, Where Grandparent is Responsible for Grandchildren, 2010	
Alachua County: 50%	Florida: 38.3%

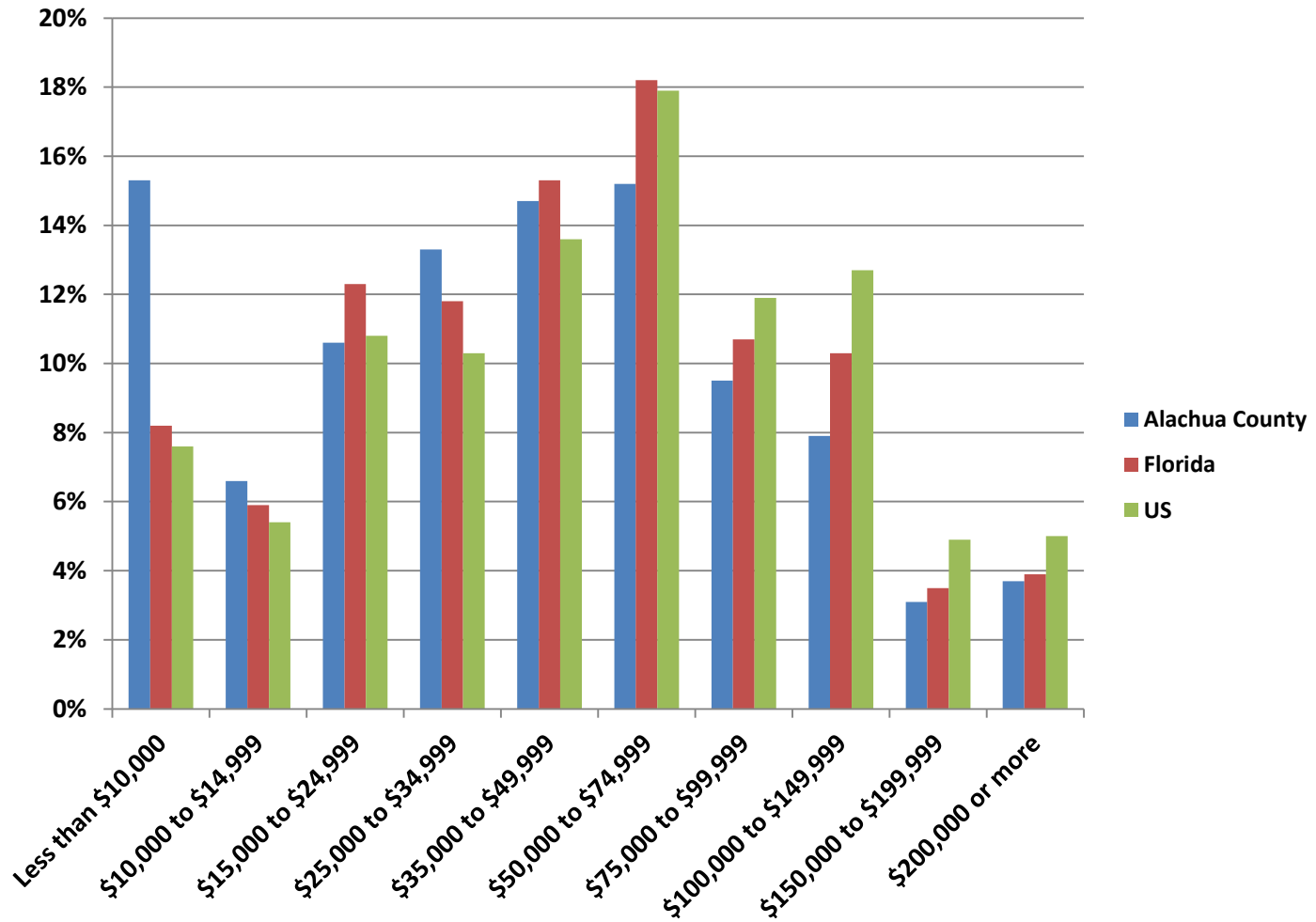


Social Services Demands

- Potential for increased requests for **medical assistance** due to an aging population, (skilled care and assisted living) and the closing of the CHOICES Program and issues associated with the Affordable Care Act and the State's non-expansion of the Medicaid Program.
- Potential increase in **Medicaid** related expenses. Medicaid recipients increased from 33,807 in 2003 to 38,332 in 2012, and the State is considering new funding formulas for determining counties cost share.
- Need for increased access to **dental services** is needed, especially given that the CHOICES Senior Dental Program will end in December 31, 2013.
- Persons Receiving **Food Stamp Benefits** increased from 27,684 in 2005 to 53,826 in 2012.
- **Mental health service** needs have grown during a time when federal, state, and county founding has not.
- **Decreased employment opportunities** for lower skilled employees.



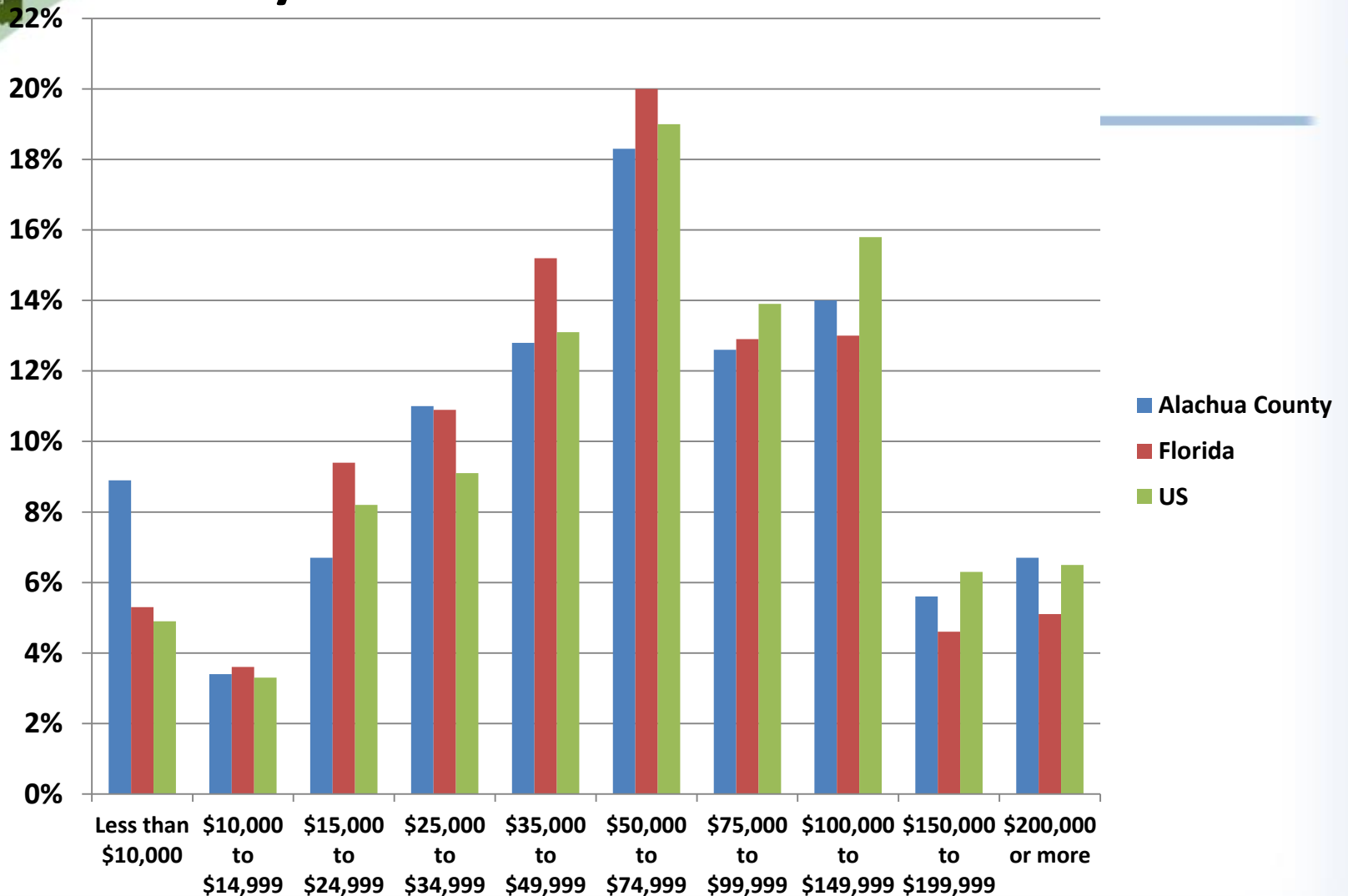
Household Income



Source: U.S. Census, 2013 American Community Survey 1-Year Estimates, Income and Benefits, in 2013 Inflation-Adjusted Dollars



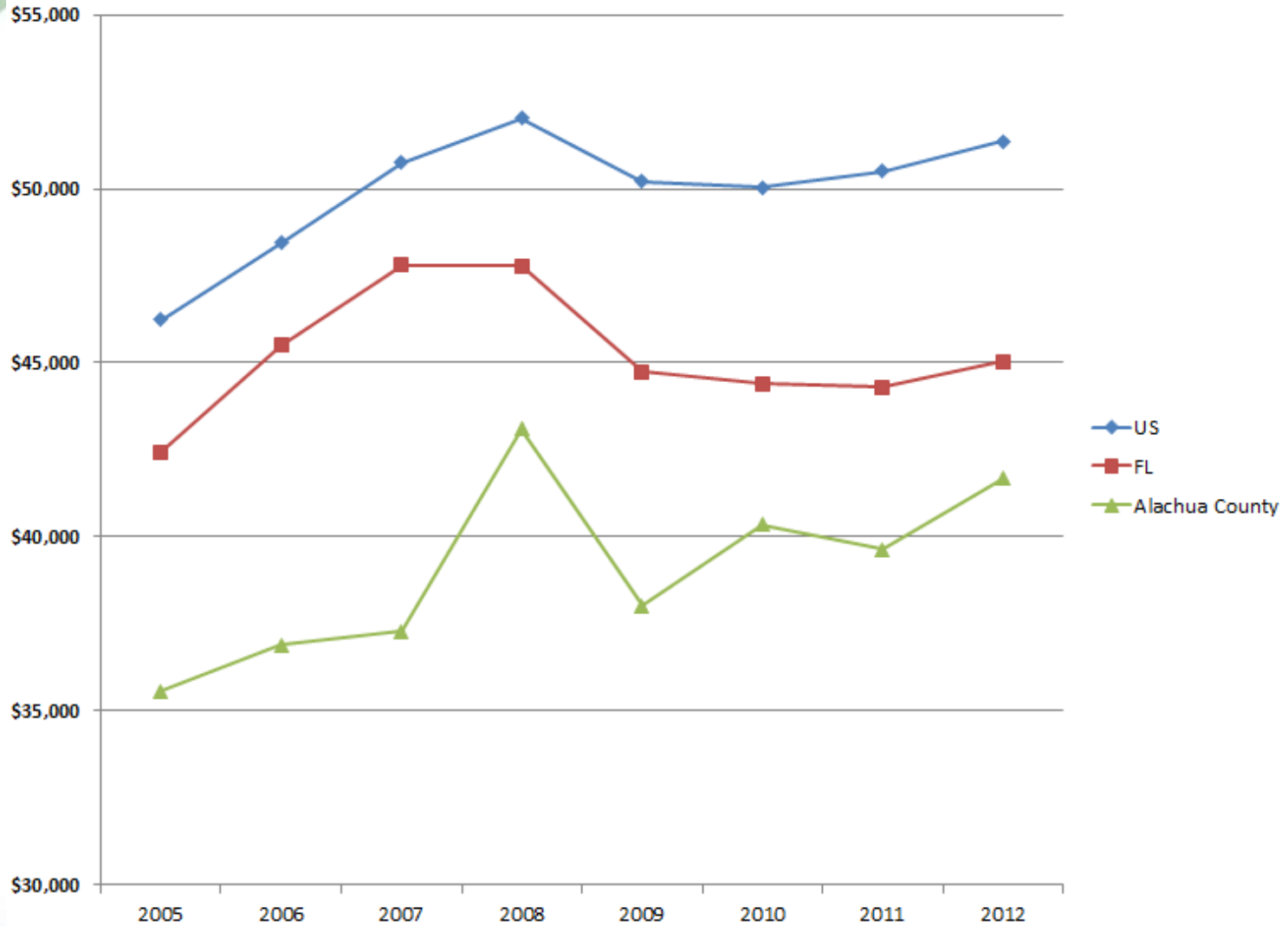
Family Income Distribution



Source: U.S. Census, 2013 American Community Survey 1-Year Estimates, Income and Benefits, in 2013 Inflation-Adjusted Dollars



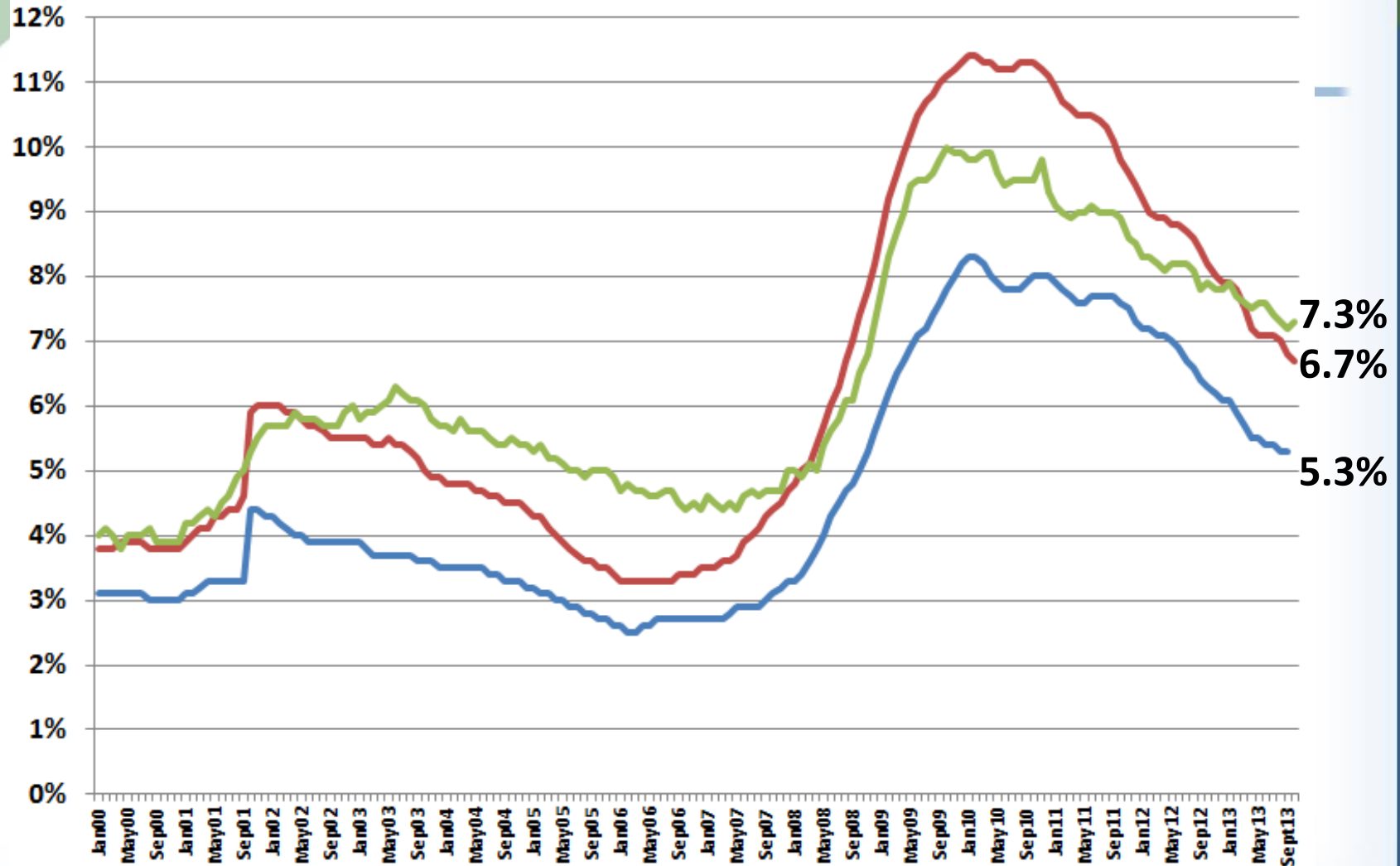
Median Household Income



Source: U.S. Census, 2005-2012 American Community Survey.



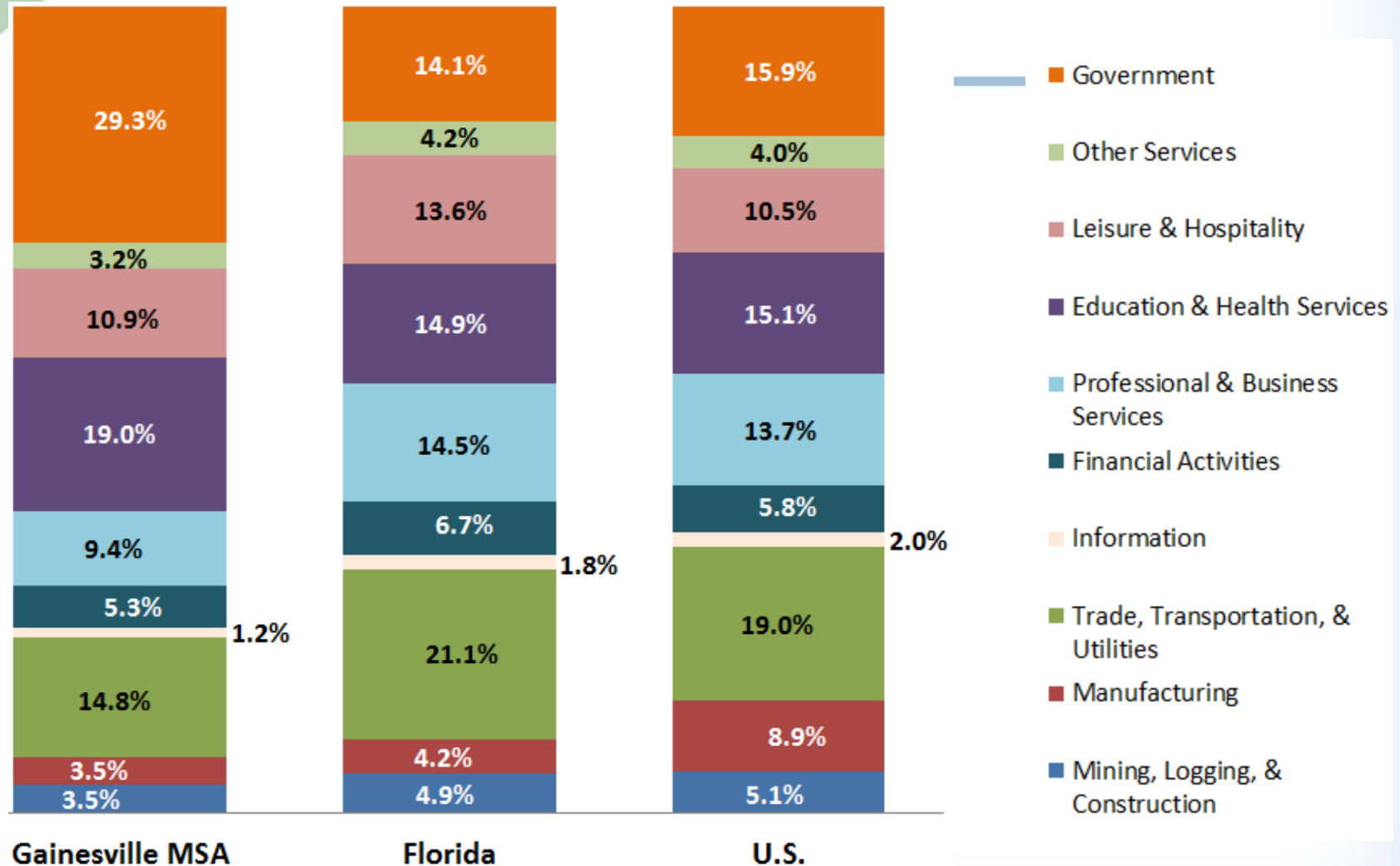
Unemployment



Source: U.S. Department of Labor, Bureau of Labor Statistic, U.S., Florida and Gainesville MSA Unemployment Rates, (Seasonally Adjusted) January 2000– Oct 2013.



Employment Distribution by Industry



Source: U.S. Department of Labor, Bureau of Labor Statistic. Figures as of August 2013.



Top 10 Employers Countywide

Employer	#Employees
1. University of Florida	14,723
2. Shands Hospital	12,588
3. Veterans Affairs Medical Center	4,317
4. Alachua County School Board	4,299
5. City of Gainesville	2,200
6. Publix Supermarkets	2,056
7. North Florida Regional Medical Ctr	1,700
8. Nationwide Insurance Company	1,300
9. Alachua County	1,120
10. Santa Fe College	796



Alachua County Industry Cluster Analysis

Emerging Trends

1. Strong/Advancing

- Healthcare, Biomedical Supplies & Labs

2. Strong/Declining

- Government, Non-Profits, Culture & Entertainment

3. Weak/Emerging

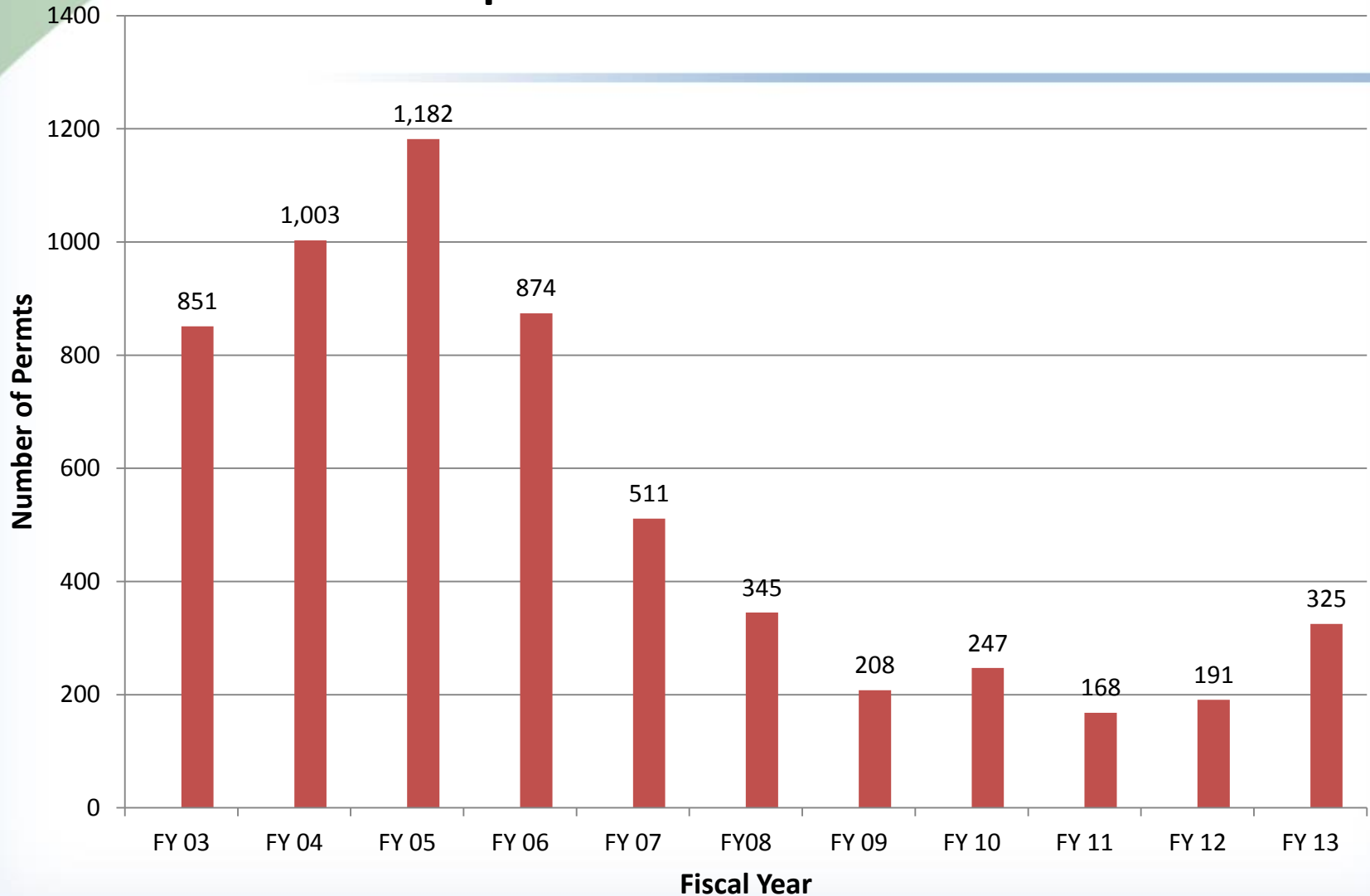
- Research, Private Education, Professional Services, Software/Info. Tech, Transportation & Logistics, Materials, Energy

4. Weak/Declining

- Building & Construction, Telecom Services, Engineering Design & Content, Back Office, Retail Furniture, Electronics, Industrial Machinery, Agribusiness & Food, Industrial Machinery, Metalworking, Retail, Consumer Good Manufacturing and Finance.



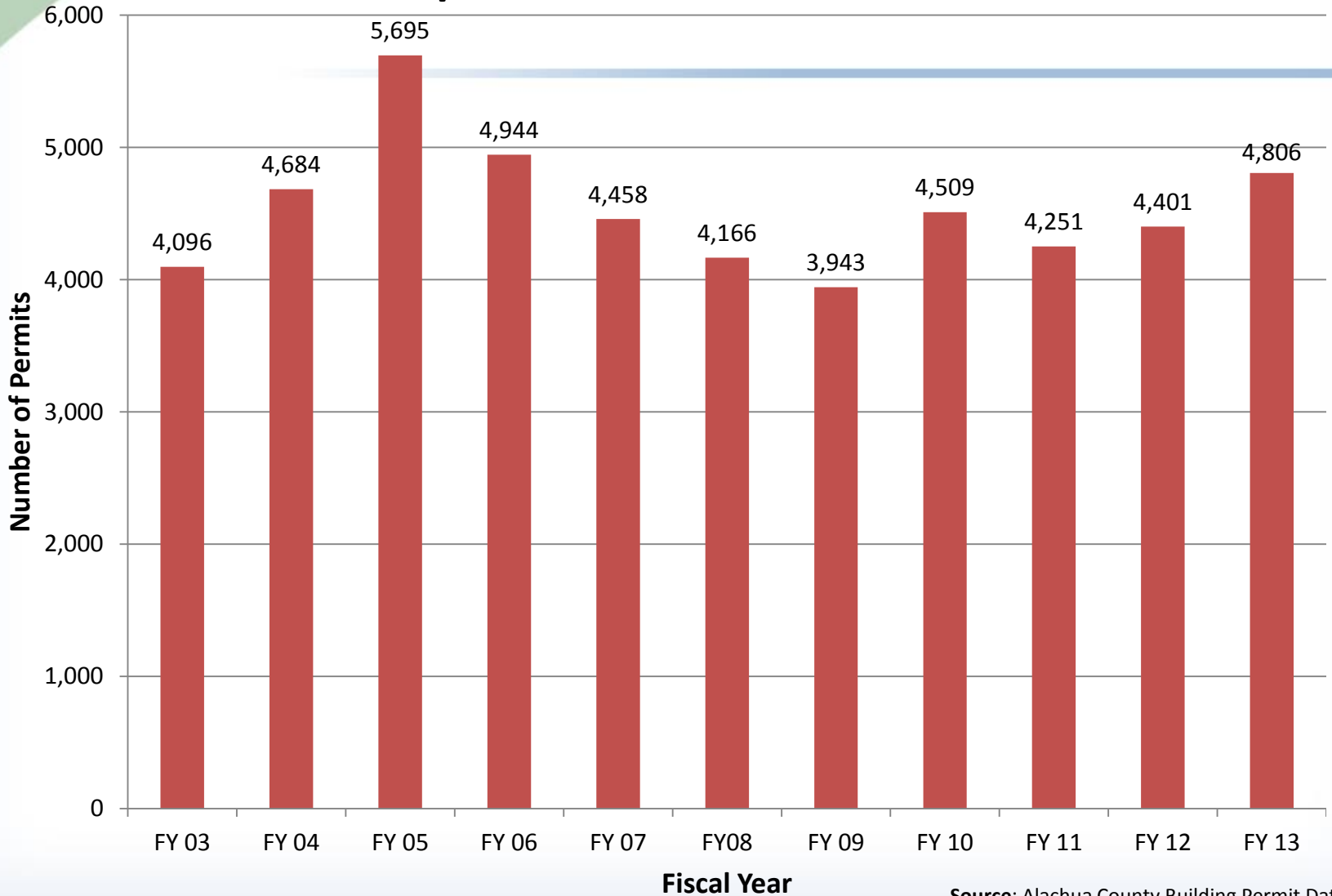
New Single Family Home Permits Unincorporated Area – 2003-2013



Source: Alachua County Building Permit Data



Total Building Permits Unincorporated Area – 2003-2013



Source: Alachua County Building Permit Data



Single-Family Lot Inventory for Unincorporated Alachua County*

Inside Urban Cluster:

4,593 (1,206 Platted)

Outside Urban Cluster:

1,019

Total: 5,612

SF permits/year average

230 (2010-2012)



** Figures do not include land without development approvals.*



Changing Demographics/ Emerging Market

- Baby Boomers and Millennials are drastically changing housing and transportation trends.
- 60 million+ Baby Boomers retiring.
- Each year 600,000 people quit driving once reaching the age of 70.
- Fewer Millennials and Baby Boomers buying single-family homes and cars, not because of down economy, but by choice.





Changing Demographics/ Emerging Market

- Significant rise in “non-traditional” homes projected for Florida’s future.
- Between 2000 and 2025 largest changes are for homes without children and single-person households.





LAND USE AND FISCAL EFFICIENCY

\$0 \$2,000,000 \$4,000,000 \$6,000,000 \$8,000,000 \$10,000,000



Assessed Value per Acre





Quality of Life

- Employee quality-of-life is a crucial factor in the location of high-tech and innovative companies (e.g. MindTree).
- MindTree officials considered its site location in other southeastern US cities...but ultimately selected Gainesville *due to the area's high caliber of innovative workforce talent, community spirit and unparalleled quality of life.*





Quality Growth's Demographic Opportunity

Quality Growth Attribute	Impact of Changing Demographics on QG Dimension
Density	Preference for smaller and/or attached dwelling units on smaller lots
Mix of Uses	Desire accessibility to shopping, health care, and recreational uses
Mix of Housing	Greater demand for and acceptability of a range of housing types
Multiple Modes	Prefer/Require transit accessibility and pedestrian oriented development
Urban Revitalization	Greater preference for more urban locations with interesting settings
Reduced Footprint	Smaller Lots + Greater Mixed Use + More Diverse Mode Choices = Reduced VMT and Reduced Footprint



Summing Up

- Aging population and smaller households will result in more demand for smaller residential units on smaller lots in mixed use areas.
- These households will likely desire a different package of amenities and local land uses than households with larger families.
- Emerging development opportunities may exist for mixed use development with a range of housing types and access to public transportation.
- Fiscal efficiency in service provision is generally greater for compact, higher density, mixed use areas.
- Social service demands, such as access to affordable medical care, dental care, food, mental health services to serve current and future populations in need, including seniors, lower-income households, and smaller non-traditional households.
- For social service providers, there will be new challenges to serve smaller households with less in-home support.



Part 2: An Independent Perspective on Economic Trends and Development

Presented by

Mike Warren, AMJ Inc. of Gainesville

(Special thanks to Beau Beery, Coldwell Banker for specific lease and sale data)



Overall Economic Growth

- Tepid growth in Alachua County
- Local economy did not see the ravages of other communities and is not seeing a rapid uptake
- Business is uncertain about future of the economy, monetary policy and investment
- Economic projections based on interest rate models show no appreciable growth over next three years



- Bright spot in the market
- Starts are back to a lower, new normal
- Lack of recent development and pent up demand pushing up prices
- Likely to see a dearth of desirable residential lots in 3-5 years without new development
- Increasing market in land sales by investors looking for tracts in the path of future development but used in agriculture or silvaculture now
- Lack of funding for construction and mortgages is keeping the market in check



Multi-Family

- Hot sector of the residential market, except in our area, where a glut of apartments and condos is slowly being absorbed
- Vacancies are around 7% overall, and rents have increased slightly after years of discounting and incentives
- New sales are few and far between and focused on troubled assets in the UF area
- New development restricted to high density, high income markets



Retail

- Over-retailed as a country, Alachua County is no exception, with continued rent compression
- Small suites (under 1,000 sf) on high traffic corridors lease well, with a fall-off as suite size increases. Of 42 retail leases in 2013, only 3 were for spaces over 5,000 sf
- Average rental rate for 2013 leases is \$14.20 psf NNN, and the average retail listing is active for almost 2 years



Retail cont'd

- Too many major retail developments planned – not all will succeed given our demographics and the economics
- Retail jobs typically pay low wages, and are highly impacted by costs of ACA and minimum wage increases
- Utility costs will be a continuing headwind for retail and other business



Office

- Stagnant or compressed rents with an average rate for 2013 leases at \$12.25 psf gross
- Low demand, with high vacancy factors and only 51 leases in 2013 with an average of over 400 days on the market
- Over 80% of 2013 office leasing activity occurred west of 34th Street
- Average footprint of leased offices is decreasing, likely due to technology



Office cont'd

- Office sales are up modestly, with 23 transactions in 2013, with an average price of ~ \$100 to \$110 psf. All sales are below replacement cost
- Medical offices are a particularly depressed sub-market and not likely to improve, with many doctors retiring, leaving private practice, or downsizing due to frustration

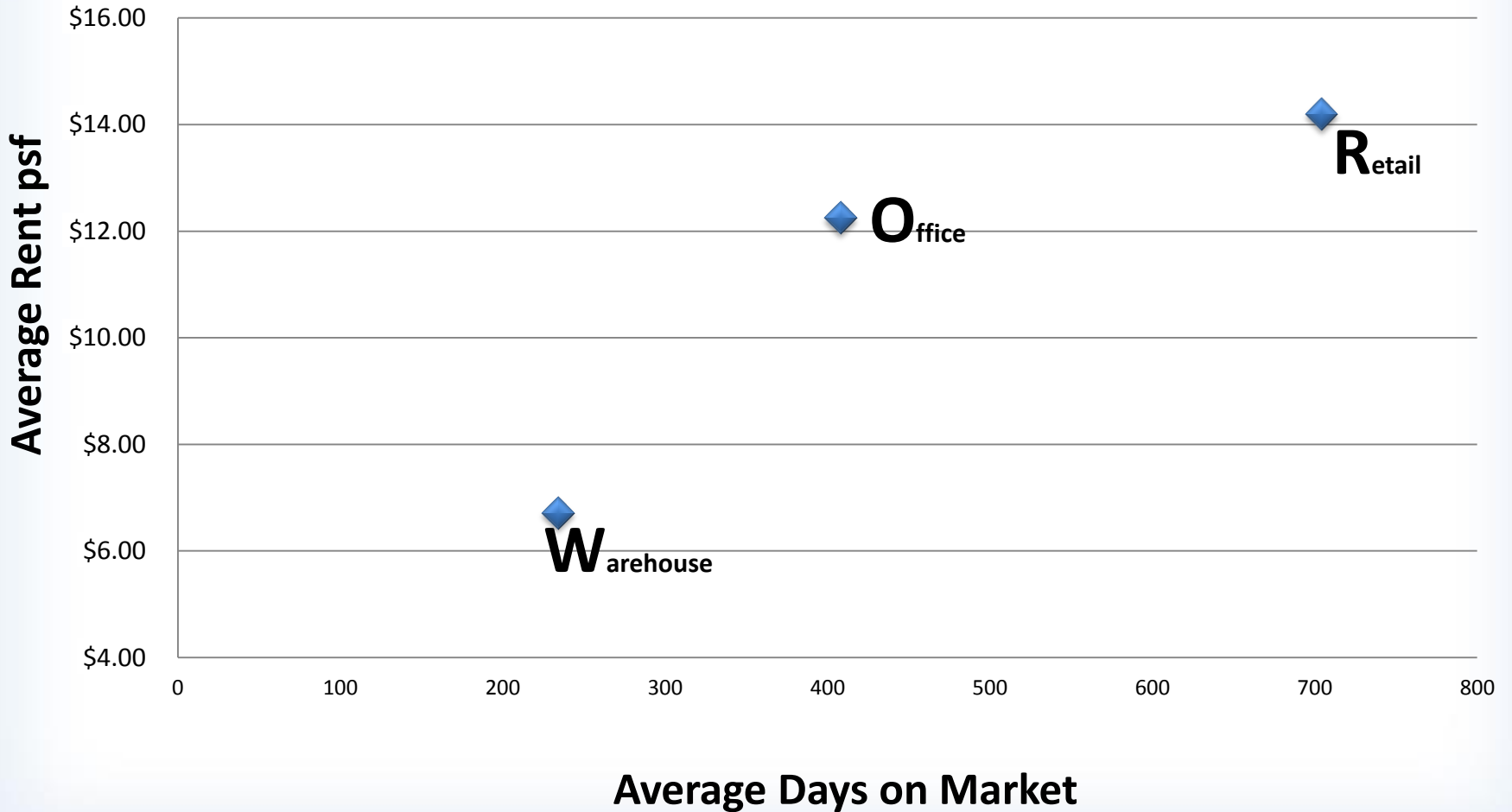


Warehouse/Industrial

- Not a major factor in Alachua County, but showing small signs of recovery
- Small warehouses (~1,000 sf) remain the most popular with recent rents averaging \$6.72 psf gross
- Sales of industrial space are very weak, with only 23 in 2013.
- Average prices are below \$40 psf, with larger spaces (20,000 sf +) averaging \$23 psf, all far below replacement cost.



2013 Average New Lease Rent vs Days on Market





Banking

- Low commercial loan demand
- After period of regulatory restriction, loan growth in banks is anemic with lenders “stealing” from each other for good customers
- Community banks are shrinking or being absorbed by larger institutions
- Result is less capital for small business expansion



Bright Spots

- High-tech companies spawned by UF and nurtured in the community, i.e. Progress Center, Innovation Square
- Tech companies drawn by the emerging confluence of similar entities, i.e. SumTotal, MindTree
- Much of employee base is imported, but adds demand to the service sector to create local job opportunities



What Can Alachua County Do to Help?

- **Marketing**

- We have a great story – Climate, Quality of Life, Major University, Cultural Activities, Sports, Low Cost of Living – but not well told
- County can help get our story out, either by itself, or better, in conjunction with GACC, CEO, etc.

- **Smart Incentives**

- Need to keep our start-ups here as they grow, and offer incentives to valued out-of-town candidates to locate here
- Need to be seen as business friendly, particularly in manufacturing



What Can Alachua County Do to Help?

- **Infrastructure**

- Need to have high-tech space ready for future prospects. This is very risky for the private developers, and may require government assistance

- **Costs**

- Need to make our community stack up well against other Florida cities with which we compete
- High real estate taxes, utility costs are headwinds we need to understand



Part 3: Understanding the Fiscal History and Future Scenarios Concerning Alachua County Government

Presented by

Todd Hutchinson, F&A and Kevin Smith, OMB



Fiscal History and Future Scenarios

- Overview of financial picture
- Broad discussion of the County's historical revenues and expenditures
- Broad discussion of the County's financial future
- Special attention paid to fund balance
- Salary adjustments not part of the projection model



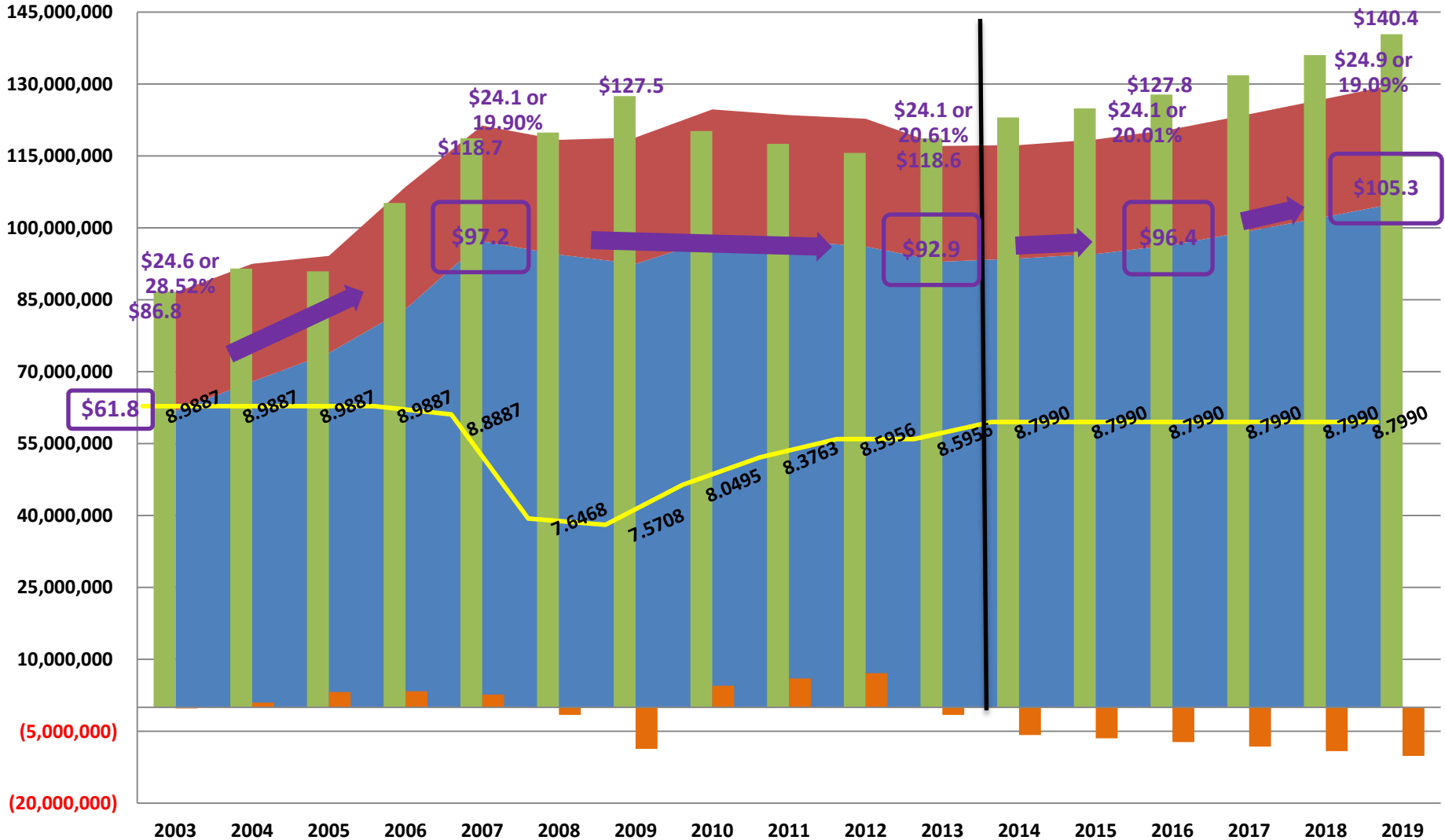
Assumptions for Scenarios

The County's future financial picture as presented includes a number of assumptions including:

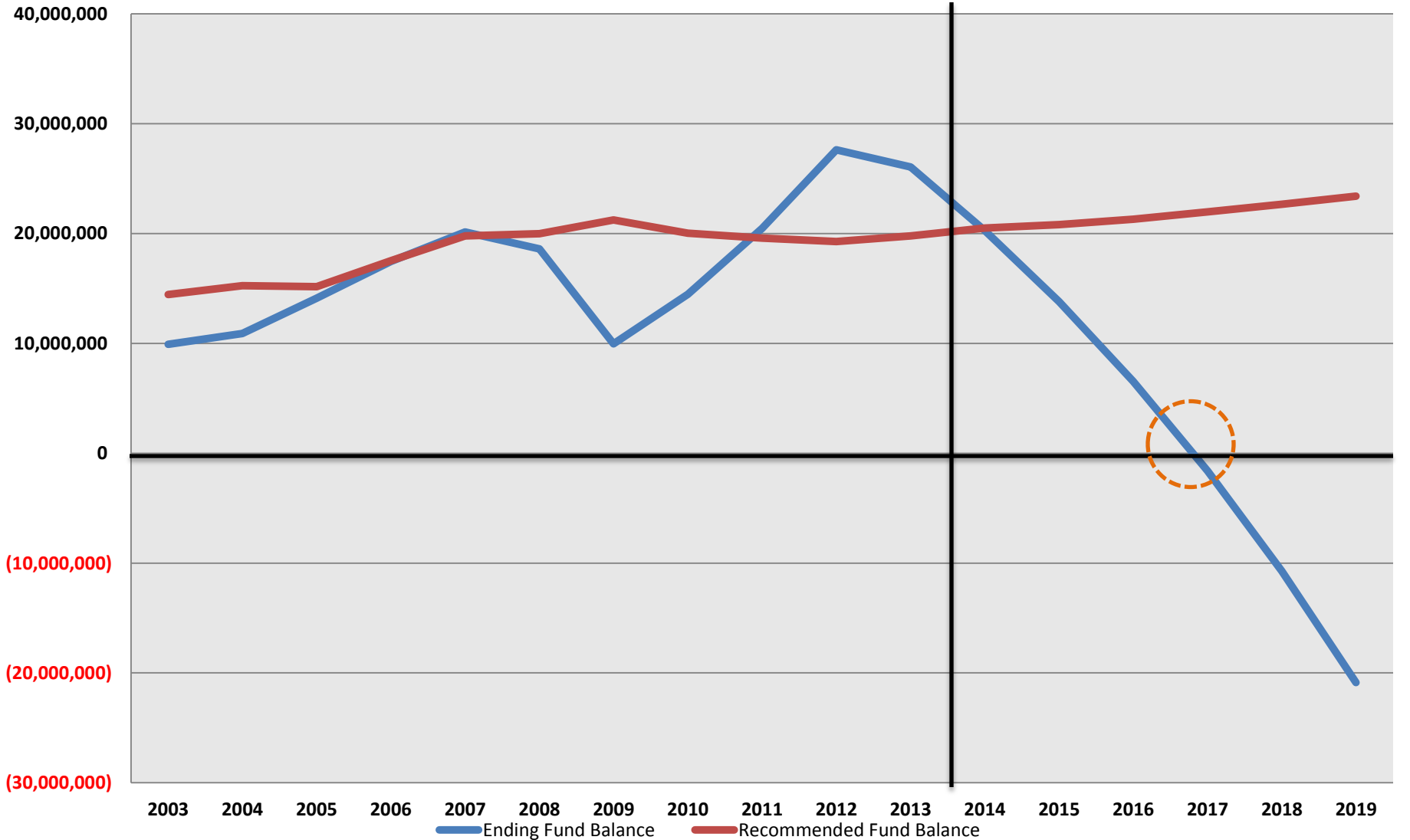
- Taxable Property Values increasing 1% in FY15, 2% in FY16, and 3% each of the following years
- Health insurance increase of 7% per year
- FRS contributions remain constant
- Inflation beginning at 1.75% in FY14 and slowly increasing to 3% by FY17 based on market projections
- CIP expenditures remain constant
- Expenditures are based on historical levels of actual spending
- Revenues are based on a flat millage and offset by fund balance

ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS GENERAL FUND ACTUAL REVENUES AND EXPENDITURES FY2003-2013; Projected FY2014-2019

■ Property Taxes
 ■ Other Revenues
 ■ Expenditures
 ■ Net Change in Fund Balance

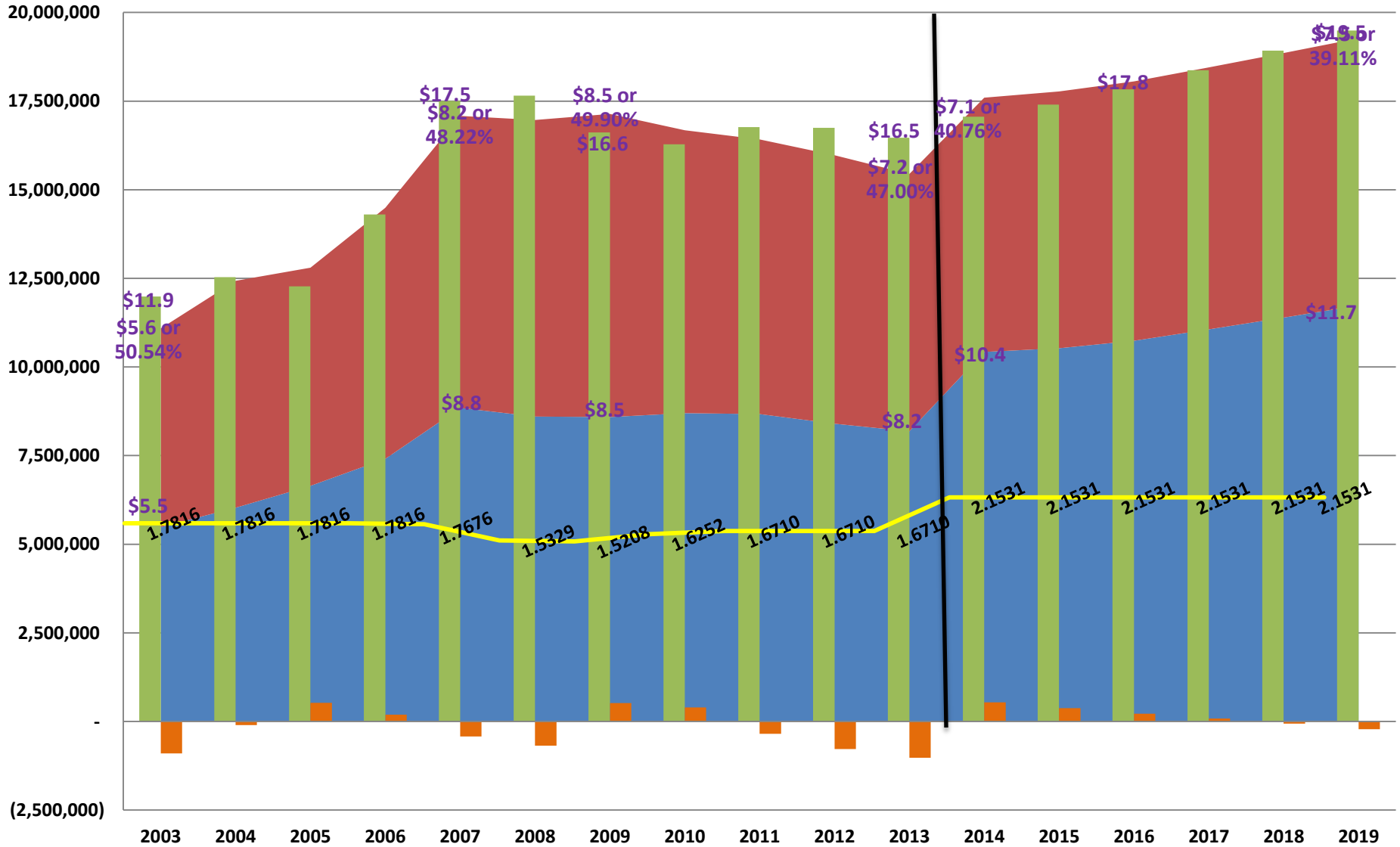


GENERAL FUND
Ending Fund Balance
Actual FY03-FY13; Projected FY14-FY19



ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS MSTU-LAW FUND ACTUAL REVENUES AND EXPENDITURES FY2003-2013; Projected FY2014-2019

■ Property Taxes
 ■ Other Revenues
 ■ Expenditures
 ■ Net Change in Fund Balance

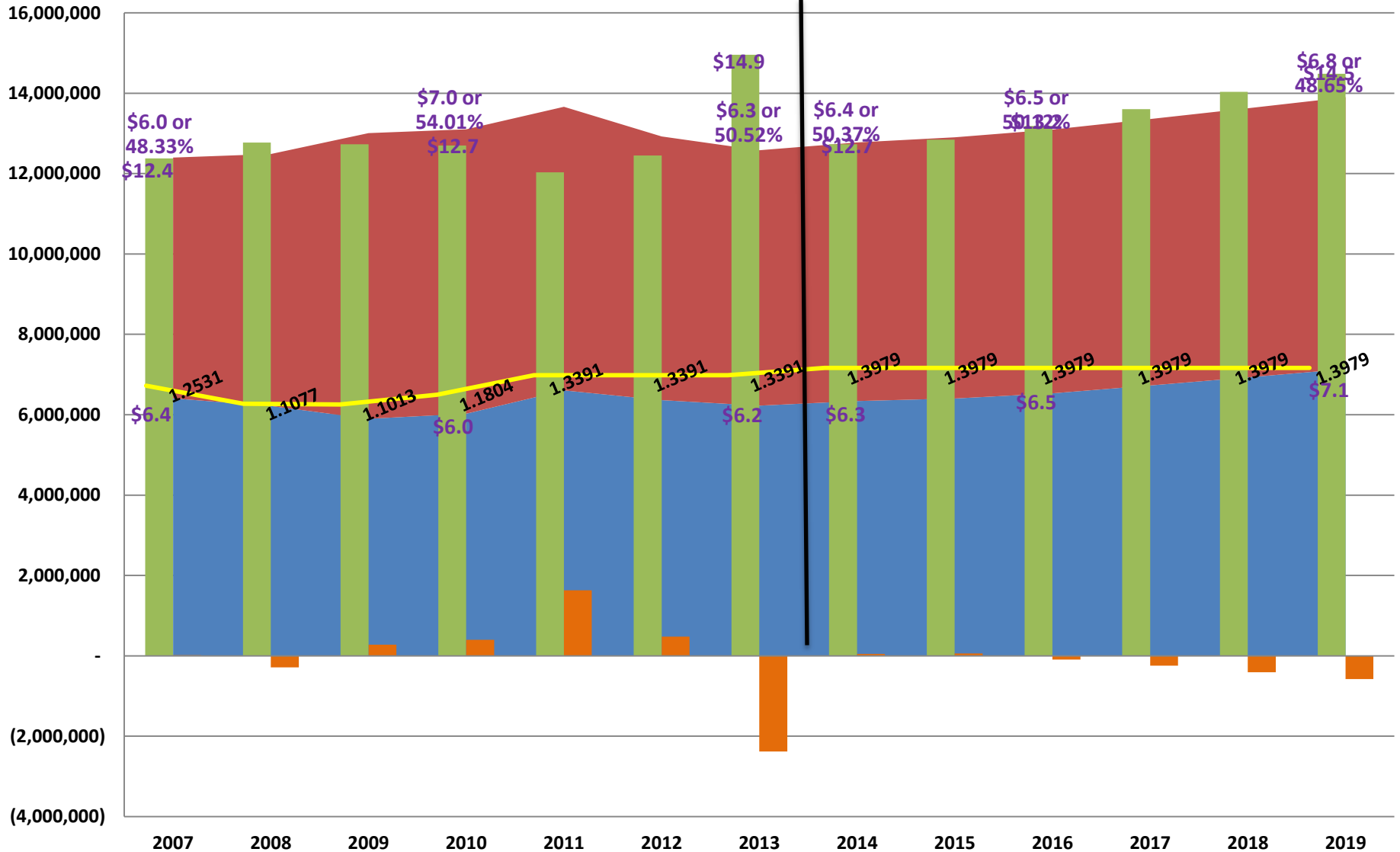


MSTU-LAW FUND
Ending Fund Balance
Actual FY03-FY13; Projected FY14-FY19

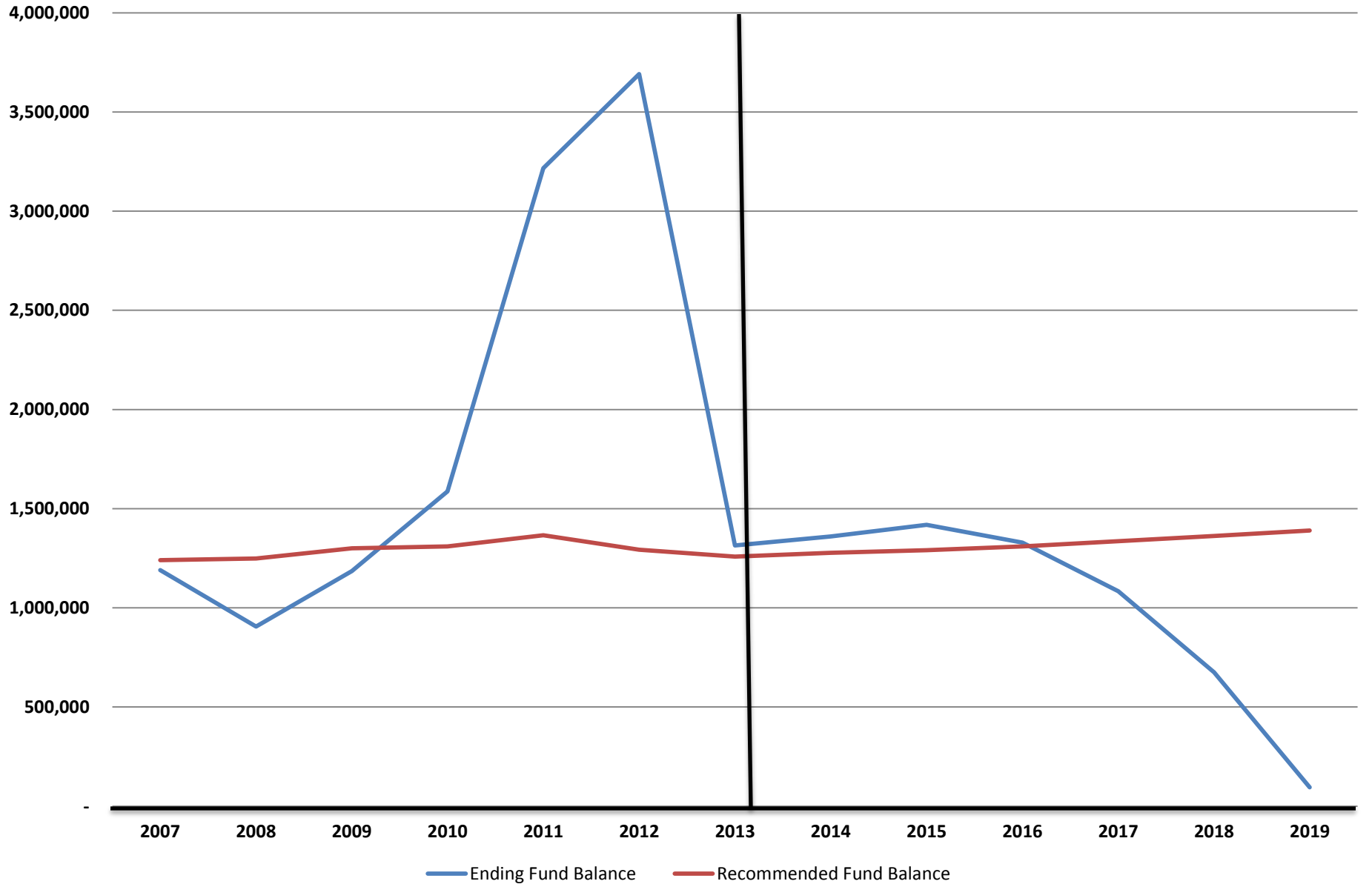


**ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS
MSTU-FIRE FUND ACTUAL REVENUES AND EXPENDITURES
FY2007-2013; PROJECTED FY2014-FY2019**

■ Property Taxes ■ Other Revenues ■ Expenditures ■ Net Change in Fund Balance

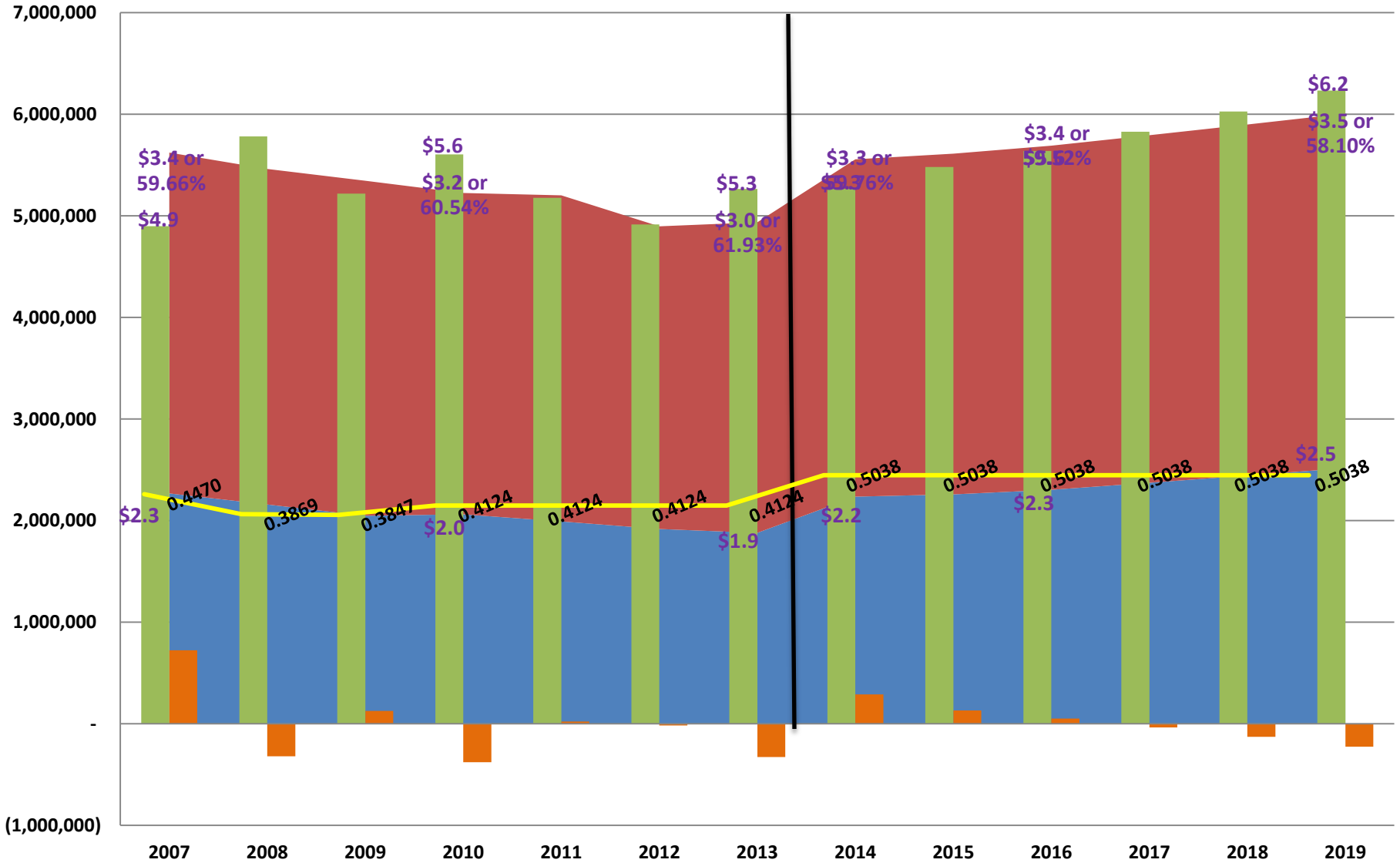


MSTU-FIRE FUND
Ending Fund Balance
Actual FY07-FY13; Projected FY14-FY19

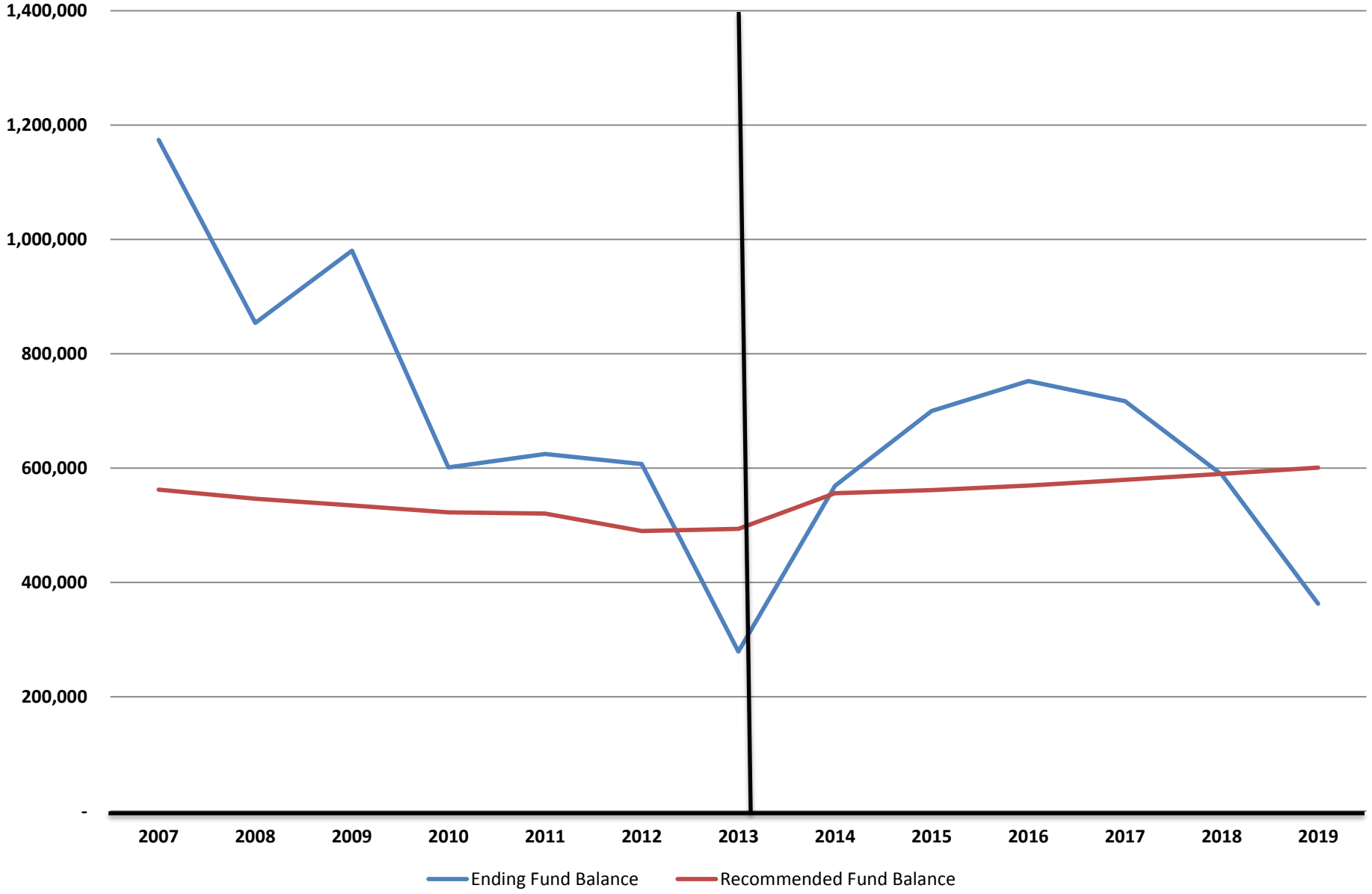


ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS MSTU-UNINCORP ACTUAL REVENUES & EXPENDITURES FY2007-2013; PROJECTED FY2014-2019

■ Property Taxes
 ■ Other Revenues
 ■ Expenditures
 ■ Net Change in Fund Balance



MSTU-UNICORP FUND
Ending Fund Balance
Actual FY07-FY13; Projected FY14-FY19





Questions?

Understanding the Fiscal History and Future Scenarios Concerning Alachua County Government

Thank you