The Florida Senate

COMMITTEE MEETING EXPANDED AGENDA

COMMERCE AND TOURISM
Senator Detert, Chair
Senator Dockery, Vice Chair

MEETING DATE: Tuesday, January 25, 2011
TIME: 1:45 —3:45 p.m.
PLACE: *James E. "Jim" King, Jr., Committee Room,* 401 Senate Office Building

MEMBERS: Senator Detert, Chair; Senator Dockery, Vice Chair; Senators Flores, Gaetz, Lynn, Montford, and Ring

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
		Facilitating Economic Development in Florida: Assessments and Strategies	
1		Presentation by Larry Langebrake, Director of Marine Technology Program, SRI International	
2		Presentation by Stuart Rogel, President, Tampa Bay Partnership	
3		Presentation by Dr. Carrie Blanchard, Florida Chamber of Commerce Foundation	
4		Presentation by Enterprise Florida, Inc.	
5		**Interim Project 2011-107** (Identification, Review, and Recommendations Relating to Obsolete Statutory References to the Former Florida Departments of Labor and Employment Security, and Commerce) Presentation	

SRI International

Senate Committee Meeting: Commerce and Tourism

Innovation is now the only path to growth, prosperity, environmental sustainability, and security

Dr. Curtis R. Carlson

President and CEO

SRI International

Presented by:

Larry Langebrake, P.E.

Director, SRI St Petersburg

25 January, 2011

Today's Messages

The best of times only if we do the right things right

- SRI and the history of SRI St. Petersburg and USF Marine Science
- We are in the *Innovation Economy*
  - Best time ever for innovation but …
  - Technology is improving exponentially
  - Global competition is intense and growing fast
- Elements of competitiveness
- Florida has many strengths and has made good progress
  - University R&D: > $1.5B
  - Tampa Bay Partnership (and others) are building a core industrial cluster
  - No income tax; reasonable regulatory policies
- Innovation in action
  - Addressing the Gulf oil spill
  - Homeland port and maritime security
  - SunBay digital math partnership

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SRI International

A proven innovation leader

SRI Is Devoted to Innovation

SRI is a world-leader at creating new, high-value innovations

SRI headquarters, Menlo Park, California

Sarnoff headquarters, Princeton, New Jersey

- Founded by Stanford University in 1946 as the Stanford Research Institute
  - A nonprofit corporation
  - Independent in 1970
- 2,200 staff members combined
  - Over half with advanced degrees
  - More than 20 locations worldwide
- Consolidated revenues: ~$0.5 billion

SRI Harrisonburg, Virginia

SRI State College, Pennsylvania

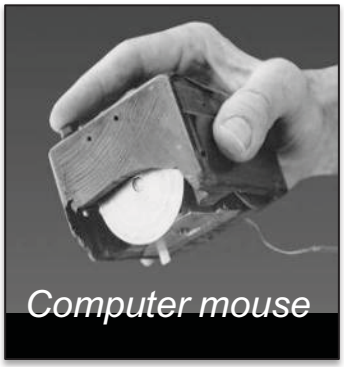
SRI Tokyo, Japan

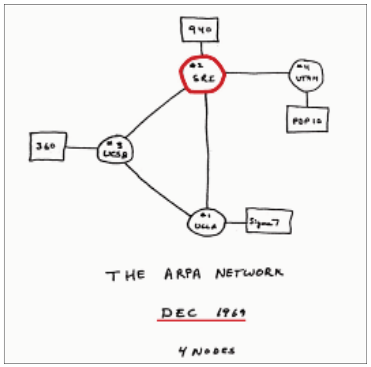
SRI Washington, D.C.

SRI St. Petersburg, Florida

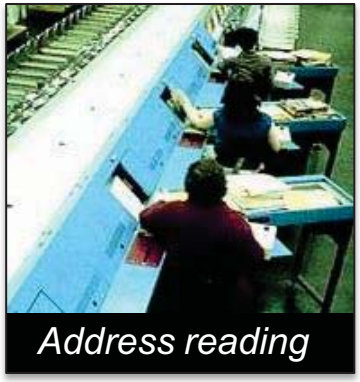
Several of SRI's Many Important Innovations

"SRI is now the leading company in the world at converting its technology into commercial value." *David Ladd; Partner at Mayfield Ventures*


Computer mouse




HDTV, color TV, …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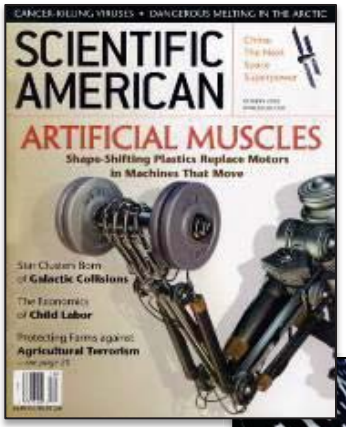

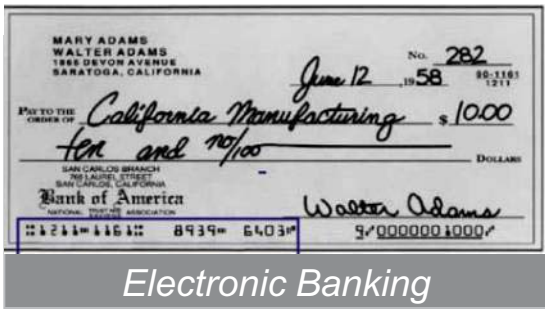

Electronic Banking


Color film reproduction


Low cost solar-grade silicon

calo

Cognitive Assistant that Learns and Organizes

CALO award-winning team

Siri

"Siri is one of the top-10 new companies most likely to change the way we live and work."
MIT Technology Review 2009

SRI New Company Creation

Addressing important market needs with valuable innovations

Publicly Traded

Intuitive Surgical — *Surgical robotics*

Nuance — *Speech recognition for customer service*

Orchid — *DNA testing services**

**Acquired or merged*
*** Dissolved*

Information Technology

AgileVision — *Digital TV equipment**

Candescent — *Flat-panel displays**

CIC — *Electronic signature solutions*

discern — *Customer service tools**

DIVA — *Video-on-demand services***

NxtWave Communications — *Digital TV technologies**

PacketHop — *Wireless mesh networks*

Pyramid Vision (A Sarnoff Company) — *Video computer recognition*

SARIF — *LCD technology**

Sensar — *Iris biometric identification**

Siri — *Artificially intelligent assistants*

wavexpress — *Secure content distribution*

VideoBrush — *Panoramic image editing software**

Materials

lamina — *Super-bright LED light engines*

PowerZyme — *Portable power systems***

Princeton Lightwave — *Imaging and sensing components*

SP (Secure Products) — *Anti-counterfeiting systems*

Artificial Muscle Incorporated — *Electroactive polymers for actuators and more*

COLOREP — *Digital color printing applications**

Bio/Medical

DELSYS — *Drug dispensing system**

LOCUS Pharmaceuticals — *Computational drug design*

intuity Medical — *Glucose monitoring system*

Songbird Hearing Inc. — *Disposable hearing aid**

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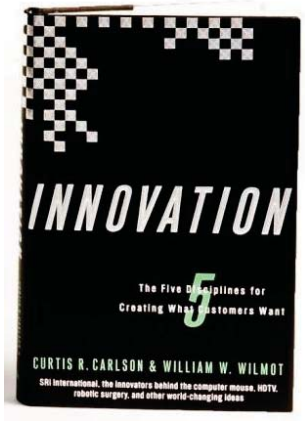
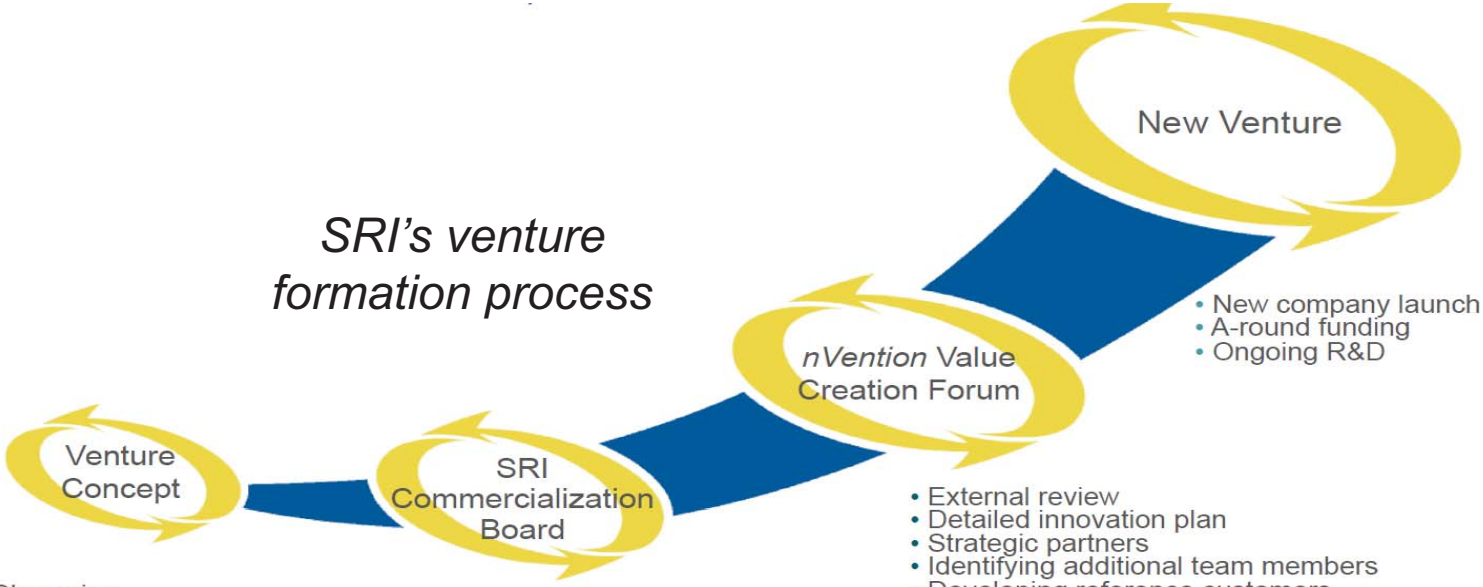
SRI's Five Disciplines of Innovation

Innovation is a "best practice" that if followed leads to value creation and success.

Important Customer and Market Needs | **Value Creation** | **Innovation Champions** | **Innovation Teams** | **Organizational Alignment** | **Market Success**



SRI's venture formation process



The Innovation Economy

The best of times but we must do the right things right

Definition of Innovation

Our job

Innovation is the creation and delivery of new customer value in the marketplace

Innovation is not just:

Creativity

Invention

Teamwork

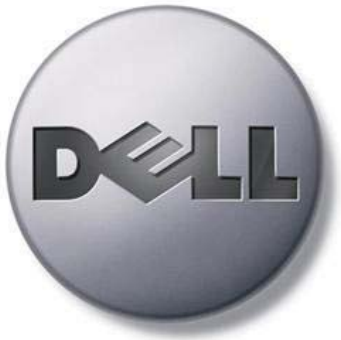
Entrepreneurship

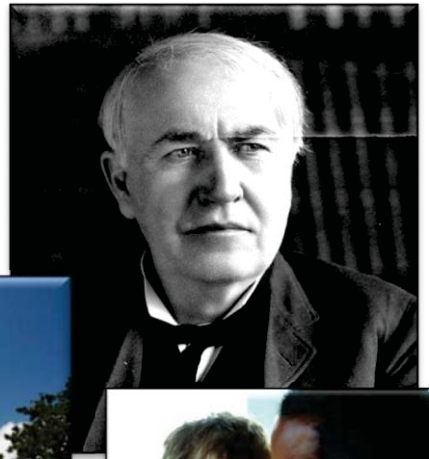
Business skills

These are all inputs

Innovations Come in Many Forms: All Can Innovate

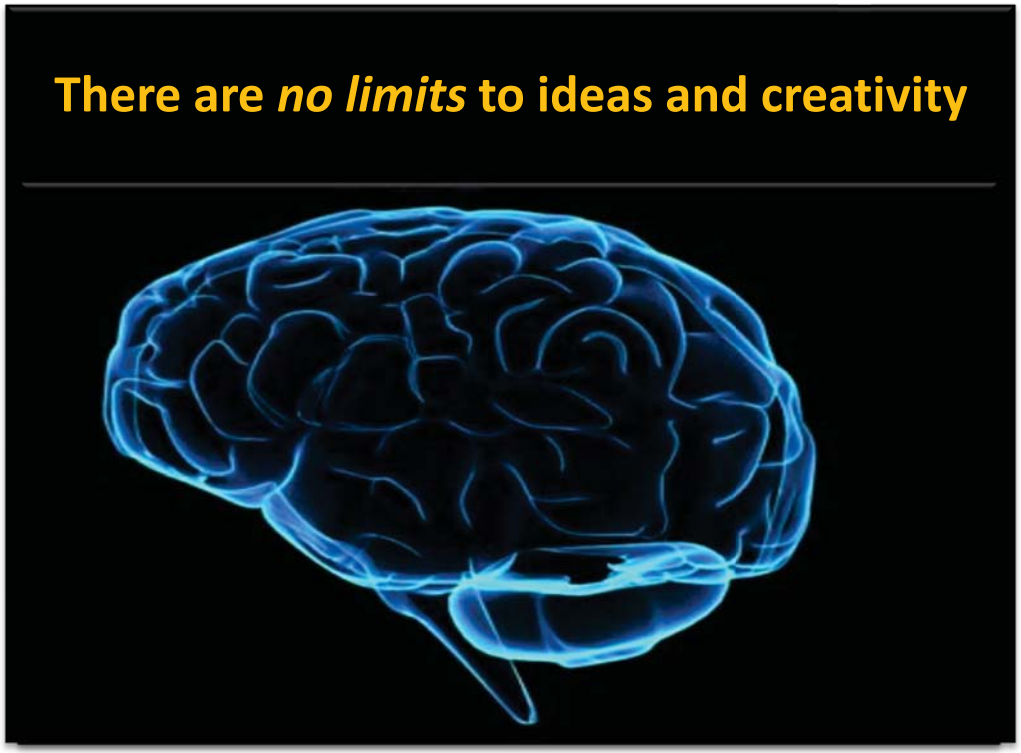
From the incremental to the transformational





A World of Abundance, Not Scarcity

The best time ever for science and technology, but progress is extremely fast



- Web 2.0, 3.0, …
- Communications
- Wireless everything
- Media and entertainment
- Design and manufacturing
- Consumer electronics
- Health and medicine
- Energy and transportation
- Food
- Education

Technologies based primarily on ideas improve at rapid, exponential rates

Intense Global Competition

Shanghai, Beijing, Dalian, Bangalore, and …

China is now the world's largest auto market

China has more honor students than we have students

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Consider What Singapore Has Done with "Nothing"

Except its 5 million people!

- Higher GDP per capita than the U.S. [1]
  - $52k versus $47k
  - No water, natural resources, energy, or land for agriculture
- Ranked world's easiest to do business [2]
  - Low import and export costs
  - Well-framed laws for protecting investors
  - Employer friendly labor regulations
- Ranked most competitive country in Asia [3]
  - No capital gains tax in Singapore
  - Corporate tax rate is a flat 17%
  - Tax exemptions for startup companies
  - No requirement to rent or purchase a physical office in Singapore for company incorporation
  - Incorporation in Singapore takes one day

Singapore has switched their preferred language from English to Mandarin!

1) *CIA Source Book*
2) *Doing Business 2010 Report*
3) *World Economic Forum's Global Competitiveness Report*

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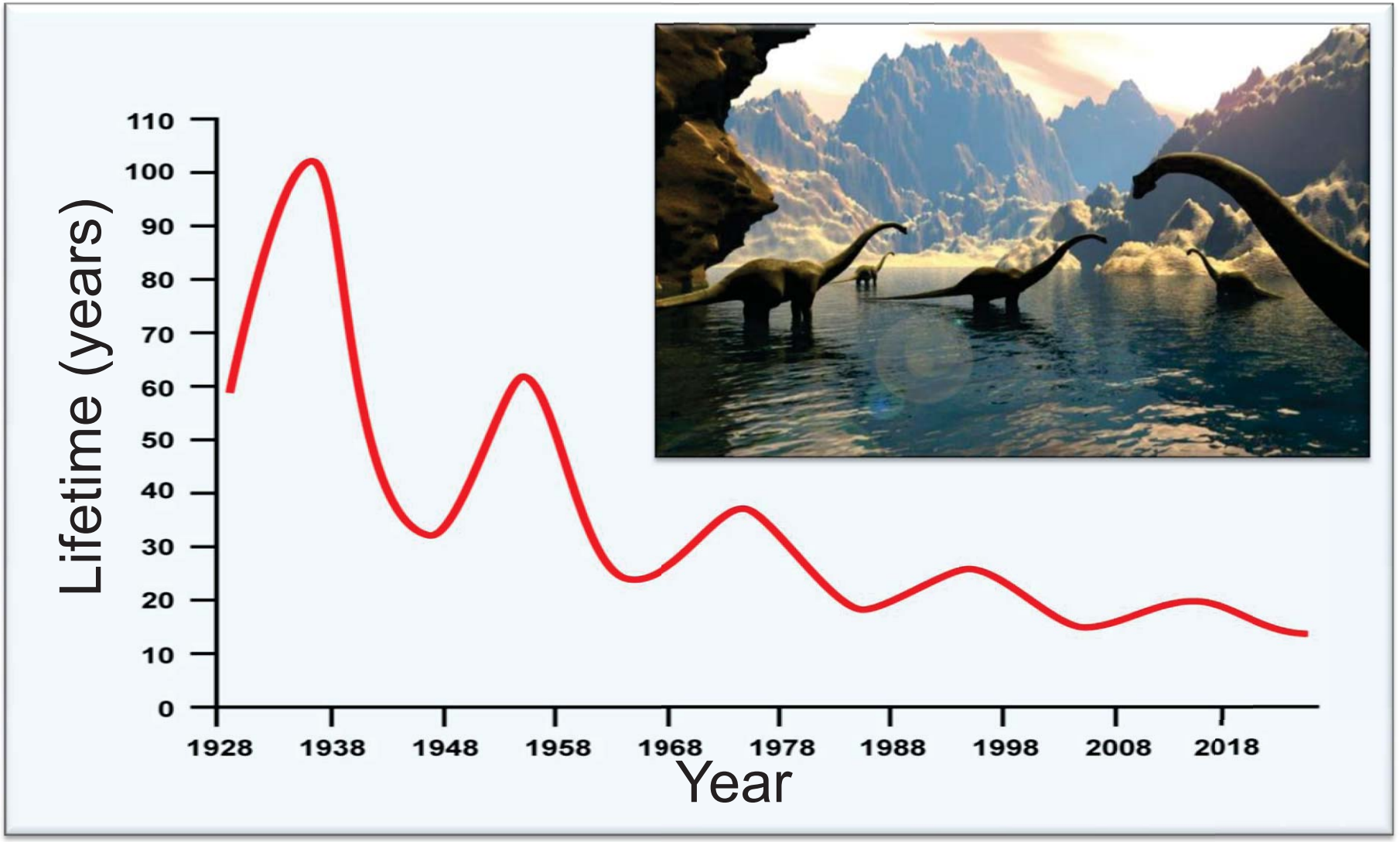
Poor Performance

Improving performance must become a regional, state and national imperative

Harder and Harder to Stay on Top

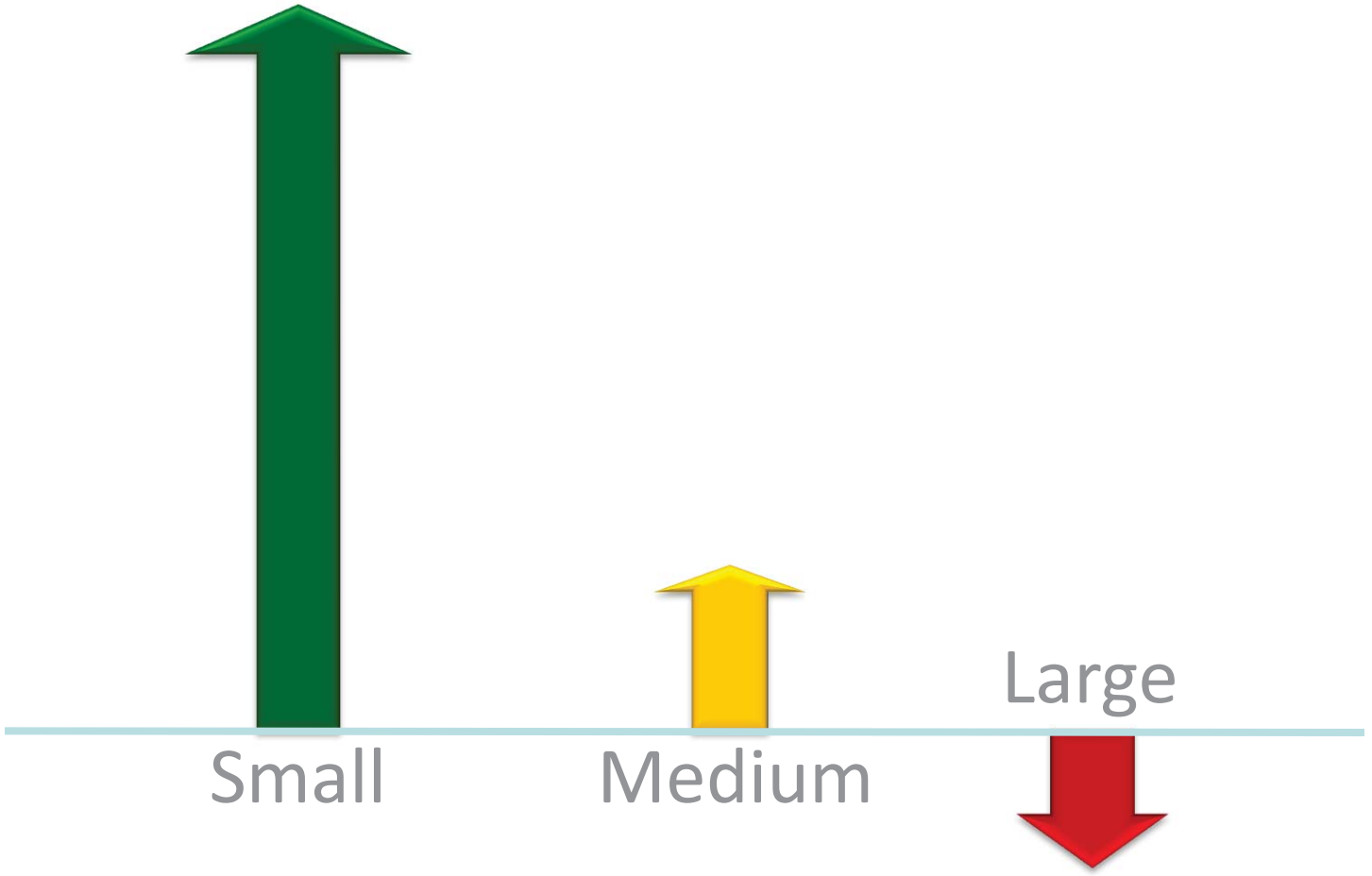
Decreasing lifetimes of S&P 500 companies: death of the big



Source: Creative Destruction

Media Miss the Main Story

ALL net new jobs come from the innovation and entrepreneurial parts of the economy – companies less than 5 years old!



Brutal Educational Reality

We are not adapting to the new global realities

- U.S. born students are opting out of science and engineering at the best time ever
- Takes 7-10 years to make a straight-A Ph.D. productive
- What they don't know
  - Innovation – their profession
  - Multi-disciplinary collaboration – the keys to impact
  - Presentation and writing skills plus the basics of intellectual property and management
- If it not for foreign-born researchers our growth might stop

And what about K-12 basic math and science? No algebra; no abundance

Big lesson learned: we're really not doing a very good job at innovation and we <u>must</u> get better

Imagine *if we did just a few percent better?*

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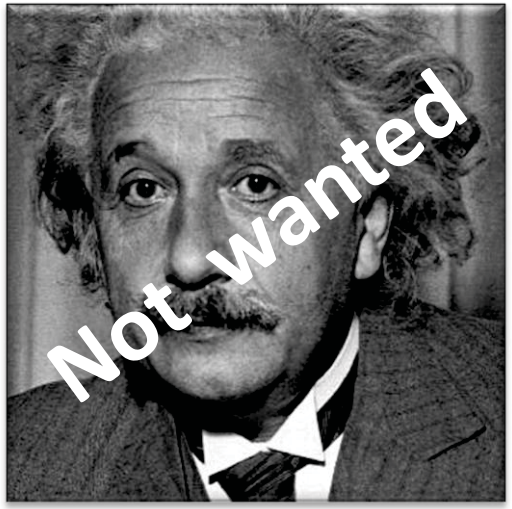
Keeping America Competitive

We <u>are</u> falling behind

America's Issues

We have enormous strengths but we must improve

- Taxes are increasing
- Regulatory costs are increasing
- Educational performance is declining
- Government R&D funding is declining
- Our competitiveness ranking is declining
- Foreign graduates are going home



Silicon Valley is the Benchmark for Innovation

A society and complete ecosystem for innovation success

- Three of the world's top ten R&D universities **X**
- Global industrial clusters **X**
- Leading Venture Capital center at >US$10B per year **X**
- Collaborative environment with extremely rapid ideation **X**
- Diverse population **X**
- Meritocracy **X**
- Positive government polices **X**
- Entrepreneurial culture that thinks BIG and allows failure **=**
- **Achievement: the key driver**

Recreating Silicon Valley?

You can try but it's REALLY hard – you must create a COMPLETE ecosystem?

Countries

- "Billy-Can" Valley (Australia)
- Silicon Forest (Australia)
- Silicon Ditch (England)
- Silicon Fen (England)
- Silicon Spires (England)
- Silicon Glen (Scotland)
- Silicon Isle (Ireland)
- Silicon Plateau (India)
- Silicon Polder (Netherlands)
- Silicon Wadi (Israel)

States

- Silicon Bayou (Louisiana)
- Silicon Beach (Santa Barbara)
- Silicon Forest (Portland)
- Silicon Glacier (Montana)
- Silicon Hollow (Tennessee)
- Silicon Mesa (New Mexico)
- Silicon Rain Forest (Seattle)
- Silicon River (Missouri)
- Silicon Sandbar (Cape Cod)
- "Silicorn" Valley (Iowa)

Two keys to success: Create a plan and then implement it!

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Innovation in Action

Working together with our great partners to advance Florida

Deepwater Horizon Incident

To remediate the spill we must first understand the location and extent of the damage

"The Gulf Oil Spill represents one of the biggest challenges the Gulf States have faced – even exceeding Katrina…"

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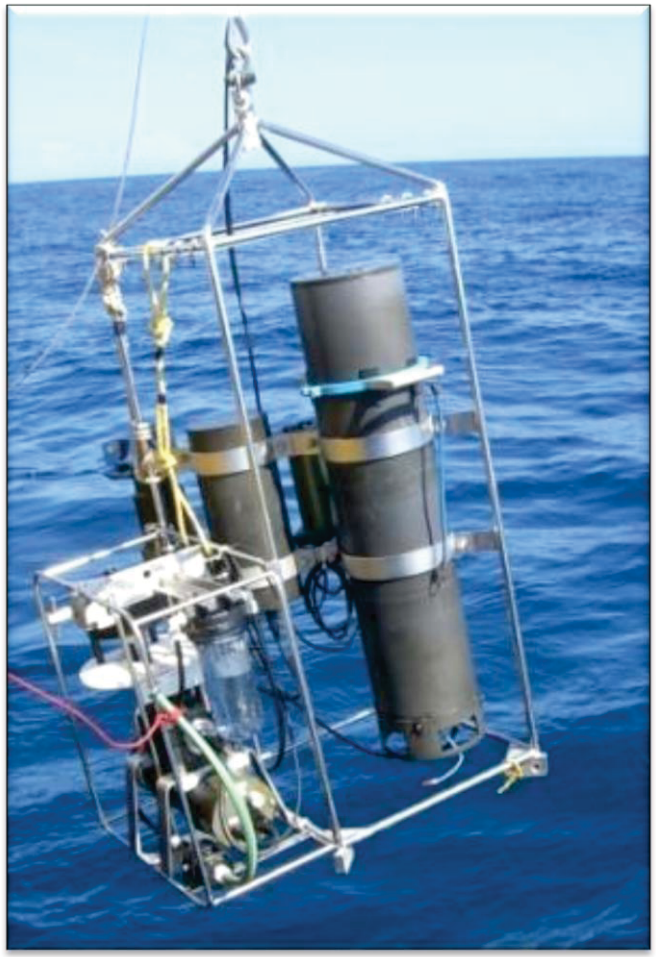
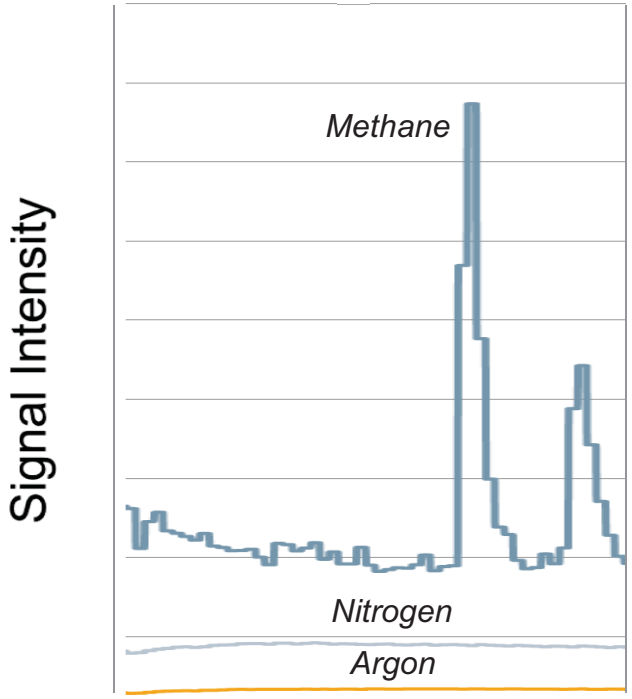
An Indication of Oil: Mapping Methane

Data that shows significant changes to the Gulf chemistry that <u>may</u> create oxygen depleted dead zones

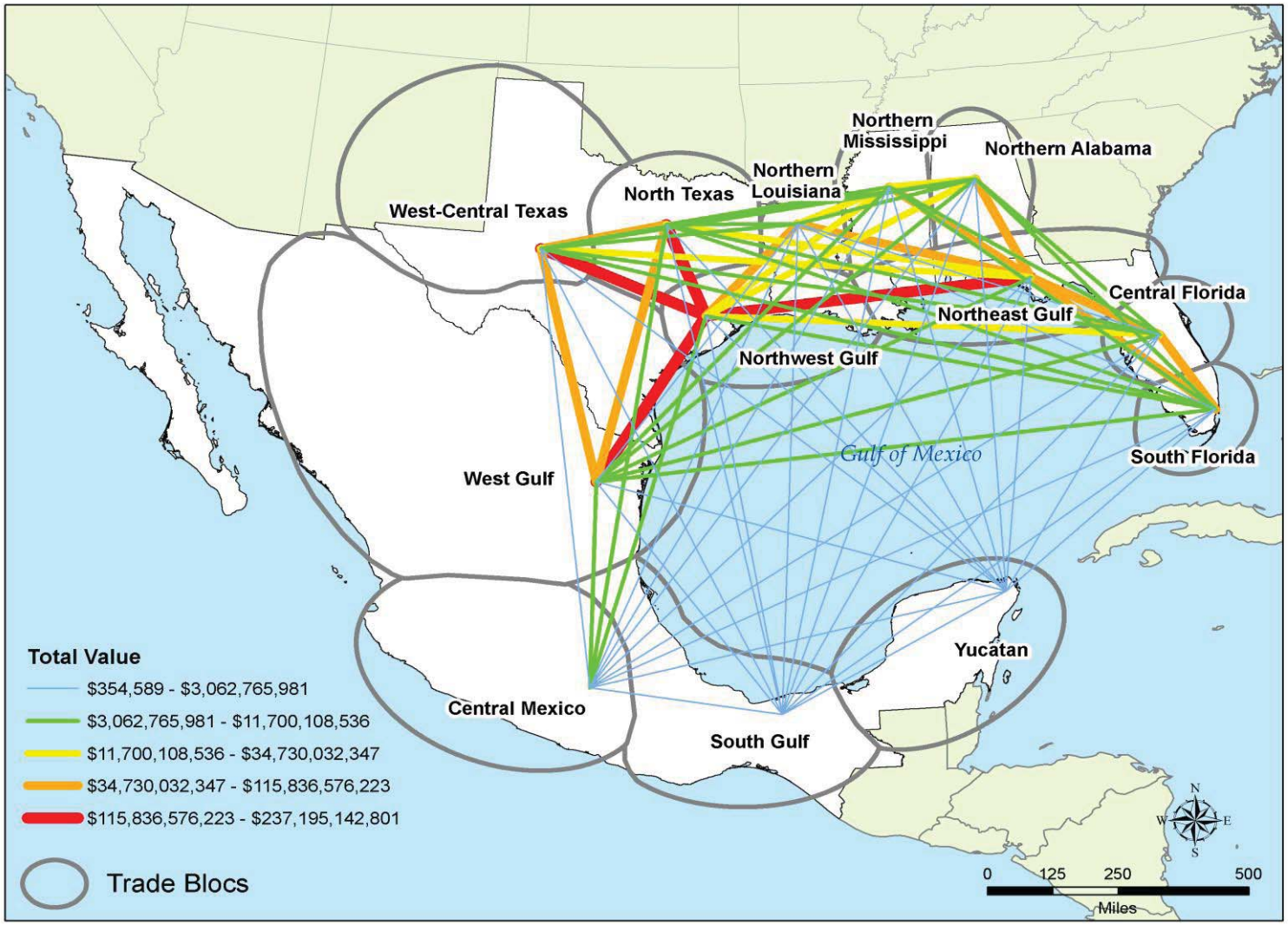




Methane detected deep in the Gulf at location MC118, June 24, 2010

Important Need: Protecting Maritime Commerce

Today we have very limited ability to track or monitor all activity



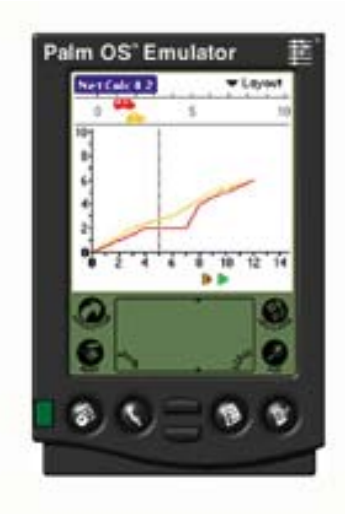
Maritime and Port Security

Developing a system that can be implemented in any port: Tampa Bay is a unique national test bed for marine surveillance technology

Important Need: Teaching Math

SRI's SunBay Digital Mathematics is a model government/university/industry partnership

- Only ~25% of boys graduate in Detroit
- 7th grade digital algebra
  - $6M NSF evaluation: ~2,500 students and >100 teachers
  - *SunBay Digital Mathematics* program 1,000 students
- SRI's Barbara Means wrote DoEd plan for digital math & science



Digital Math Approach

Leveraging multiple ways to learn

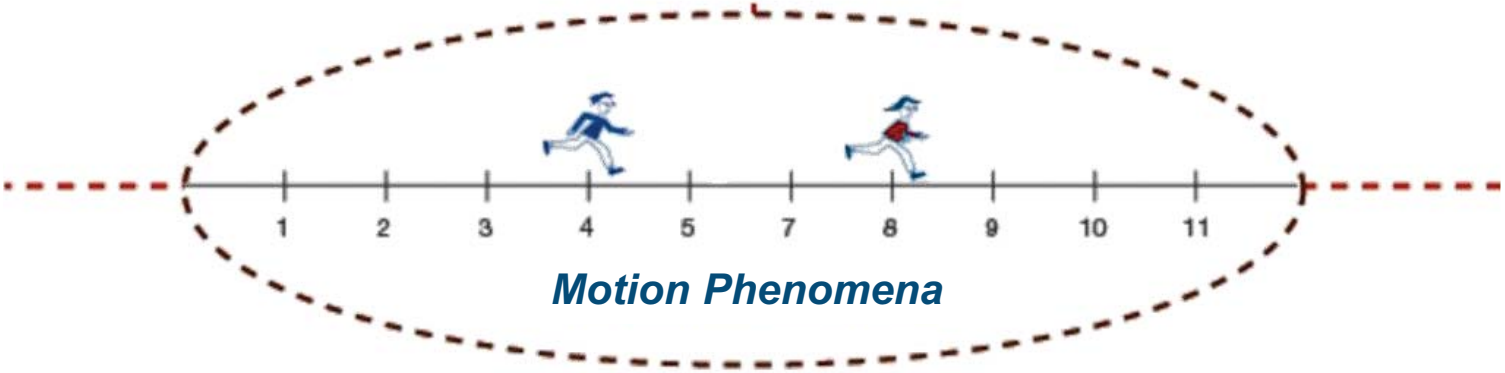
Narrative or Story

The red one started off ahead, but was running slowly. The blue one started off behind, but ran faster and was ahead by the end.

Algebraic Expression

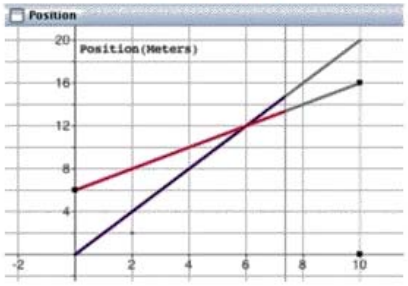
$y = x + 6$

$y = 2x$



Motion Phenomena

Graph

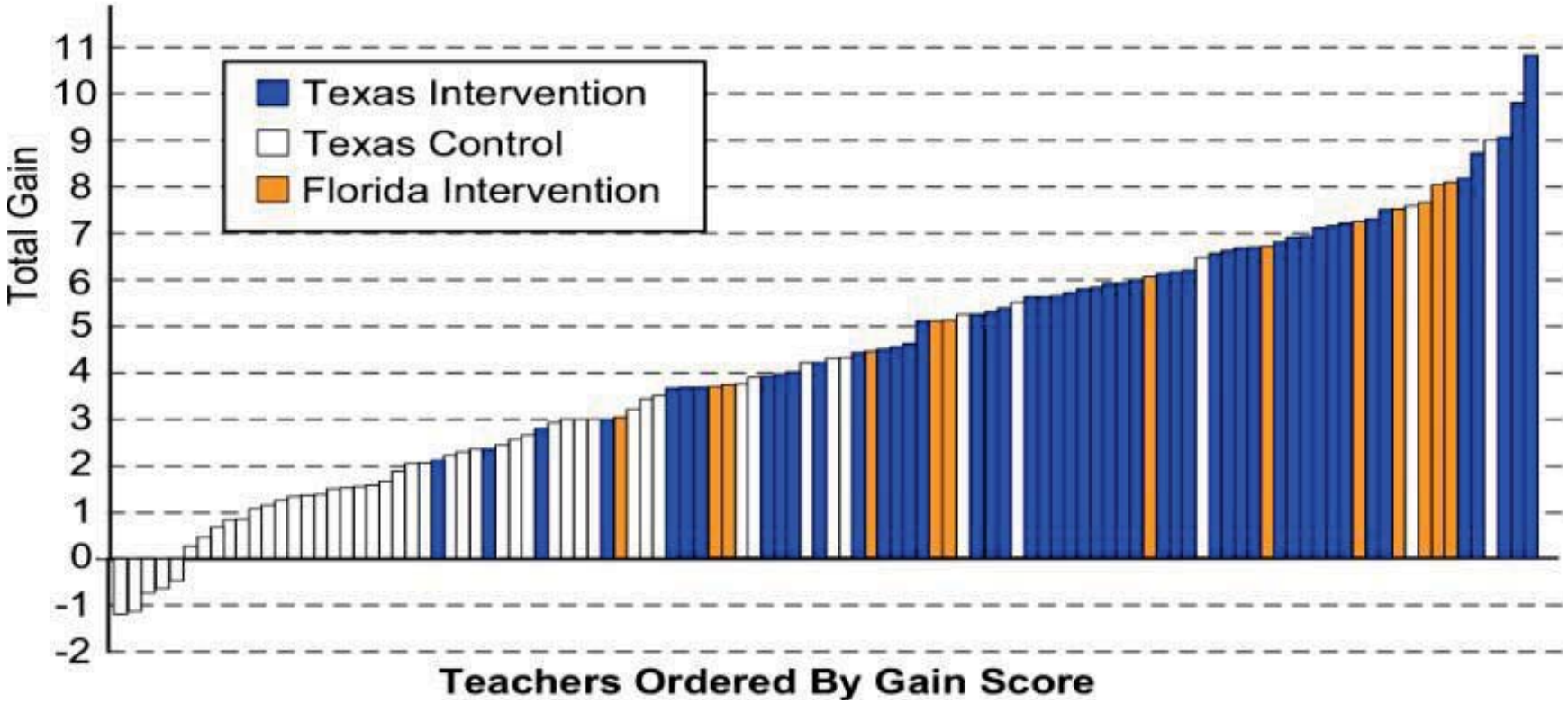


Table

Time	B -- Pos	A -- Pos
00.00	6.00	0.00
01.00	7.00	2.00
02.00	8.00	4.00
03.00	9.00	6.00
04.00	10.00	8.00
05.00	11.00	10.00
06.00	12.00	12.00
07.00	13.00	14.00
08.00	14.00	16.00
09.00	15.00	18.00
10.00	16.00	20.00

Digital Algebra Results

All digital teachers showed positive gains



Ingredients of an Innovation Education

Creating a new curriculum for the Innovation Economy

- Core curriculum
  - Excellent fundamentals
  - Classes on innovation
  - Innovation concepts embedded throughout other classes – e.g., art
- Plus multidisciplinary projects
  - Every student performs a team project each year
  - Ideally every student goes abroad for a team project
  - Innovation fundaments are taught along with each project
  - Extramural innovation programs are offered, such as robotics competitions, business formation, etc.
- A not so subtle hidden benefit – the faculty becomes much more skilled and valuable too!

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Silicon Valley's Girls Middle School

Imagine how impressive these young girls are

- All girls: 6th, 7th, 8th grades
  - Mountain View, California
  - Diverse student body
- Project based
- Entrepreneurial Program
  - Teams of 4-5 girls create and run their own businesses
  - Write a business plan, request capital from VCs, design their product, and then manufacture and sell it
  - Learn real-world problem-solving, teamwork, communication skills, and personal responsibility
- Imagine doing this in Florida?

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Conclusions

In the innovation economy we live in a world of abundance if we have the eyes to see it and the skills to develop it

- Some thoughts for Florida
  - Create a plan for a vibrant "innovation ecosystem" and implement it
    - Enact governmental policies that incent the creation of new companies and that leverage Florida's strengths
    - Continuously benchmark Florida against the best – many are improving too
  - Continue to monitor the health of the Gulf to ensure its economic viability and long-term sustainability
  - Transform education to provide the workforce Florida requires in the *innovation economy*
    - Become a leader in digital math and science
    - Add the disciplines of innovation to the curriculum
- Some thoughts for everyone
  - Join the "innovation movement" to assure America's competitiveness
  - Make America the best place to form new companies and stay

- *Thank you for leadership and giving SRI the opportunity to make a significant contribution to Florida*

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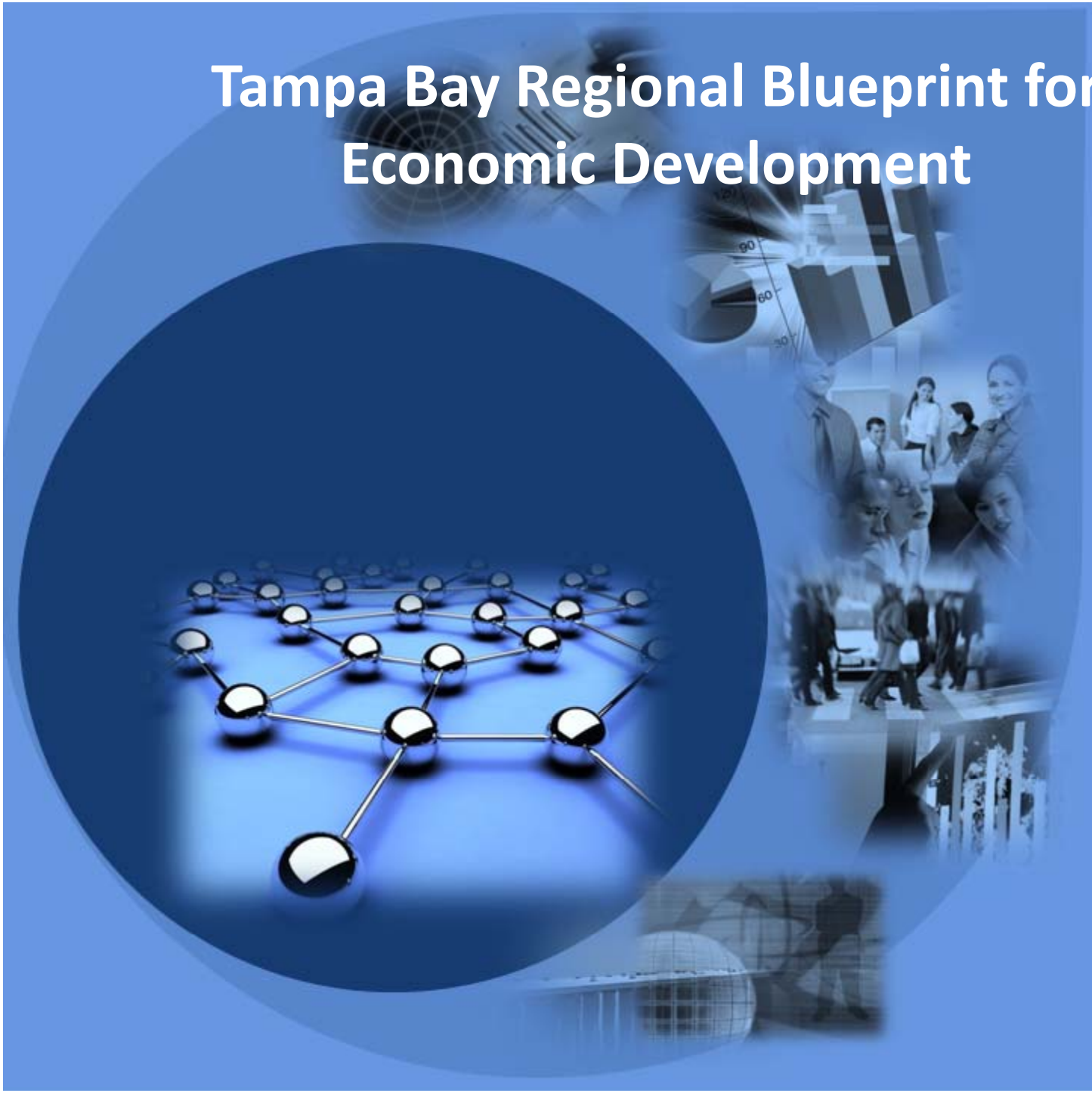
Thank you for your attention

Discussion

Curtis R. Carlson
curt.carlson@sri.com
650 859 2878

Tampa Bay Regional Blueprint for Economic Development



Primary Analysis Prepared by:

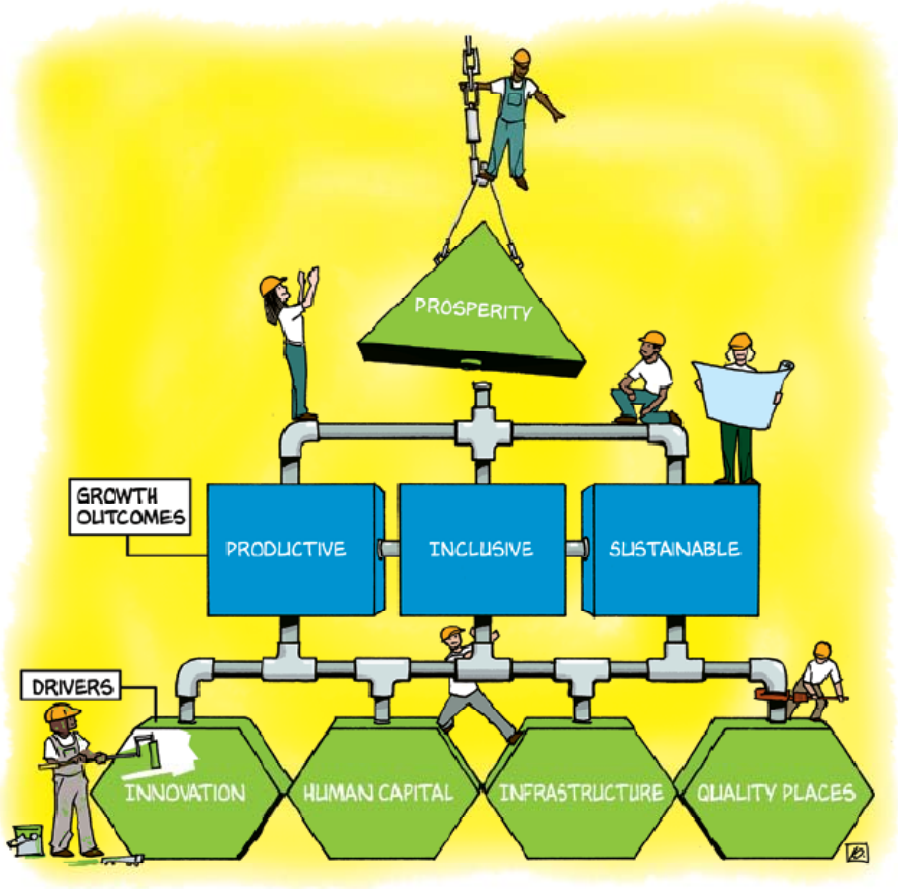
SRI International

Prepared for:

Tampa Bay Regional Planning Council

tampaBAY partnership

Tampa Bay Partnership



Regional Model for Economic Prosperity

Why Regional Cluster Analysis?

- Reflects market reality
- Accepted “Best Practice”
- Incites wider business and community support
- Addresses regional challenges collectively and systematically

Background and Goals

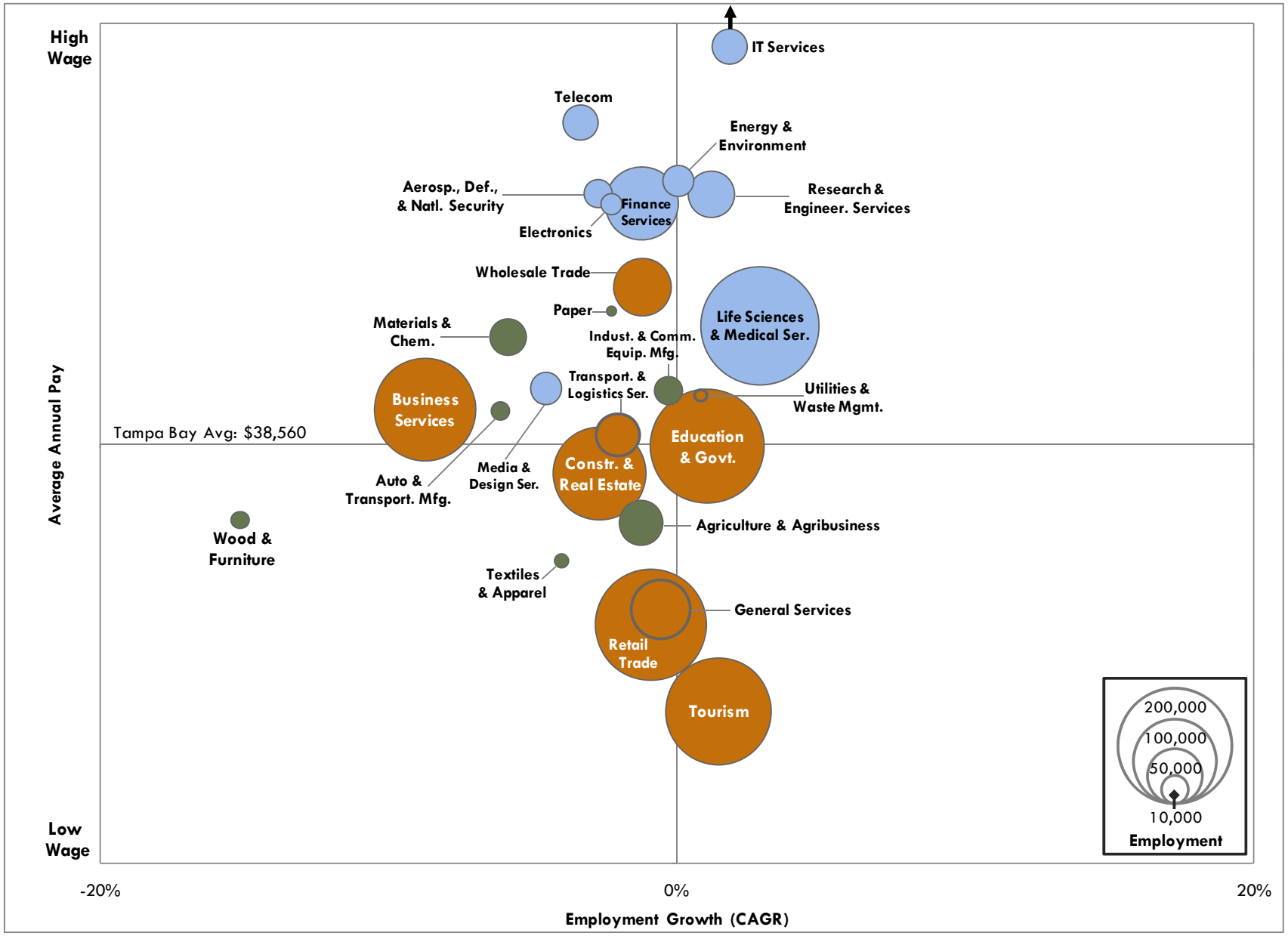
- **September 19, 2008**
  "Bigger, Bolder, Better"

- **Spring 2010**
  Funding/Research Team Identified

- **Summer 2010**
  Detailed, Multi-Source Market Analysis

- **Spring 2011 (and beyond)**
  Strategy Implementation and Business Planning

Overview of Tampa Bay Region Industry Clusters, Q3 2009



High-Potential Target Sectors Approved for Tampa Bay Region

- **Health & Human Performance**

  Senior Health & Wellness, Human Performance, Clinical Trials & Destination Medicine, *Medical Instruments & Devices*, *Health IT & Bioinformatics*

- **High-Tech Electronics & Instruments**

  Avionics/Aviation Electronics, *Marine Instruments/Sensors/Remote Monitors/Optics*, *Medical Instruments & Devices*

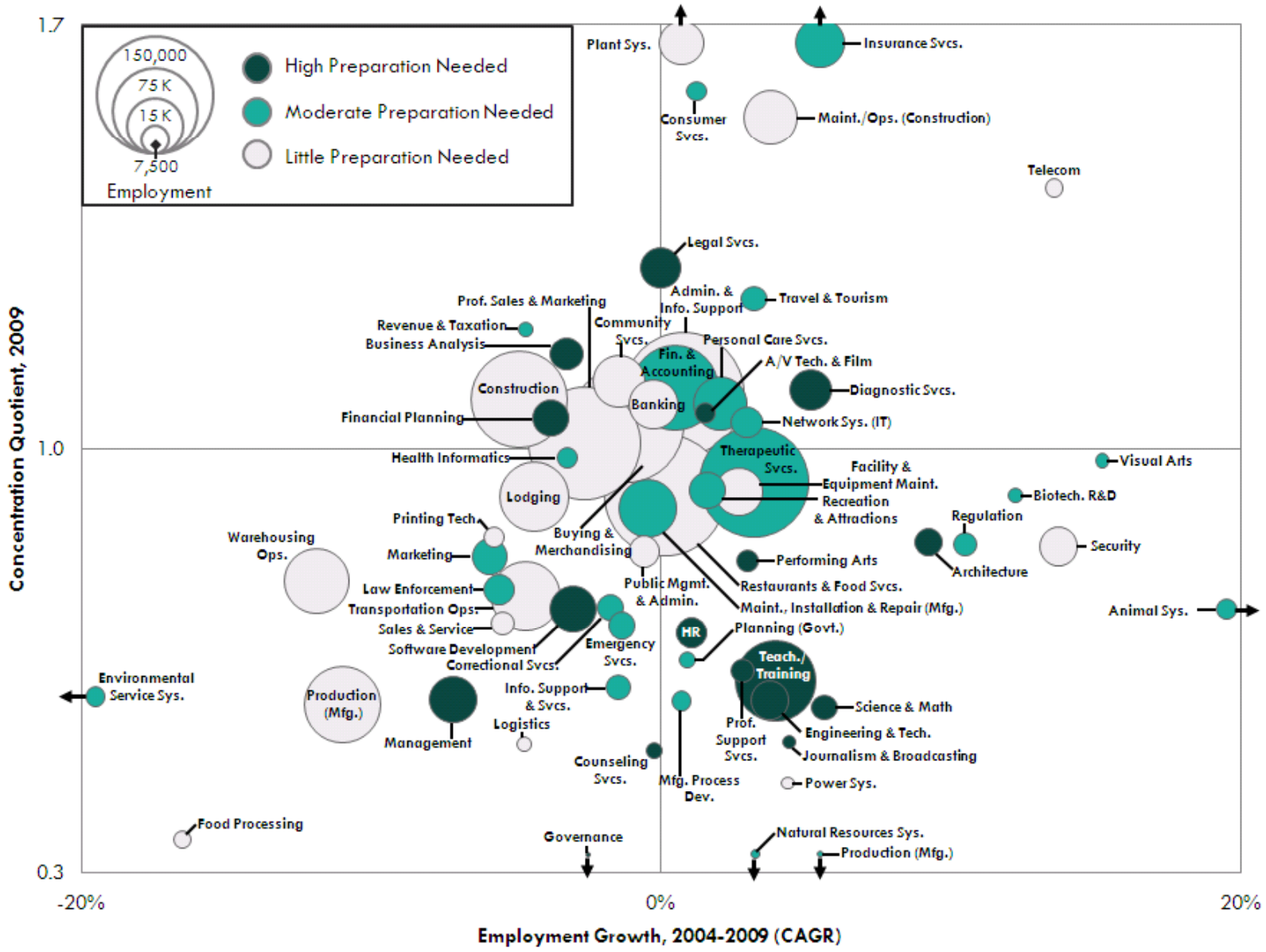
- **Data Management, Analytics, & Services**

  Business Process Outsourcing (BPO) & Shared Services, Financial Transactions Processing, Data Centers/Disaster Recovery/Data Management, *Health IT & Bioinformatics*

- **Marine & Environmental Activities**

  Aquaculture, Biofuels/Algae, Energy Efficiency & Conservation, *Marine Instruments/Sensors/Remote Monitors/Optics*

The Tampa Bay Regional Workforce (2009)



Types of Career Pathways

- **Foundational**

  Will account for the largest share of future jobs across all target sectors

- **Transformational**

  Those pathways for which current projections show that the largest increase in the number of jobs needed in the target sectors will occur

- **Pivotal**

  Capture those workers whose skills and abilities will enable the region to build its competitive advantage over multiple target sectors

Strategies for Growing Jobs in Tampa Bay's Target Sectors

- **Foundational**

  Address major gaps and challenges in regional economic foundations

- **Sector-Specific**

  Dedicated exclusively to issues related to the target sectors

Best Practice Competitor Case Studies

(Unemployment rate, Median HHI Growth)

- Research Triangle Region, NC

  7.75%, 3.82%

- Atlanta, GA

  10.16%, 2.85%

- Austin, TX

  7.10%, 2.53%

- St. John’s, Newfoundland and Labrador, Canada

  7.1%, 3.47%

- Tampa Bay

  12.58%, 0.75%

Why is this Different?

- Led by Business – Implementers expect ROI
- Seeks to build upon existing strength, rather than chase “Next Big Thing” from behind
- Comprehensively addresses talent needs for Target Sectors

Policy Options and Considerations

- Recognize the impact and significance of Regional Clusters and remove barriers

- Create and support grant programs focused on growing Clusters

Questions?

Thank You

Stuart L. Rogel
President & CEO
Tampa Bay Partnership

Florida Trade and Logistics Study

presented to

Senate Commerce Committee

presented by

Carrie Blanchard, Ph.D.
Florida Chamber Foundation

January 25, 2011

FLORIDA CHAMBER Foundation

Florida Trade and Logistics Study Objectives

- Document existing domestic and international trade flows
- Estimate future domestic and international trade flows
- Identify opportunities for Florida to compete globally
- Recommend strategies to pursue most attractive opportunities

Plum Creek	Florida Trucking Association
Lykes Brothers	Enterprise Florida
Duda	CSX
Florida Ports Council	Norfolk Southern
Florida Land Council	

CAMBRIDGE SYSTEMATICS

MARTIN ASSOCIATES

Current Realities

12% unemployment rate

750,000 net job loss since Oct 2007

35,700 net job gain since Oct 2009

1 in 5 homes in foreclosure pipeline

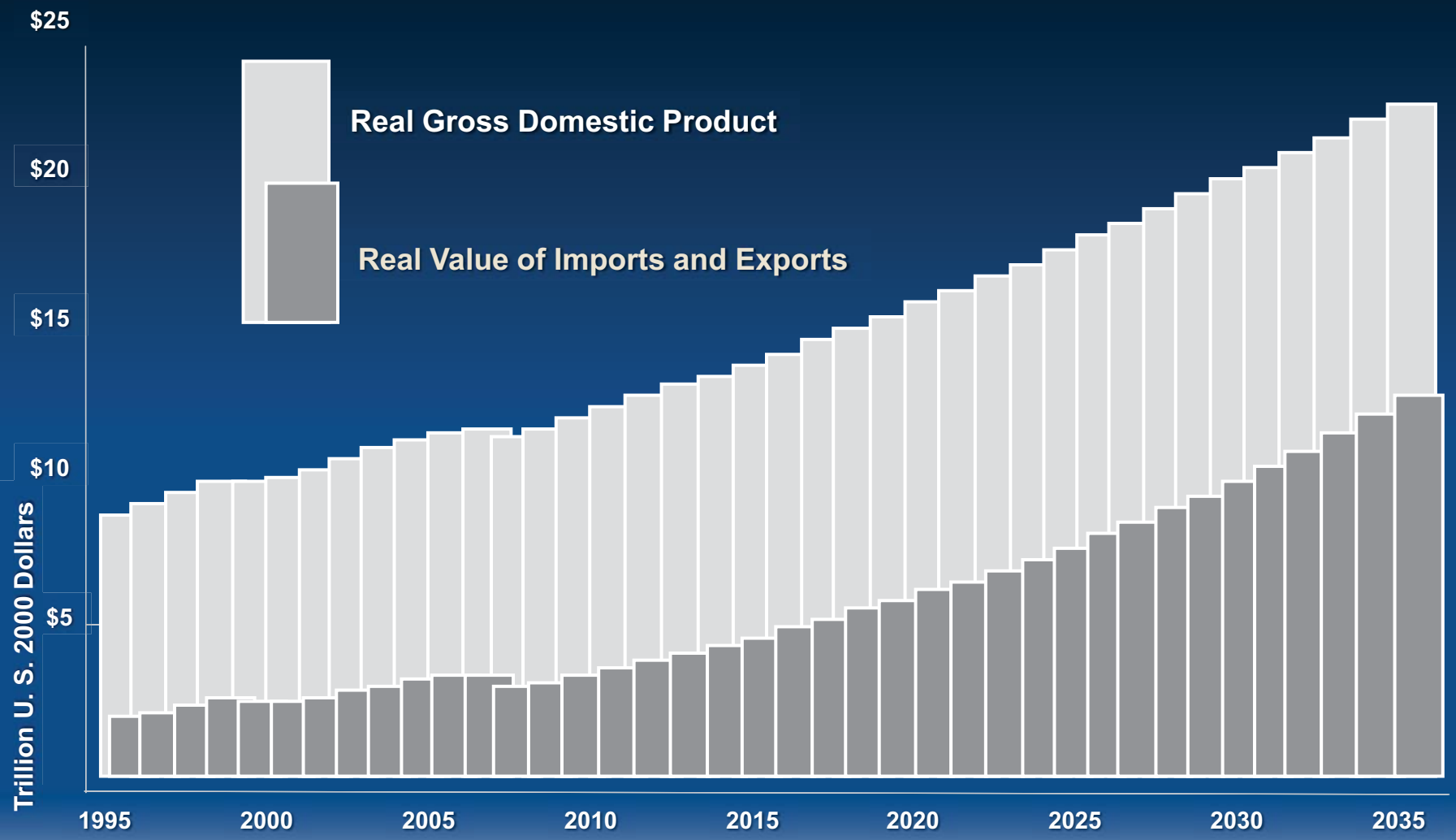
$8 billion State revenues fallen

What's at Stake?

- Jobs
  - Transportation and logistics impacts: up to 32,000 jobs
  - Advanced manufacturing and supply chain impacts: up to 111,000 jobs
- Prosperity
  - Up to $8 billion in personal income statewide
- Global leadership

Why Focus on Trade?

U.S. Foreign Trade Value Expected to Quadruple by 2035

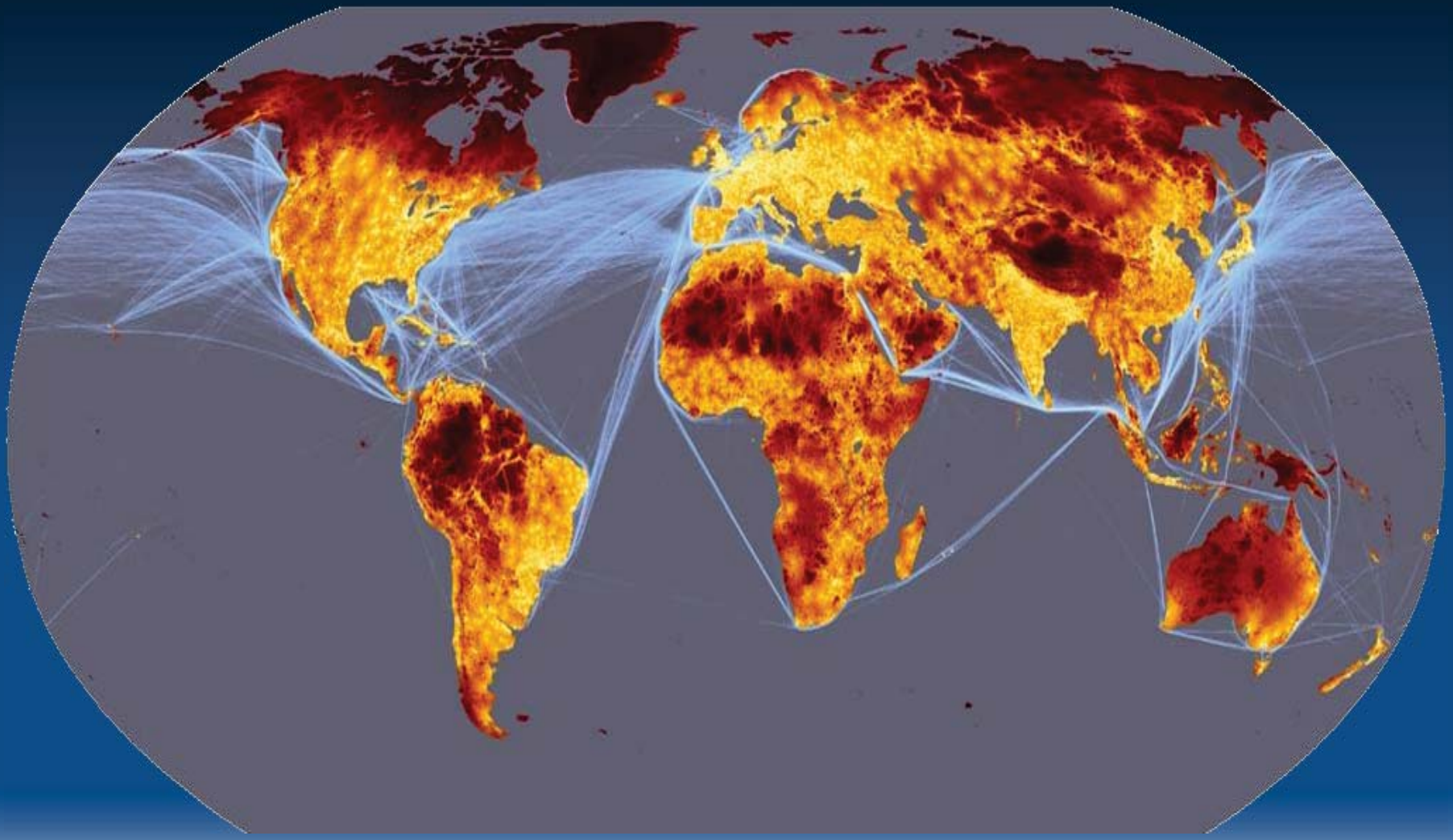


Source: Global Insight, Inc. April 2009.

FLORIDA CHAMBER Foundation

Why Focus on Trade?

Changing Global Trading Patterns Favor Florida



Source: European Communities, 2008

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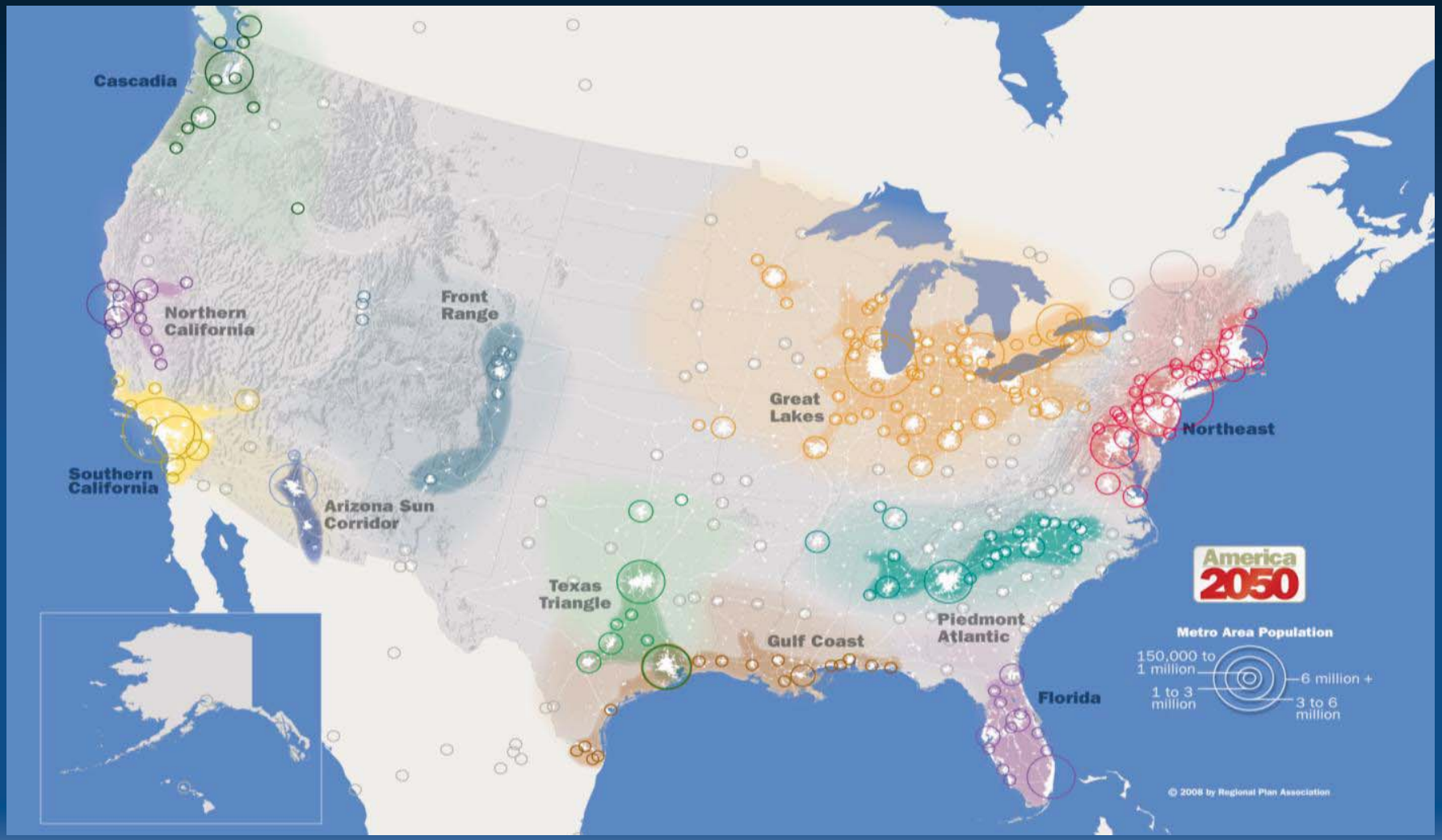
Why Focus on Trade?

Florida Located in Fastest Growing US Consumer Market

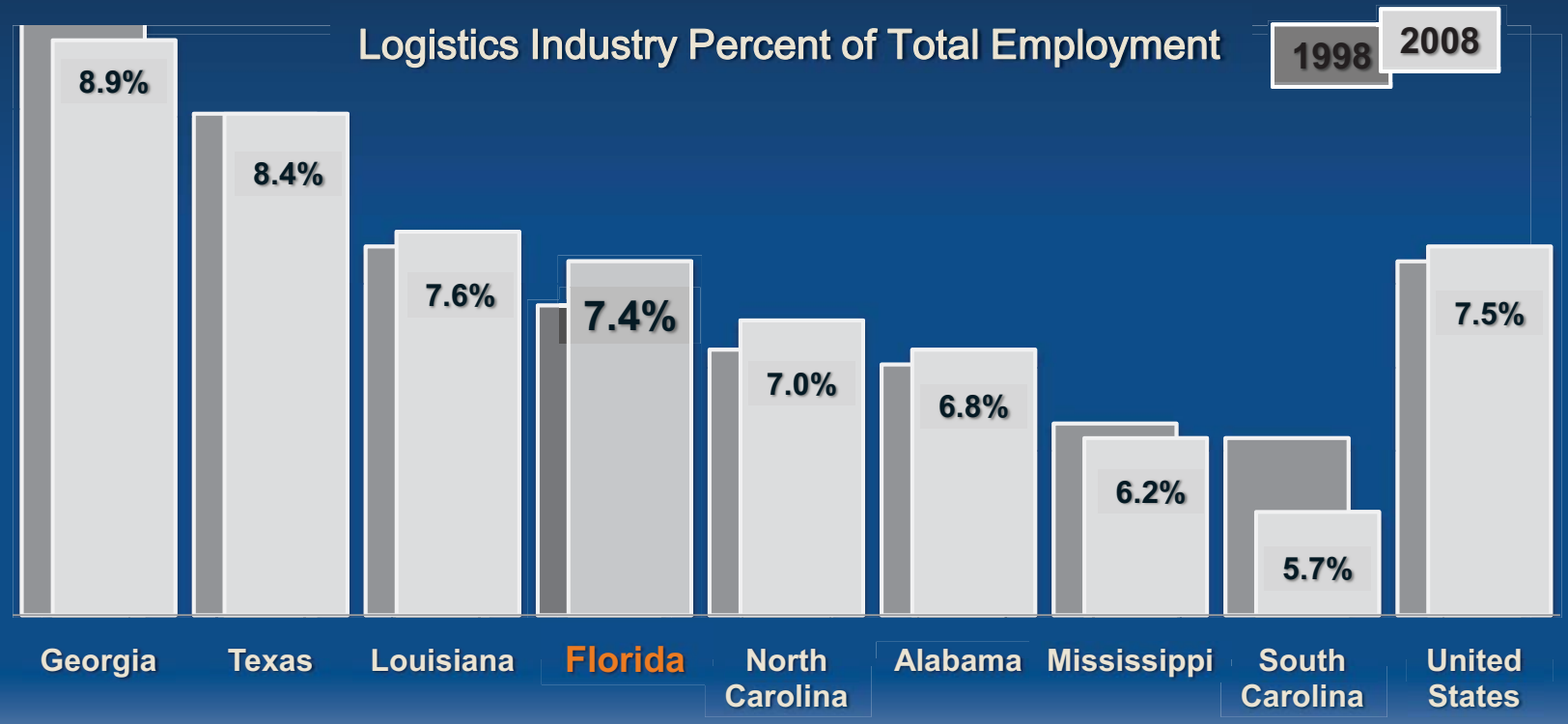


Source: America 2050

Why Focus on Trade?

Key Source of Higher Wage Jobs

- 570,000 direct jobs in trade and logistics in 2008
- Typical wage 29% higher than state average



Source: U.S. Bureau of Economic Analysis, 2008

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Florida's Future Trade Opportunities

- Capture larger share of Asian imports to Florida through Florida seaports
- Expand Florida origin exports
- Expand Florida's role as a global trade hub serving other states and nations

Florida's Competitiveness Today

Strengths

- Large consumer market (residents and visitors)
- Strategic location for N/S and E/W trade lanes
- Dominant position in Latin American and Caribbean trade
- Multimodal transportation infrastructure
- Extensive global ties

Weaknesses

- Imbalance of current trade flows
- Poor location for domestic distribution
- Limited penetration of Asian, European trade lanes
- Transportation system capacity
- Limited funding

SIX PILLARS OF FLORIDA'S FUTURE ECONOMY

How Do We Get There?

Sample Recommendations

Pillar	Recommendation
Talent Supply and Education	Expand capacity of Florida global logistics workforce and manufacturing workforce
Innovation and Economic Development	Identify global trade and logistics as statewide targeted industry
Infrastructure and Growth Leadership	Advance priority investments in trade gateways and corridors
Business Climate and Competitiveness	Reduce cost of doing business for logistics, distribution, manufacturing
Civic and Governance Systems	Strengthen regional trade planning and implementation
Quality of Life and Quality Places	Reduce impact of freight on Florida's communities and environment

Source: Florida Chamber Foundation, Florida Trade and Logistics Study, December 15, 2010

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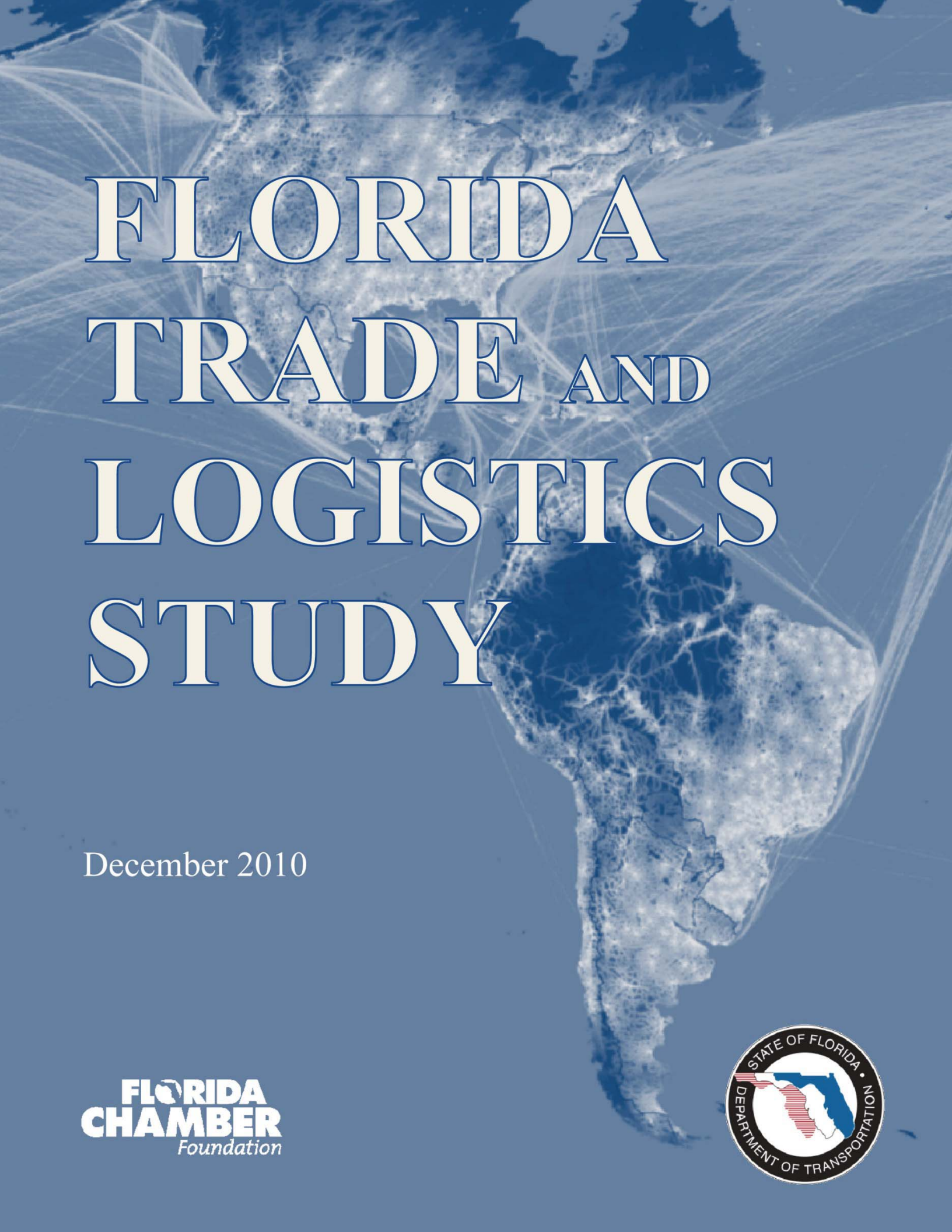

FLORIDA TRADE AND LOGISTICS STUDY

December 2010

FLORIDA CHAMBER Foundation

STATE OF FLORIDA • DEPARTMENT OF TRANSPORTATION

About the Florida Chamber Foundation

The Florida Chamber Foundation is a research organization and problem solver, working in partnership with state business leaders to advance and fund activities in public policy research that promote the future of Florida. Founded 42 years ago by the Florida Chamber of Commerce, the Foundation is a critical voice for improving the state's pro-business climate to enable Florida to grow and prosper. The Foundation produces innovative research, with long term results, by advancing public policy, research, and leadership development; promoting a statewide community; and, serving as a resource and catalyst for creative solutions to statewide challenges.

Supported by Foundation research, a clear vision for Florida was developed and a framework created to help move Florida forward. That vision set three simple goals: to achieve prosperity and high-paying jobs, to support vibrant communities, and to advance global competitiveness. The framework to accomplish this vision is known simply as the "Six Pillars." The product of years of collaboration and more than a million dollars in research, the Six Pillars identifies the critical factors determining Florida's future:

Talent Supply and Education

Innovation and Economic Development

Infrastructure and Growth Leadership

Business Climate and Competitiveness

Civic and Governance Systems

Quality of Life and Quality Places

The Six Pillars framework serves as an organizing force for strategic planning at the local, regional, and state levels. Its power is in the efficiency of harnessing disparate viewpoints into a common and consistent conversation. Building on the widespread adoption of the Six Pillars framework and previous Cornerstone research series, the Foundation's current objective is to develop a dynamic statewide strategic plan for Florida in 2030. This ongoing effort will require a commitment to measuring current status and progress toward stated goals. To this end, the Foundation offers a dynamic online tool – the Florida Scorecard (www.thefloridascorecard.com) – to track metrics within each of the Six Pillars.

To learn more about the Foundation and the vision for 2030, visit our web site at www.FLFoundation.org. If you would like copies of this report or more information, please contact:

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FLORIDA CHAMBER Foundation

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FLORIDA CHAMBER Foundation

Executive Summary

Florida faces a once-in-a-generation opportunity to transform its economy by becoming a global hub for trade, logistics, and export oriented manufacturing activities.

Florida has long been an important consumer market and a gateway for trade between the United States and Latin American and Caribbean nations. Over the next decade, several trends will position Florida for a larger, more commanding role as a trade hub:

- Florida is located in the fastest growing U.S. business and consumer market, the arc of southern states from Texas to Virginia.
- Florida also is located at the crossroads of growing north-south and east-west trade lanes, with access to more than 1.1 billion consumers in the Western Hemisphere by 2035.
- The widening of the Panama Canal, together with the growth in Latin American and Caribbean markets, will realign global trade lanes and increase flows through this region in the coming decades.

Trade, logistics, and distribution industries employed 570,000 Floridians in 2008, with an average wage nearly 30 percent higher than the average for all industries in the state. Including spinoff jobs in related industries, trade and logistics support about 1.7 million jobs in Florida, nearly 22 percent of employment in the state.

Florida faces three major opportunities to take advantage of these changing trade patterns to revitalize its economy. Florida can:

- Capture a larger share of the containerized imports originating in Asia and serving Florida businesses and consumers, about half of which enter the nation through seaports in other states today;
- Expand export markets for Florida businesses by filling these import containers with Florida goods and using more efficient logistics patterns to attract advanced manufacturing and other export related industries to Florida; and
- Emerge as a global hub for trade and investment, leveraging its location on north-south and east-west trade lanes to become a critical point for processing, assembly, and shipping of goods to markets throughout the eastern United States, Canada, the Caribbean, and Latin America.

If pursued together, these opportunities could support over 32,000 jobs annually in the trade and logistics sector and generate $3.3 billion in business sales, $2.1 billion in personal income, and $193 million in state and local tax revenues. If supporting economic development impacts are realized, these opportunities could create up to an additional 111,000 jobs in export oriented industries including advanced manufacturing and supply chain management, and generate an additional $18.2 billion in business sales, $5.8 billion in personal income, and $530 million in tax revenues. These opportunities would transform Florida's economy, adding world class strengths in trade, logistics, and advanced manufacturing to the state's traditional strengths in agriculture, tourism, and construction.

Future Opportunities

143,000
jobs

$21.5 billion
in business sales

$7.9 billion
in personal income

$723 million
in tax revenues

Summary of Critical Near Term Actions

Achieving this vision will require a coordinated effort involving economic development, transportation, land use, workforce, and related investments. Critical near term action is needed in the following areas:

1. **Support the leadership of the Governor as Florida's economic development officer** and trade ambassador to market Florida as a trade and logistics hub and to attract business investment to the state.

2. **Expedite plans to create at least one seaport with 50 feet of channel depth and with an on dock or near dock rail connection by 2014**, the scheduled completion of the Panama Canal expansion. This seaport would be able to serve as a first port of call for the largest container ships using the Panama Canal. The investment should be coordinated with a focused trade mission to help Florida pursue first call services from Asian container lines, as well as strategic investments in international distribution centers.

3. **Identify global trade and logistics as a statewide targeted industry and a focus area** for Enterprise Florida, Workforce Florida, the Florida Department of Transportation, and other state agencies. The state must strengthen existing marketing, incentives, and support services to meet the needs of this cluster.

4. **Continue efforts to double the value of Florida origin exports over the next five years** by pursuing opportunities to place Florida goods in the many containers and other vehicles which currently enter Florida full and leave empty.

5. **Identify investments needed to maintain and expand Miami International Airport's role as a global hub**, as well as the potential benefits of creating a second tier air cargo hub elsewhere in Florida.

6. **Advance planning for an integrated statewide network of trade gateways, logistics centers, and transportation corridors through Florida's Strategic Intermodal System.** The Florida Department of Transportation should work with partners to identify and address critical bottlenecks and connectivity gaps in this system.

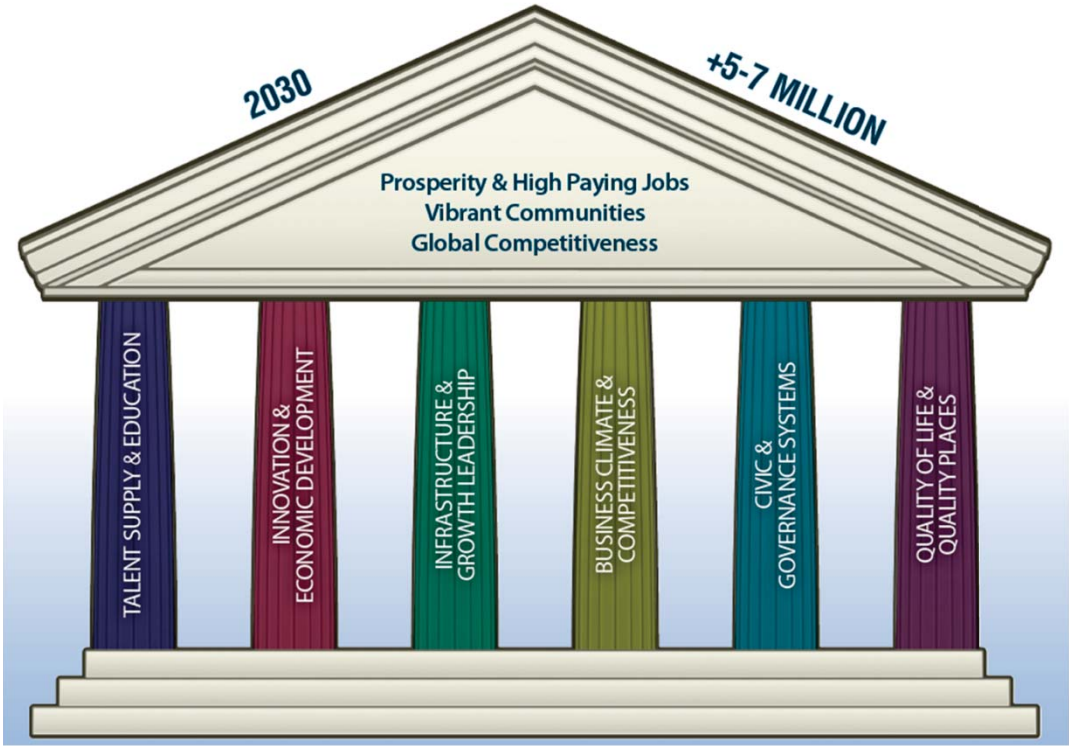
7. **Provide sufficient and reliable funding for future state investments in Florida's trade, transportation, and economic development systems.**

1.0 Introduction

Florida's economy is in a period of transition. Six decades of nearly uninterrupted growth have yielded to the state's deepest recession and first year of population loss since World War II. Florida faces significant economic challenges – yet its economic opportunities remain bright.

The Florida Chamber Foundation is leading a statewide initiative to develop an economic blueprint for the next two decades. This effort will position Florida for prosperity and high paying jobs, vibrant communities, and global competitiveness by focusing on the Six Pillars of Florida's future economy. A critical element is diversifying Florida's economic base and identifying new drivers of Florida's economy.

Six Pillars of Florida's Future Economy



At the same time, the Florida Department of Transportation over the past few years has worked closely with more than 80 statewide partners to update statewide plans covering the statewide Strategic Intermodal System, aviation, rail, and seaports, and to develop the 2060 Florida Transportation Plan, the state's first ever 50 year transportation policy framework. All of these initiatives pointed to the need to prepare for anticipated growth in domestic and international trade.

Building on these two initiatives, the Foundation convened a statewide partnership of public and private organizations to explore Florida's opportunities as a global hub for trade and logistics. In partnership with the Florida Department of Transportation, economic development organizations, and other statewide transportation and business stakeholders, the Foundation conducted a comprehensive study of trade flows and logistics in Florida.

The objectives of the Florida Trade and Logistics Study are to:

- Document existing and project future domestic and international trade flows to, from, and within Florida;
- Identify opportunities available to Florida to compete in the global marketplace; and
- Identify the strategies needed to take advantage of the most promising opportunities.

A committee of more than 29 partners representing all freight transportation modes, major shippers and receivers, economic development organizations, and landowners provided overall direction for the study. The Foundation commissioned Cambridge Systematics, Inc., with support from Martin Associates, Inc., to conduct the research. The research team:

- Developed a comprehensive database of freight flows to, from, and within Florida, covering both domestic and international trade and all transportation modes;
- Projected flows over the next 10, 25, and 50 years;
- Identified the economic value of flows using transportation and economic models which are industry standards in Florida and nationally; and,
- Conducted personal interviews with more than 75 shippers, receivers, trucking companies, railroads, airports, seaports, terminal operators, distribution centers, economic developers, landowners, and public agencies to document trends, identify issues and opportunities, and develop and assess strategies.

The study identifies global trade opportunities for Florida over the next few decades, and recommends statewide strategies to maximize these opportunities. The emphasis is on statewide opportunities and key ingredients for success, rather than on investments in specific regions or communities. This study intends to provide a coordinating framework for specific investments and recommendations included in plans such as the Florida Seaport Plan and Florida Rail Plan as well as other investments planned by private industry. Collectively, the strategies identified in this study would position Florida for growth in trade, logistics, and advanced manufacturing industries – supporting the statewide vision of prosperity and competitiveness in the 21st century.

FLORIDA CHAMBER Foundation

Florida Trade Growth

$4.3 billion
in 1960

$130 billion
in 2008

(constant 2009 dollars)

2.0 Global Trade Trends

As Florida's population and economy boomed during the 20th century, the ability of the state's waterways, railways, and roads to move people and goods between Florida and other states helped spread growth from the northern tier throughout the peninsula. Florida's agricultural and mining industries became major suppliers to markets nationwide and, over time, worldwide.

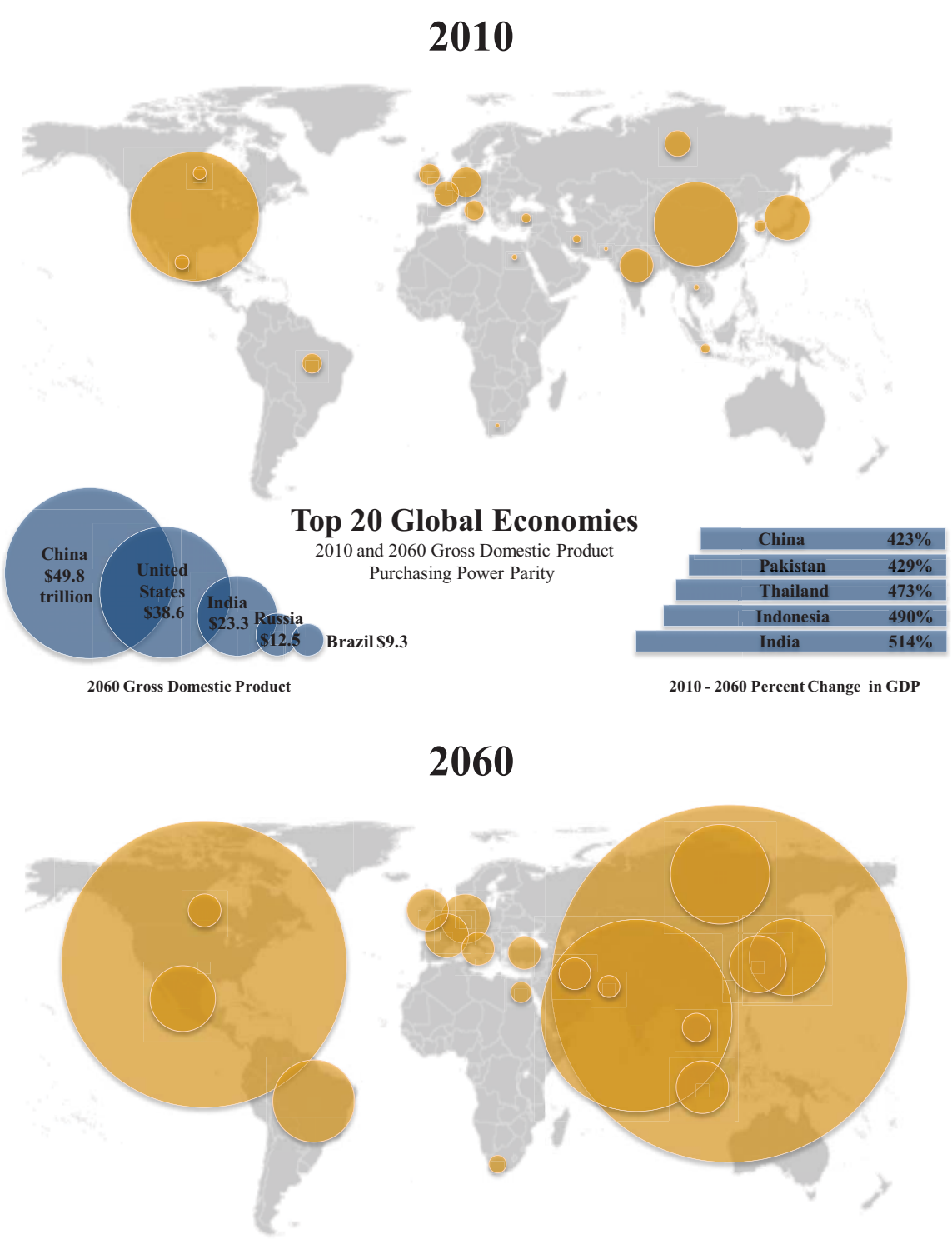
Following World War II, surplus military airfields became commercial airports, with Miami International Airport emerging as one of the world's largest air cargo hubs due to its many direct connections to Latin America and the Caribbean. Florida's major seaports expanded to accommodate rising trade, particularly between the United States and Latin America and the Caribbean. The value of global trade to and from Florida exploded from $4.3 billion in 1960 to a peak of $130 billion in 2008, before declining during the recession (both in constant 2009 dollars).[1] While past growth has been impressive, a new international era for Florida's economy will soon begin, driven by four key trends.

Shifting Global Economic Growth

The global economy is projected to grow about 3 percent annually during the next decade, slowing to 2.2 percent annually during the next 40 years. The global economy will double in size by 2040, and triple by 2060.[2] The United States accounts for about one quarter of worldwide economic output today, but its share will decline as growth accelerates in Asia and Latin America. China may overtake the United States as the world's largest economy, with India closing the gap. Central and South America, the Caribbean, Africa, and the Middle East also are expected to record strong growth.

Foreign markets represent both growth opportunities and competition for Florida businesses. During the next 50 years, over 80 percent of all worldwide economic growth will occur outside the United States. The value of trade worldwide rose from under $2 trillion in 1960 to $25 trillion in 2009 (adjusted to constant 2009 dollars); strong growth will continue through the next 50 years.[3] Because of their size, growth, and aggressive export strategies, China and other East Asian markets will dominate future global trade. As one example, eight seaports in China, Taiwan, and South Korea collectively plan to add capacity for an additional 40 million containers (measured in twenty-foot equivalent units, or TEU) by 2020.[4]

Figure 2.1 Major Global Economies, 2010 and 2060



Source: Cambridge Systematics, Inc. from International Monetary Fund data. Values in purchasing power parity, 2010 dollars.

Changing U.S. Economy

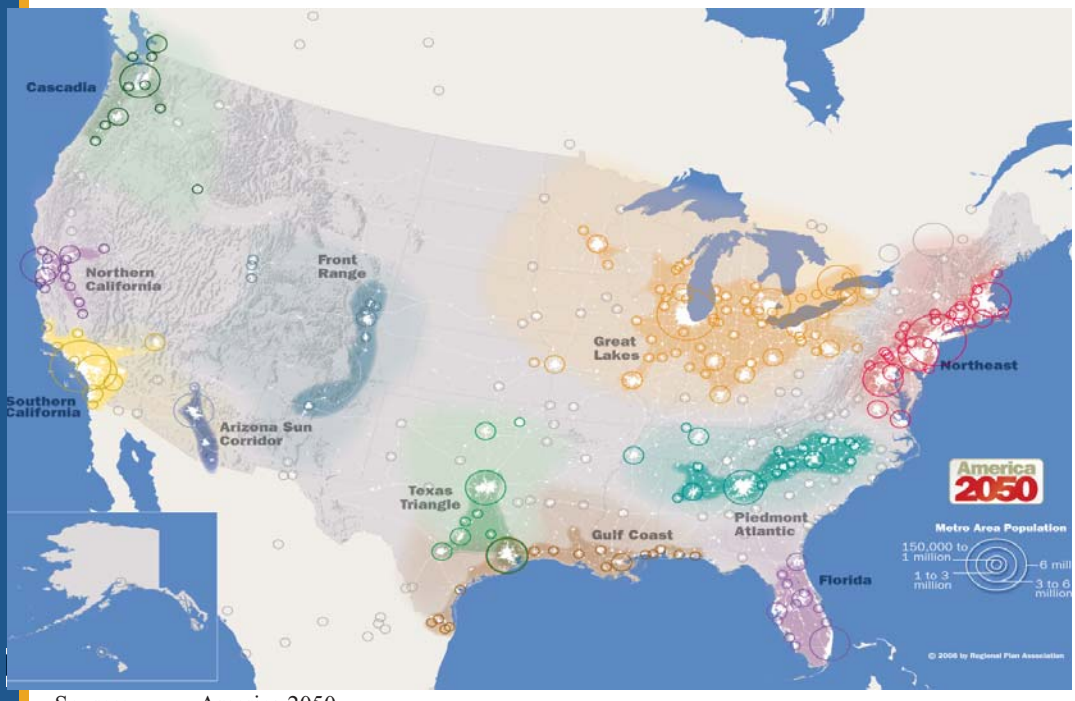
Following the recession, the U.S. gross domestic product is projected to grow about 2.3 percent per year through 2020, with slightly lower rates thereafter.[5] The demand for freight transportation will increase as the economy grows. Total U.S. freight volumes are projected to grow from 18.6 billion tons in 2007 to 27.1 billion tons in 2040, or about 1.2 percent per year. The value of freight will grow 2.7 percent per year during this period, reflecting more rapid growth in high value cargo typically carried in containers.[6]

The U.S. economy will continue its shift to services, information, and technology as key sources of jobs. Even with a decline in manufacturing jobs, productivity gains will increase manufacturing output and generate more freight. The United States will look to other nations as markets for agricultural and manufactured goods – particularly technology products – as well as sources of raw materials and basic manufactured goods.

Between the 1860s and the 1960s, international trade grew slowly, accounting for a relatively small portion of U.S. economic activity. After the 1960s, international trade grew, exceeding 24 percent of the U.S. economy today. The combined value of U.S. imports and exports is expected to quadruple by 2035, reaching 55 percent of gross domestic product.[7]

U.S. population and economic growth are continuing to shift to the south and west. The arc of southern states from Texas to Virginia accounts for 36 percent of U.S. population today, and is expected to account for about one half of all growth during the next 50 years.[8] The U.S. economy is increasingly driven by 10 to 12 megaregions of interconnected urban areas, with four megaregions located in the south (Figure 2.2). This region will become a more significant producer and consumer of trade in the future.

Figure 2.2 Emerging U.S. Megaregions



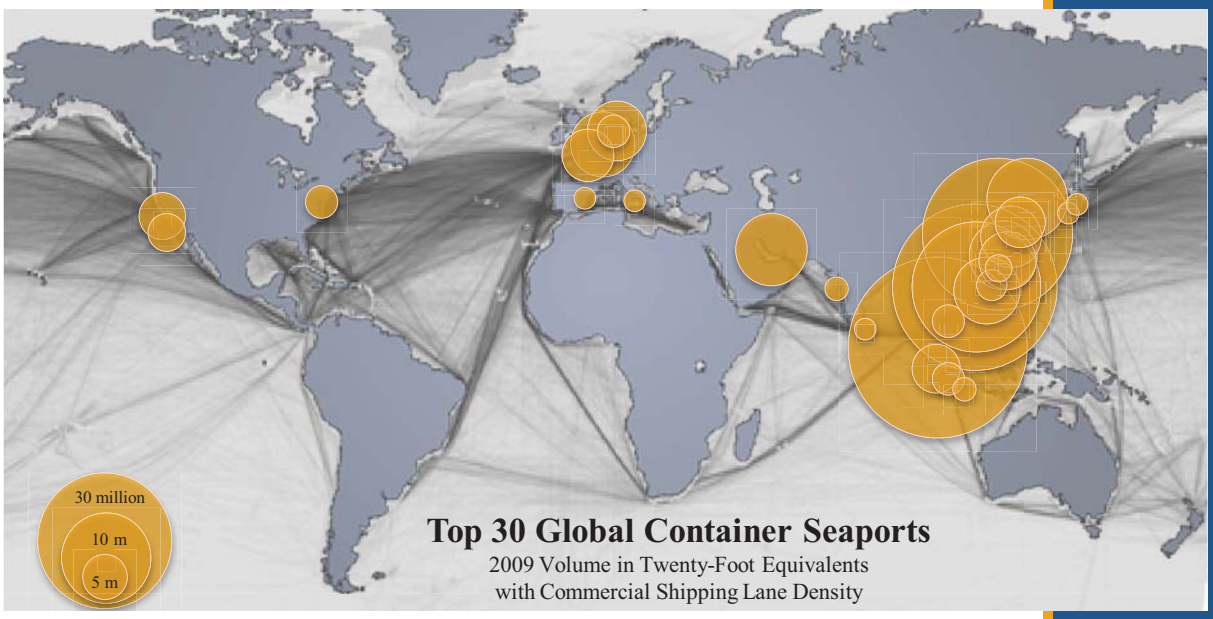
Source: America 2050.

Changing Global Trade Lanes

Historically, the major trade flows to and from the United States have been over the surface borders with Canada and Mexico, across the Atlantic Ocean with Europe, and across the Pacific Ocean with Asia (Figure 2.3). These trade patterns are rapidly realigning in response to several trends:

- Strong population and economic growth in the southern United States is drawing more trade to this region;
- A series of labor disputes and rail service disruptions, along with rising congestion, increased costs, more stringent environmental policies, and increasing security concerns have prompted steamship lines to reduce reliance on Pacific Coast seaports and spread cargo to the Atlantic and Gulf Coasts;
- The widening of the Panama Canal will reduce ocean carrier costs and the time associated with an all water route between east Asia and the U.S. Atlantic and Gulf Coasts;
- Increased production and export activity in India – which today accounts for only a fraction of U.S. imports – and other parts of south and southeast Asia may favor trade lanes to the eastern United States through the Suez Canal;
- More stable economic growth and a shift in low cost production to eastern and southern Africa is creating new trade lanes across the south Atlantic Ocean; and
- Continued growth among Florida's traditional trading partners in Latin America and the Caribbean, and the potential reopening of relations with Cuba, will increase north-south trade through the Atlantic Ocean, Caribbean Sea, and Gulf of Mexico.

Figure 2.3 Global Shipping Lanes and Gateways



Source: Container volume from American Association of Port Authorities, 2009. Commercial shipping activity from National Center for Ecological Analysis and Synthesis.

Panama Canal Expansion: Implications for Florida

The expansion of the Panama Canal, which is planned for completion by the Canal's 100th anniversary in 2014, will reshape trade flows worldwide. Because trade with China has become the single largest driver of U.S. waterborne container volumes, and because the Panama Canal is a key route for China-U.S. trade, its expansion is critical.

The Canal's current dimensions allow passage of container ships with up to 4,400 TEU, known as Panamax vessels. The expansion will accommodate larger, post-Panamax vessels carrying up to 12,600 TEU, which require 50 feet of draft in fresh water (equivalent to 48 feet in salt water).[9] Industry estimates suggest post-Panamax vessels account for about 30 percent of all ships today, but a large majority of all ships on order. Over 150 post-Panamax ships currently call on west coast seaports, and some can be redirected to the Panama Canal route if their owners believe the overall economics warrant the change.[10]

Even with the Canal's current dimensions, there has been a noticeable increase in all water services between East Asia and the U.S. Atlantic and Gulf Coasts. All water services are replacing traditional services with U.S. Pacific Coast seaports and cross country intermodal rail shipments. In 2006, the transpacific route accounted for 75 percent of Asian imports to the United States, with an average shipping time of 18.3 days. The Panama Canal route accounted for 19 percent of Asian imports and an average time of 21.6 days.[11] The Canal widening will reduce costs and time by enabling larger ships and reducing congestion at the locks, making Asian service to the Gulf or Atlantic Coast seaports competitive with service to the Pacific Coast and a transcontinental rail shipment. Ocean carriers may choose to share their cost reductions with shippers to increase volumes through the Canal route, but this will be balanced against reducing volumes in their existing East Asia to the west coast routes.

Seaports desiring to serve the largest ships transiting the Canal must provide navigation channels with 50 feet of depth. Only one U.S. Atlantic Coast seaport, Norfolk, has at least 50 foot depth for both its channel and berths today (Table 2.1).[12] Miami and New York have federal authorization to reach this depth but need funding to complete their projects. Plans to deepen harbors and channels at Port Everglades, Savannah, Jacksonville, and Charleston are in various stages of review and study by the U.S. Army Corps of Engineers.

Some Panama Canal traffic may be on smaller ships, or may be transloaded through seaports in Panama and the Caribbean, so U.S. seaports offering less than 50 feet of depth also will benefit from Panama Canal traffic. Larger container ports will continue to focus on developing container trade with Asia; midsize and developing container ports will pursue regional carriers as well as Asian feeder service. Growth in non-China container trade, and in general cargo and bulk commodity trade, also is expected. The factors driving seaport selection today – terminal capacity, efficiency, and operating costs; proximity to customers, markets, and distribution centers; and landside truck and rail services and infrastructure – will continue to play a key role in determining which seaports attract and retain the greatest share of traffic.

Table 2.1 Depth of U.S. Atlantic and Gulf Coast Seaports

Seaport	Current Depth	Planned Depth
Freeport, TX	45’	55’
Norfolk/Hampton, VA	50’	55’
Corpus Christi, TX	45’	52’
New York, NY – *Underway*	45-50’	50’
Baltimore, MD	50’	50’
Miami, FL – Authorized	42’	50’
Everglades, FL	42’	50’
Boston, MA	40’	48’
Savannah, GA	42’	48’
Charleston, SC	45’	45’ +
Jacksonville, FL	40’	45’ +
Mobile, AL	45’	45’
Delaware River, DE/PA/NJ	40’	45’
Galveston-Houston, TX	40’	45’
Sabine Naches, TX	40-42’	42-48’
Tampa, FL	43’	43’
Manatee, FL	40’	40’
New Orleans, LA	40’	40’

Source: Martin Associates, Inc.

Changing Logistics Patterns

The ultimate goal of most logistics decisions is to move goods to the final customer on time and in perfect condition. Several trends have made logistics processes more efficient during the past few decades:

- A revolution in technology and practices including just-in-time inventory and quick response and on demand supply chain management;
- Introduction of double stack rail service and larger trucks, ships, and planes;
- Completion of the Interstate highway system; and
- Deregulation of the U.S. freight industry.

As a percentage of U.S. gross domestic product, total logistics costs declined steadily, from 16 percent in 1981 to under 9 percent by 2002 and an all time low of 7.7 percent in 2009.[13]

As the economy recovers, volatile fuel prices, rising congestion, and increasing security and environmental costs will increase pressure on logistics costs. Shippers and carriers will likely respond by streamlining operations; providing more flexibility and redundancy on critical links in the supply chain to guard against disruption; and developing more point-to-point supply chains and regional distribution centers in states like Florida to avoid congestion at major international gateways such as Los Angeles and New York and at large domestic freight hubs such as Chicago. Increasing wages in China and other Asian markets, together with higher transportation and fuel costs and a desire to “green” supply chains, may refocus some supply chains into the Western Hemisphere.

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What Are Other States Doing?

Many of Florida's competitors are preparing for growth in international and domestic trade.

Alabama – The Alabama State Port Authority is improving marine terminals, intermodal rail yards, warehouse infrastructure, and intermodal connections to help the Port of Mobile expand its activities. A new privately developed container terminal at Choctaw Point has increased the port's capacity. The port is served by six Class I railroads and is improving these connections. Companies which locate or expand operations on Port Authority property are eligible for a corporate income tax credit calculated at five percent of capital costs of the project for up to 20 years. The Alabama Industrial Development Training program provides on-site training for newly hired and incumbent workers in targeted industries.

Georgia – The Georgia Ports Authority has made significant investments in its seaports over the last few decades. The Port of Savannah is studying the deepening of the Savannah River to 48 feet. A decision on federal authorization is anticipated in 2011. Savannah aggressively expanded container facilities during the past decade and supported extensive distribution center development. The Georgia Ports Authority has attracted 19 distribution centers totaling 15 million square feet. Georgia and South Carolina are exploring a new container port facility at Jasper Island. The Georgia Department of Transportation is leading development of a statewide freight and logistics plan and studying the feasibility of truck only lanes serving the ports. The Georgia Port Authority Tax Bonus is available to industries locating or expanding in the state and using Georgia's ports.

Kansas/Missouri – The states of Kansas and Missouri are two of several partners supporting the development of the Kansas City SmartPort, which promotes and enhances the 18 county, bistate Kansas City region's potential as a leading North American logistics hub. The SmartPort focuses on three key activities: economic development, trade data exchange, and business services. The SmartPort is intended to be a major hub for rail, trucking, and air cargo activity for domestic and international products. Partners include the Greater Kansas City Chamber of Commerce, the Kansas City Area Development Council, and the Mid-America Regional Council.

Michigan – Several communities from Detroit to Ann Arbor are targeting growth of air cargo-related industries, drawing upon the many transcontinental flights which hub through Detroit. The Detroit Regional Aerotropolis will coordinate and market investments over a 60,000 acre region to attract trade and international business. The Next Michigan Development Act empowers regional economic development entities with incentives to attract businesses to the state, including the aerotropolis. In addition, the state is working on ongoing improvements to international border crossings, including a new bridge to Canada.

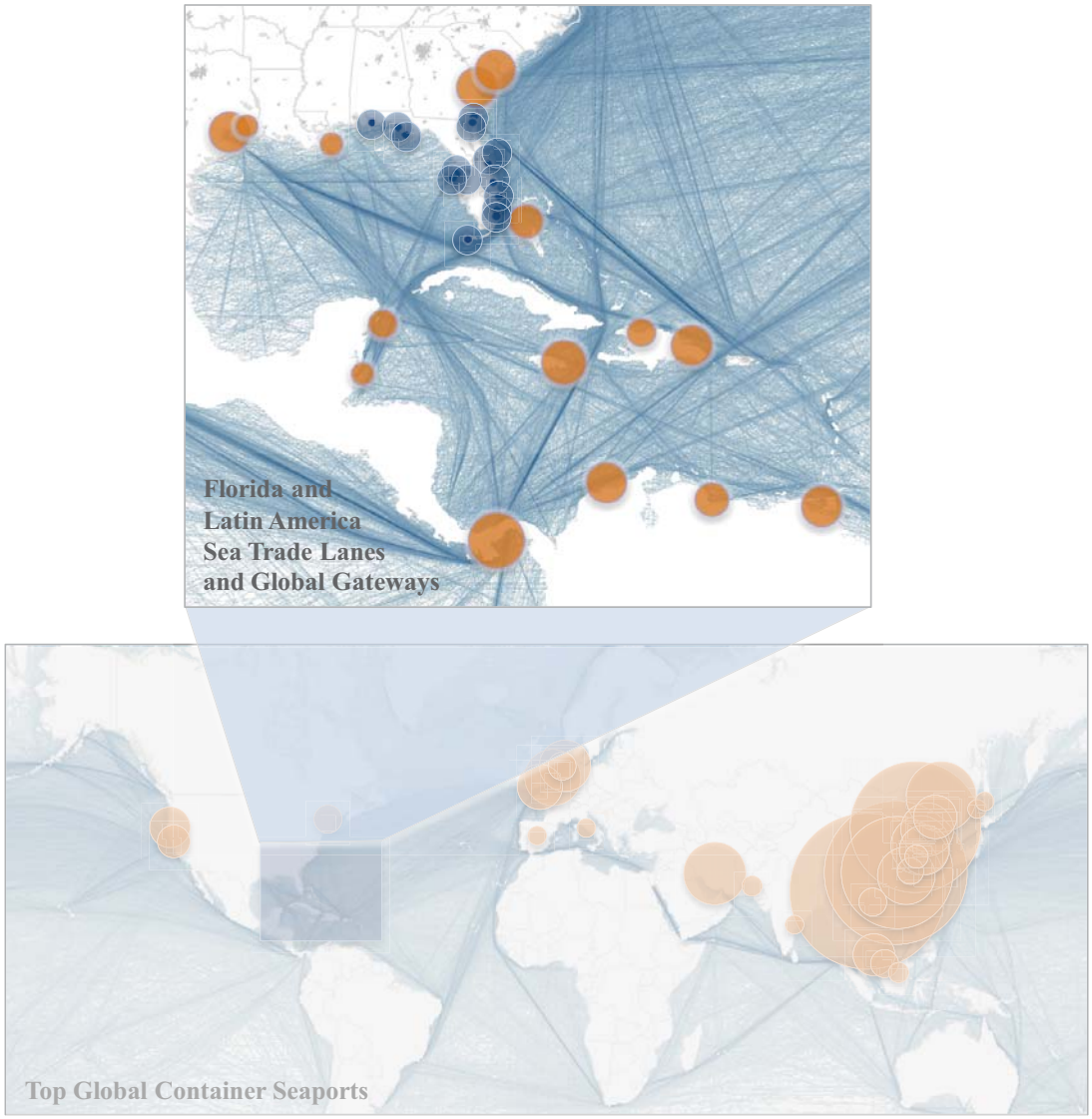
Texas – Texas has a history of investing in its trade and transportation infrastructure, including recent investments in seaports, inland ports, border crossings, and highway, rail, and waterway trade corridors. The Port of Houston Authority has expanded facilities at Bayport and Barbours Cut. The Bayport facility has capacity for 2.3 million TEU. Through partnerships with the Texas Department of Transportation (TxDOT) and Harris County, the port has modernized and continues to improve highway and rail access. Alliance is home to one of the most successful combinations of manufacturing and transportation facilities in the U.S, which provides Class I rail service, air cargo service, and highway access to major manufacturers and regional and national shippers. TxDOT continues to make targeted improvements to major trade corridors, including Interstate 35 and the planned extension of Interstate 69 from Indianapolis to Laredo. In addition, TxDOT is also leading the development of border master plans in El Paso and Laredo to facilitate international trade.

Virginia – Virginia has invested significantly in its transportation and logistics infrastructure. The Port of Virginia, with harbor depth exceeding 50 feet, has deepened one berth to 50 feet and is planning to deepen others. A private container terminal has opened in Portsmouth and the port is planning a massive new container terminal at Craney Island. In addition, the Virginia Inland Port near Front Royal provides an inland distribution hub to connect the port to markets in Virginia and other states throughout the mid Atlantic region with service from Norfolk Southern Railroad. Norfolk Southern has partnered with federal and state entities through the Heartland Corridor to raise tunnel clearances, allowing operation of double-stack service from Norfolk to Chicago.

Implications for Florida

Together, these trends will reshape global trade flows, creating opportunities for Florida and other southeast states not seen since the Panama Canal opened 100 years ago. Florida is located in the fastest growing U.S. business and consumer market in the arc of southern states from Texas to Virgina. Florida also is located at the crossroads of growing north-south and east-west trade lanes, with access to more than 1.1 billion consumers in the Western Hemisphere by 2035. The widening of the Panama Canal, together with the growth in Latin American and Caribbean markets, creates the opportunity for an additional global trade hub, comparable in function to the major nodes in the western United States, western Europe, the Middle East, and east Asia (Figure 2.4).

Figure 2.4 Emerging Opportunities for Florida



Source: American Association of Port Authorities. Center for Ecological Analysis and Synthesis.

3.0 Trade and Logistics in Florida

Florida Trade Flows Today

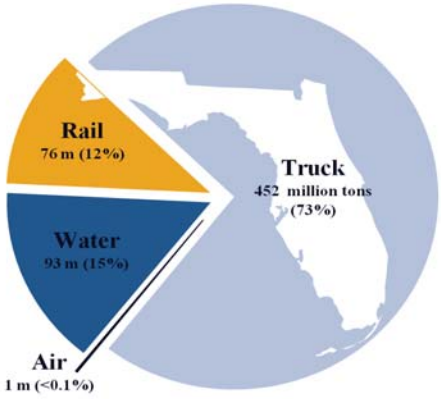
Figure 3.1 Total Freight Flows to, from, and within Florida, 2009

Source: Florida Trade Flow database, prepared by Martin Associates Inc. Includes both domestic and international shipments.

Domestic and international trade flows in Florida are large and growing. They support a sizable share of the state's economy and create significant transportation impacts. Domestic and international trade flows to, from, and within Florida are estimated at about 623 million tons in 2009, or about 33 tons per resident.[14] Of this total, more than one half (328 million tons) originated and terminated within the state of Florida; these are shipments of raw materials and intermediate goods, as well as shipments from distribution centers to retail stores. About one third of the total, or 188 million tons, are imports from other nations and states to businesses and consumers in Florida. The remaining 107 million tons are exports produced in Florida and shipped to other states or nations (Figure 3.1).

Trucking is the dominant form of goods movement, accounting for more than 73 percent of all tonnage; most freight trips use a truck at some point in their journey (Figure 3.2). Water accounts for about 15 percent of all freight flows, followed by rail at 12 percent. Air accounts for less than 1 percent by volume, but a significant share of high value goods. This distribution across modes reflects the diversity of Florida's intermodal transportation system.

Figure 3.2 Total Freight Flows by Mode, 2009 (in millions of tons)



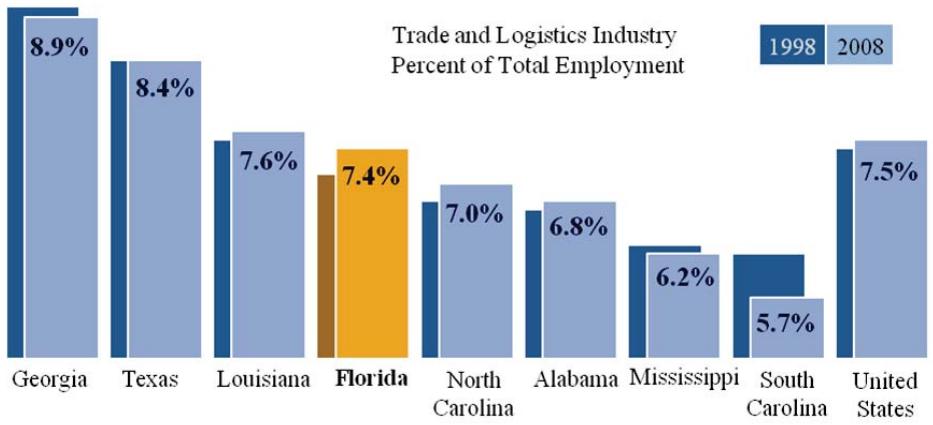
Source: Florida Trade Flow database, prepared by Martin Associates Inc. Includes both domestic and international shipments.

- **Trucking** – Internal movements with both origin and destination in Florida account for 65 percent of tonnage handled by trucks; 19 percent are inbound; and 16 percent are outbound. Outbound flows of aggregates and phosphates help balance total trucking tonnage; for containerized cargo, inbound trucking flows exceed outbound flows by a wide margin.
- **Water**– Inbound movements account for 62 percent of international water tonnage; 38 percent are outbound.[15]
- **Rail** – Internal movements account for 41 percent of rail tonnage; 44 percent are inbound; and 15 percent are outbound.
- **Air** – Inbound movements account for 70 percent of domestic air movements; 30 percent are outbound.[16]

Florida Trade and Logistics Industry

Employment in trade, logistics, and warehousing totaled 570,000 people in 2008. This represented 7.4 percent of all jobs in Florida, up from 7 percent in 1998 (Figure 3.3). The average wage in these industries was $53,970, about 29 percent higher than the average for all jobs in the state.[17] The trade and logistics cluster's share of total jobs is about the same as the national average, suggesting the industry is not a major platform for serving other states. Georgia and Texas are examples of southern states which have been more successful than Florida at growing logistics as part of their economy (see box on pages 11-12).

Figure 3.3 Trade and Logistics Jobs by State



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Each job in Florida's trade and logistics cluster supports about two other jobs in the state's economy. These include jobs in industries which supply goods and services to the trade and logistics cluster (such as fuel, packaging, and specialized legal and financial services), as well as jobs in retail and other industries which benefit from consumer spending by employees in these direct and secondary jobs. Including these multiplier effects, the trade and logistics cluster supports about 1.7 million jobs in Florida, nearly 22 percent of total employment in the state.[18]

Trade and logistics flows also help create a favorable environment for other industries which rely on freight as input to their products and services. Key Florida industries such as agriculture, mining, energy, manufacturing, construction, retail, and tourism require efficient and reliable flows of raw materials or intermediate or final goods to meet customer needs. These industries account for 37 percent of all jobs in the state.[19]

Future Florida Trade Flows

Domestic and international trade flows are expected to grow significantly during the next decade and through the year 2060. The key drivers of this growth are:

- Projected growth in Florida's population from 18.8 million residents in 2009 to 21.4 million in 2020 and 33.5 million in 2060;[20]

- Projected growth in Florida's gross domestic product from $740 billion in 2008 to $950 billion in 2020 and over $2 trillion in 2060 (all measured in constant 2009 dollars);[21]
- Continued growth in the global economy, including strong growth in east and south Asia, Latin America, the Caribbean, Africa, and the Middle East; and
- Shifting trade lanes, particularly following the Panama Canal widening and increased use of the Suez Canal.

For all modes, intermodal cargo or containerized cargo, which typically includes high-technology products and consumer goods, is anticipated to experience high growth due to the ongoing containerization and globalization of trade (Table 3.1). Break bulk or general cargo is anticipated to experience moderate to high growth for all modes except rail. Bulk cargo, which includes coal, grain, petroleum, chemicals, and similar products, is anticipated to experience low growth.

Table 3.1 Projected Florida Trade by Mode and Cargo Type

Mode	Traffic Type	2010 Tons (Millions)	2035 Tons (Millions)	Annual Growth Rate
Truck	Bulk	223.4	259.7	0.6%
	Break Bulk	133.4	190.7	1.4%
	Intermodal	95.5	192.7	2.9%
	Total	*452.3*	*643.0*	*1.4%*
International Water	Bulk	25.2	36.7	1.5%
	Break Bulk	4.1	5.8	1.4%
	Intermodal	16.1	28.9	2.4%
	Total	*45.4*	*71.4*	*1.8%*
Rail	Bulk	57.5	51.1	-0.5%[a]
	Break Bulk	7.9	8.4	0.3%
	Intermodal	10.5	20.7	2.7%
	Total	*75.0*	*80.2*	*0.2%*
Air	International	0.8	1.9	3.6%
	Domestic	0.3	0.4	1.5%
	Total	*1.1*	*2.3*	*3.0%*

Source: Florida Trade Flow database, prepared by Martin Associates Inc. Includes both domestic and international shipments for all modes except water.

[a] Bulk rail tonnage is projected to decline due to reduction in phosphates production in West Central Florida.

4.0 Florida's Opportunities

Florida's Competitive Position

Florida enjoys many competitive strengths in trade and logistics, but also faces significant challenges.

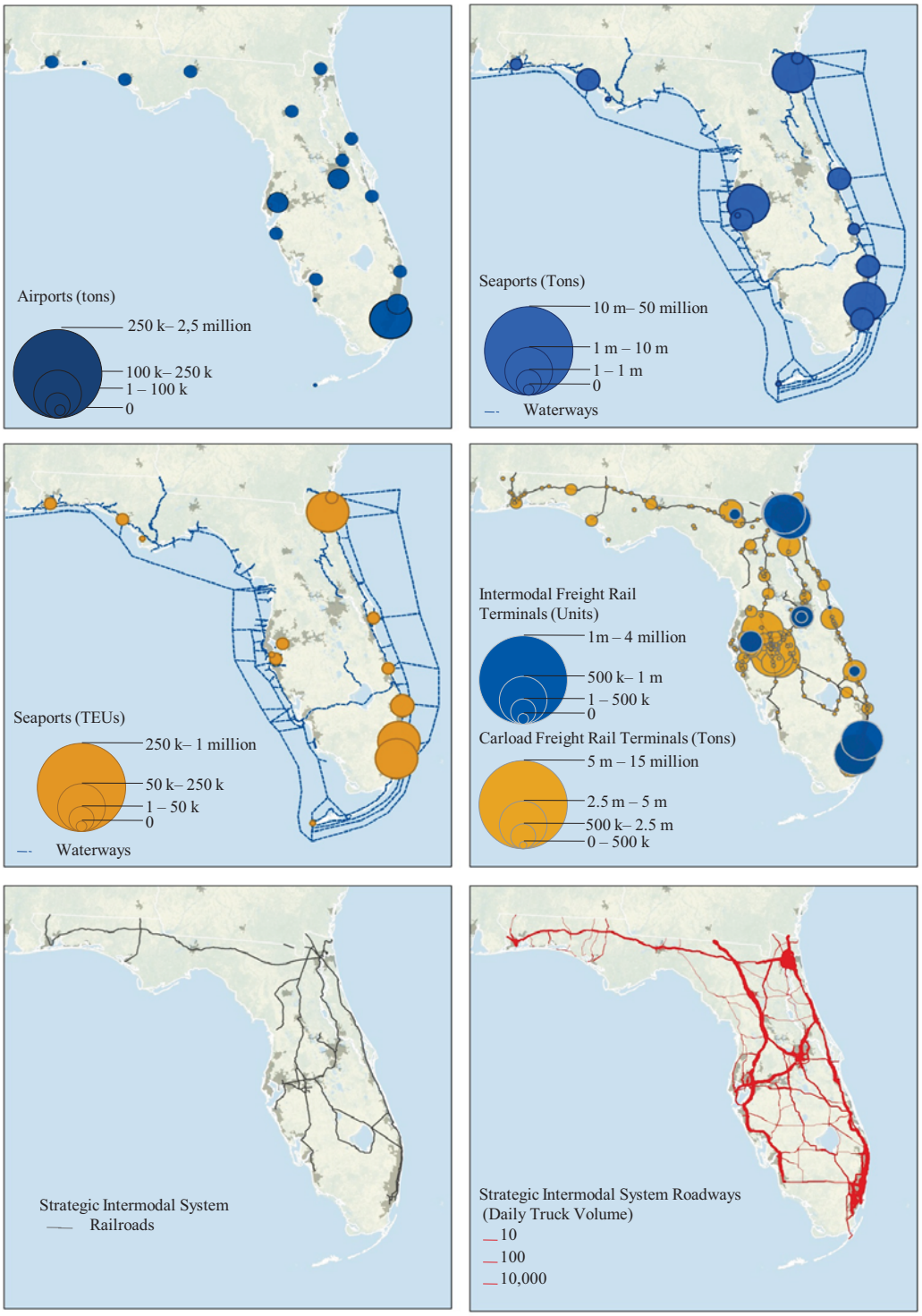
Strengths

- **Large consumer market.** Florida's population, nearly 19 million residents in 2009, will soon rank 3rd among the states. Florida also hosts more than 81 million out of state visitors each year, another large market for consumer goods.
- **Strategic location.** Florida is located near the intersection of growing east-west and north-south trade lanes. This location has allowed Florida to establish a dominant position for north-south trade, accounting for more than 25 percent of the value of all U.S. trade with the Caribbean, and more than 35 percent with Central and South America. These well established trade lanes are a critical foundation for Florida trade.
- **Transportation infrastructure.** Florida's extensive transportation system moves freight to, from, and within the state. The system includes (Figure 4.1):[22]
  - 21 commercial service airports, including the Miami International Airport, which ranked 12th worldwide (and 4th in the United States) for cargo volumes in 2009;
  - The nation's largest commercial spaceport at Cape Canaveral (and newly licensed spaceport under development at Cecil Field near Jacksonville), which position Florida for future growth in the emerging commercial space industry;
  - 14 deepwater seaports, including 4 of the nation's 25 largest container seaports;
  - More than 1,540 miles of navigable waterways, including the Atlantic and Gulf Intracoastal Waterways and major inland waterways including the Escambia, Miami, and St. Johns' Rivers;
  - Nearly 2,800 miles of rail lines, with 48 large freight rail terminals (those handling at least 500,000 tons per year), including 9 intermodal freight rail terminals; and
  - More than 12,000 centerline miles of State Highways, of which nearly one third are designated as part of Florida's Strategic Intermodal System.
- **Extensive global ties.** Florida's population is one of the most diverse among the states, with a large percentage of residents who are foreign born or have cultural ties to other nations, especially Latin America and the Caribbean. The large tourism industry—including 5 million overseas

Florida provides shippers with access to the largest and fastest growing region of the United States, the arc of southern states from Virginia to Texas.

visitors each year – is an ongoing source of consumers and business leaders worldwide familiar with Florida products. Florida has developed an extensive network of support services to help connect businesses to global markets. These include 20 foreign trade zones, consulates representing 80 nations, and specialized expertise in international law, finance, and logistics.

Figure 4.1 Florida's Freight Transportation System



Source: Florida Department of Transportation.

Challenges

- **Imbalance of trade flows.** The combination of a large consumer market and a small manufacturing base create an imbalance of trade flows. The trade flow analysis indicate inbound freight tonnage (from other states or nations) is nearly 80 percent larger than outbound freight tonnage. This suggests nearly one half of all trucks, rail cars, ships, and cargo planes which bring goods to Florida return empty – adding to the cost of delivering goods in the state.[23]
- **Poor location for domestic distribution.** Florida traditionally has been a poor location for distributing goods to other parts of the United States because of its location on a peninsula in the southeast corner of the nation. For example, when traveling 500 miles by highway, 27 percent of the U.S. population is reachable from Atlanta, but only 14 percent from Orlando. When traveling 1,000 miles by rail, 74 percent of the U.S. population is reachable from Atlanta, but only 29 percent from Orlando. This poor domestic location has reinforced the small size of Florida's manufacturing industry.
- **Limited penetration of Asian and European trade lanes.** Despite its large size, Florida remains a small player in U.S. trade with Asia and Europe. Florida accounts for less than 5 percent of U.S. trade by value with Europe and Asia, as well as Canada and Mexico, which tend to use the surface border with the United States.
- **Transportation system capacity.** Florida's seaports must deepen channels, expand terminals, and improve road and rail connections to accommodate growth in freight and passenger flows. Air passenger and cargo travel may exceed available capacity at Florida's airports by 2060, unless significant investments are made. The freight rail system does not currently serve all regions of the state, and available rail capacity may not be sufficient for a significant increase in intermodal freight volumes as well as planned expansion of passenger rail service. Most major urban and interregional highway corridors will likely be heavily congested during peak periods by 2035, even after planned investments are made.
- **Limited funding**. Public sector funding for transportation and economic development at the state, regional, and local levels in Florida remains constrained. Economic development funding traditionally has been smaller as a percentage of gross state product than competitor states, and funding levels are not predictable from year to year. Available transportation funding will not be sufficient to pay for all needed transportation capacity improvements, and the funding gap is likely to grow as demand increases.

FLORIDA CHAMBER Foundation

Nearly half of the trucks, rail cars, ships, and cargo planes bound for Florida return empty – adding to the cost of delivering goods in the state.

FLORIDA CHAMBER Foundation

Future Opportunities

Florida is well positioned to significantly expand its role in domestic and international trade and logistics. Florida has three major opportunities to enhance its competitive position.

1. Maximize Florida's Ability to Serve its Businesses and Consumers through Florida Gateways

A significant share of international imports destined for Florida markets do not enter the state through Florida trade gateways – rather, they enter the country through seaports and airports in other states, and then move to Florida via truck or rail. Likewise, a large share of the international exports produced by Florida businesses do not exit the state through Florida gateways. Other states are generating jobs and economic activity by importing/exporting, consolidating/deconsolidating, and otherwise managing and adding value to the flow of goods destined for (or produced in) Florida. Florida has an immediate opportunity to expand trade and logistics activity simply by capturing cargo ultimately consumed or generated in Florida.

The key opportunity is to capture a larger share of imported containers, particularly Asian cargo consumed in Florida but moving via other seaports. In 2009, Florida seaports handled 55 percent of the containerized waterborne imports ultimately consumed in Florida – 38 percent of containerized cargo originating in Asia, and 70 percent of cargo originating in other continents. This represents a loss of 1.4 million tons of Asian cargo and 0.9 million tons of non-Asian cargo to other states in that year. Of the Asian imported cargo moving through seaports and then directly to market in Florida, 38 percent entered the United States through a Florida seaport, 36 percent through Los Angeles/Long Beach, 13 percent through Savannah, and 4 percent through New York/ New Jersey.[24] These seaports also are key competitors for non-Asian cargo.

Of containerized imports from Asia arriving via a seaport and moving directly to market…

38 percent enter through Florida seaports…

36 percent through Los Angeles…

13 percent though Savannah…

4 percent through New York.

In addition, an estimated 8.8 million tons of cargo enter the United States through seaports in other states, are consolidated through distribution centers in other states, and then move via truck to Florida for final consumption. Major distribution center regions serving Florida include Atlanta, New Orleans, and Memphis.

In total, the volume of imports handled through other states' seaports and consumed in Florida is more than 11 million tons – equivalent to about 12 percent of all waterborne freight in Florida today. This represents about 1.3 million fully loaded containers and about 3.1 million total containers including exports and empty containers. Capturing all of this import flow (and associated returns) directly through Florida seaports essentially would double the total number of containers moving through Florida's system.

The study analyzed the transportation and logistics costs involved in moving an imported container from Hong Kong to distribution centers located in northeast, central, or southeast Florida via three paths for entering the United States: Florida seaports, the Port of Savannah, and the Port of Los Angeles/Long Beach (Table 4.1) The cost of moving an imported container from Hong Kong into via a direct all water service, to a Florida seaport, to a Florida distribution center is

estimated at about $3,000 for a 40 foot container. In contrast, the cost of routing the container from Hong Kong, to the Port of Los Angeles, and then via a cross country intermodal rail trip into Florida is currently about $3,200 to $3,500 per container, depending on the final destination in Florida. This suggests all water direct services from Hong Kong to Florida seaports could compete on a cost basis with the Pacific Coast routings. A direct all water service to Florida also would be cost competitive with an all water service to the Port of Savannah, followed by a truck or rail trip from Savannah to Florida.

Table 4.1 Estimated Cost of Moving a Container from Hong Kong to Serve the Florida Import Market, using Alternative Ports of Entry and Florida Distribution Center Locations

Distribution Center Location	Port of Entry to United States			Cost Savings for Florida Seaport Compared to	
	Florida	Savannah	Los Angeles	Savannah	Los Angeles
Northeast Florida	$3,090	$3,345	$3,170	8%	3%
I-4 Corridor	$2,994	$3,521	$3,156	15%	5%
Southeast Florida	$2,974	$3,588	$3,579	17%	17%

Source: Martin Associates Inc.[25]

To capture this opportunity, the Florida seaports must aggressively demonstrate these potential cost savings to Florida importers, including major import distribution centers, as well as to ocean carriers considering all water services (Figure 4.2). A focused effort could shift trade flows, so the majority of imports flow through Florida seaports and only specific niches flow through other states. Expanding import volumes may create significant economies of scale to reduce overall logistics costs, which would facilitate greater exports as well as expansion of Florida's role as a gateway and hub for multiple types of trade flows.

The study modeled the impacts of capturing 25 and 50 percent of the 1.2 million TEUs originating in Asia and consumed in Florida but imported via non-Florida seaports. A 50 percent capture rate would create an additional 4,600 jobs, including those directly handling these containers as well as spinoff jobs in related logistics industries and other jobs created by additional consumer spending of the trade workers.[26]

This would result in about $345 million in personal income statewide and about $32 million in state and local tax revenues. This estimate does not include the impacts of returning empty containers or, preferably, exporting Florida goods in these containers. This estimate also does not include the benefits of more efficient logistics patterns and lower delivery costs on business productivity and consumer budgets. This scenario also would shift truck and rail flows from long distance interstate corridors to shorter regional routes, which could improve the overall efficiency and reliability of the transportation system, and reduce associated energy consumption and emissions of greenhouse gases and air quality pollutants.

Potential Economic Impacts of Capturing Additional 50 Percent of Asian Import Cargo through Florida Seaports

Trade & Logistics Jobs (Direct and Spinoff)	4,600
Personal Income	$345 milllion
Business Sales	$205 million
State & Local Taxes	$32 million

Source: Martin Associates Inc.

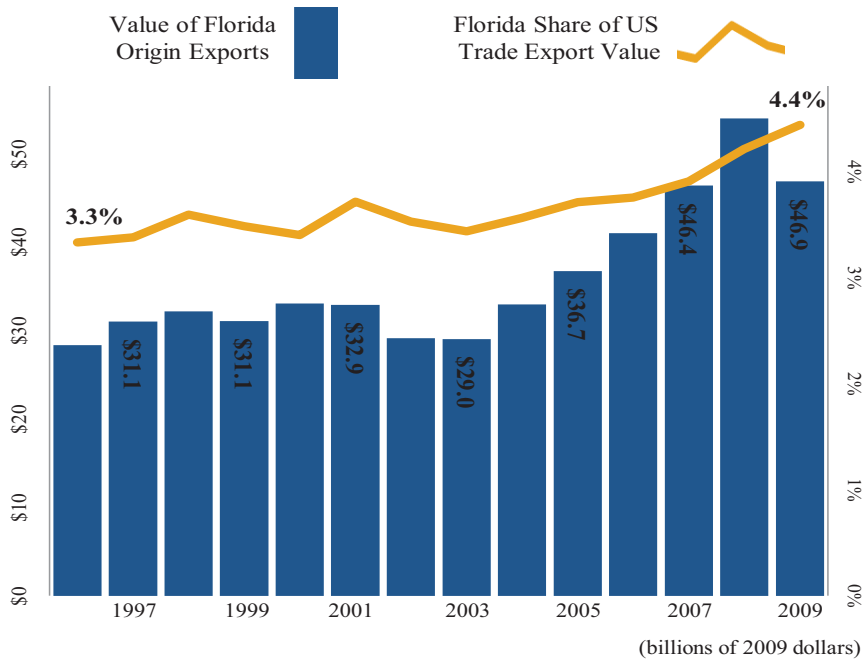
2. Grow Florida Origin Exports

The second opportunity is to grow exports of goods produced in Florida, expanding markets for more businesses worldwide and creating more balanced trade flows.

Florida exported $46.9 billion of Florida produced goods in 2009, a total which ranks 5th among the states. The Florida Chamber of Commerce, Enterprise Florida, and other partners have called for the state to double the value of Florida origin exports during the next five years. This would repeat the recent past, when Florida origin exports surged from an inflation adjusted $29.0 billion in 2003 to a record $54.2 billion in 2008 (Figure 4.2). Florida origin exports account for 7.3 percent of the state's gross domestic product, below the 9.2 percent average nationally.

Florida's recent export growth has been led by technology and manufactured goods, including computers, machinery, transportation equipment, and fabricated metal products. High-technology exports totaled $14.6 billion in 2009, representing 30 percent of all exports in the state. Florida exports are underrepresented in some of these goods, so there is room to grow. Florida origin exports have been strong to most of Latin America, western Europe, Canada, and Japan. Brazil, Asia (especially China and India), Australia, and the Middle East are relatively untapped markets for Florida origin exports.

Figure 4.2 Florida Origin Exports



Source: U.S. Department of Commerce, Bureau of the Census; adjusted to 2009 dollars.

Growing Florida origin exports would have broad impacts throughout the economy, creating opportunities not only for transportation and logistics businesses but also for manufacturing, technology, mining, and agricultural businesses which produce goods for export. A broader global market could catalyze much needed diversification of Florida's economic base to include a stronger presence for advanced manufacturing.

Florida's distance from U.S. markets has been one factor limiting its manufacturing to industries relying on Florida's natural resources and agricultural products, as well as industries serving the local market. An enhanced, multi-directional logistics system would reduce costs and produce economies of scale, shifting Florida from its current position at the end of the line in the United States to a central position in global trade lanes. These changes could make Florida a more viable location for advanced manufacturing to serve broader markets in the Western Hemisphere and globally. Existing or emerging Florida industries such as aerospace, life sciences, and environmental solutions all could create manufacturing exports.

As Florida exports grow, efforts should be made to maximize the share flowing through Florida seaports and airports rather than other states. About 950,000 TEU of waterborne containerized exports were produced in Florida in 2009. About 25 percent of this total exited the United States through seaports in other states – a gap of about 250,000 TEU. New York, Houston, Savannah, and Charleston all are ports of exit for Florida origin exports to Europe and Asia today.

The study modeled the impacts of doubling containerized exports of Florida manufactured goods. This scenario would create an additional 6,900 trade and logistics jobs (both direct and spinoff jobs) related to moving the additional exports. These jobs would result in about $506 million in personal income statewide and about $47 million in state and local tax revenues. Depending on the mix of industries successful at expanding exports, the doubling could create as many as 88,600 jobs with businesses producing or adding value to the exports, with an additional $4.6 billion in personal income and $423 million in tax revenues.[27]

Potential Economic Impacts of Doubling Florida Origin Container Exports

Trade & Logistics Jobs (Direct and Spinoff)	6,900
Personal Income	$506 million
Business Sales	$316 million
State & Local Taxes	$47 million
Potential Additional Export Related Jobs	88,600
Personal Income	$4,600 million
Business Sales	$14,549 million
State & Local Taxes	$423 million

Source: Martin Associates Inc.

3. Expand Florida's Ability to Serve Non-Florida Markets and Provide Value Added to Discretionary Trade

Florida's international gateways historically have served regional markets. The shifting trade patterns, along with potential investments at Florida gateways, provide opportunity to compete for a greater share of discretionary cargo, which is cargo generated and consumed in other states or nations but moving through Florida. Florida has been successful as an importer and exporter of goods to and from the Caribbean and parts of Latin America. Florida also has been successful in establishing a global air cargo hub in Miami (Figure 4.3). Now Florida's opportunity is to become a global hub for trade in all modes, taking advantage of its location on north-south and east-west trade lanes. Some examples:

- A Florida seaport with 50 feet of water and efficient landside connections could compete as a port of call for the post-Panamax container ships;
- Continued expansion and modernization of Florida's airports – particularly Miami – could help Florida remain a hub for shipping high value, time sensitive freight; and
- Florida's unique commercial space launch capabilities could add a new dimension of suborbital transport to shipping options over time.

Potential Economic Impacts of Doubling Florida Air Cargo Exports

Trade & Logistics Jobs (Direct and Spinoff)	15,300
Personal Income	$792 milllion
Business Sales	$2,508 million
State & Local Taxes	$74 million

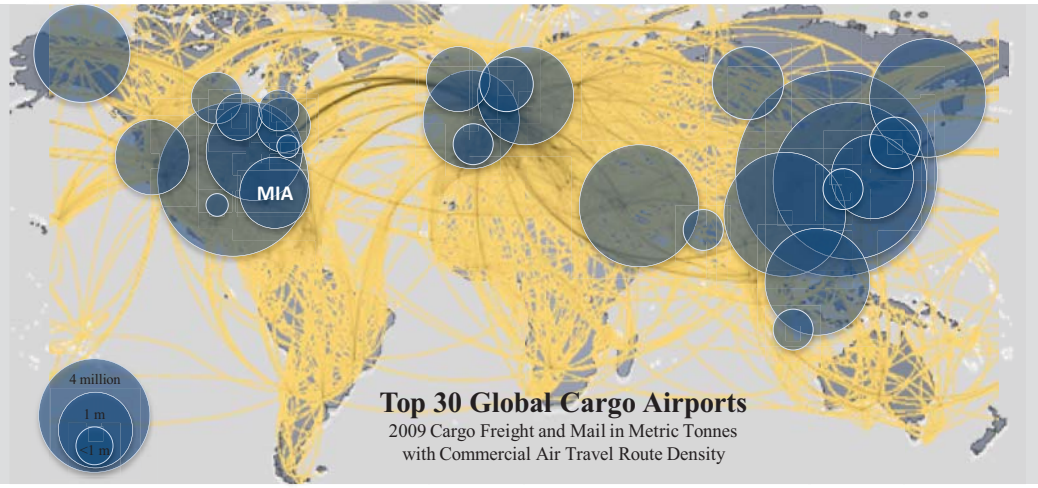
Source: Martin Associates Inc.

Like Singapore, Hong Kong, or the Netherlands, Florida's position as the gateway to a large consumer market and on the junction of multiple trade lanes could enable the state to become a hub for global commerce and investment, including trade flows neither produced nor consumed in Florida. This would create additional jobs and income not only in trade and logistics, but also in advanced manufacturing and international finance, law, and business services. Increasing the overall trade flow could enable Florida to be a more competitive location for final assembly and customization of consumer goods flowing to the United States, the Caribbean, or Latin America.

The study modeled two scenarios for a stronger global hub role for Florida:

- **Doubling cargo tonnage exported by Florida airports**. Currently about 1 million tons of air cargo are enplaned at Florida airports, primarily at Miami International Airport. A large share of this cargo originates in other states and is handled through Miami due to the large number of direct passenger flights and the supporting cluster of service businesses. Doubling this air cargo activity would create more than 15,300 jobs, primarily with freight forwarders, dedicated air carriers, trucking companies, and service providers. This would result in nearly $800 million in personal income and $74 million in state and local tax revenues.

Figure 4.3 Global Air Routes and Cargo Hubs



Source: Airports Council International, 2010 and U.S. National Oceanic and Atmospheric Administration.

- **Doubling the amount of discretionary container flows to or from other states moving through Florida seaports.** About 547,000 TEU originate in other parts of the United States are exported to markets such as Latin America and the Caribbean using Florida seaports; similarly, about 240,000 TEU are imported from other nations through Florida seaports and ultimately consumed in other states. These 787,000 TEU currently account for nearly 6,000 direct and spinoff jobs. There is potential to increase these flows along trade lanes where Florida has a cost advantage or a historically dominant role, particularly between the eastern United States and Latin America and the Caribbean. Doubling these flows would double the economic impacts, and also create greater economies of scale for distribution center and related value added activities. If all discretionary imports were processed through Florida distribution centers, an additional 22,300 jobs in distribution, final assembly, value added manufacturing, and other elements of the supply chain could be created, along with an additional $430 million in personal income and $40 million in tax revenue.[28]

Potential Economic Impacts of Doubling Discretionary Container Flows through Florida

Trade & Logistics Jobs (Direct and Spinoff)	5,800
Personal Income	$430 million
Business Sales	$263 million
State & Local Taxes	$40 million
Potential Additional Distribution Jobs	22,300
Personal Income	$1,159 million
Business Sales	$3,697 million
State & Local Taxes	$107 million

Source: Martin Associates Inc..

Summary

If pursued together, these opportunities could support over 32,000 jobs annually in the trade and logistics sector. They would generate $3.3 billion in business sales, $2.1 billion in personal income, and $193 million in state and local tax revenues. If supporting economic impacts are realized, these oppportunities could create up to an additional 111,000 jobs in export oriented industries including advanced manufacturing. They would generate with an additional $18.2 billion in business sales, $5.8 billion in personal income, and $530 million in tax revenues. These estimates are preliminary, and should be refined as the timing and nature of specific opportunities becomes clearer.

5.0 Strategies

Florida's public and private partners must undertake a comprehensive trade initiative to take advantage of promising opportunities.

Evolving global markets, trade flows, and logistics patterns create multiple opportunities for Florida over the next decade and beyond. Florida can emphasize providing better service to its businesses and consumers and maximizing its pivotal role in Latin American and Caribbean trade. Florida also can expand its role as a global trade hub by exporting more goods and handling more discretionary cargo.

These opportunities are related and integrated. Florida's success in serving its own market could help create a larger, more dynamic, and more efficient trade and logistics cluster, including related infrastructure – which, in turn, could make Florida more competitive as a platform for exports and discretionary cargo.

Florida's public and private partners must undertake a comprehensive international trade and logistics initiative to take advantage of the most promising opportunities. Coordinated statewide leadership is needed in multiple areas ranging from marketing to transportation investment, from workforce development to land use coordination.

The Florida Chamber Foundation has defined "Six Pillars" or critical elements of Florida's future economy, to serve as a visioning platform for moving Florida forward (Figure 5.1). The strategies recommended in this study are organized by the Six Pillars to facilitate integration with the state's broader economic blueprint.

Figure 5.1 Six Pillars of Florida's Future Economy

Talent Supply and Education

Florida's trade and logistics industry must be able to draw upon a larger and more specialized workforce. The Agency for Workforce Innovation estimates 507,000 workers in Florida's logistics and distribution industry in 2010.[29] Assuming no major policy changes, these jobs are projected to grow 18 percent through 2018, ahead of the average for all occupations in the state. With freight flows expected to increase significantly over the next 50 years, the demand for workers in this cluster will continue to increase well beyond this decade – particularly as the opportunities identified in this study are pursued.

Occupations expected to add the most jobs include customer service and sales representatives; office, store, and accounting related clerks; truck drivers; and other freight movers (Table 5.1). Key shortage areas may include truck drivers; industrial truck and tractor operators; and freight, stock, and material movers. Most of these jobs require postsecondary education or training, most often in a vocational program. Occupations requiring a college education, such as freight managers and logisticians, also are underrepresented in Florida's workforce.

Table 5.1 Employment in Fast Growing Trade and Logistics Occupations in Florida

Occupation	2010	2018	Change
Customer Service Representatives	150,740	187,702	36,962
Office Clerks, General	146,163	169,998	23,835
Stock Clerks and Order Fillers	157,369	179,031	21,662
Bookkeeping, Accounting, and Auditing Clerks	112,638	129,379	16,741
Sales Representatives, Wholesale and Manufacturing, Nontechnical	80,117	95,467	15,350
Truck Drivers, Heavy and Tractor-Trailer	72,265	87,502	15,237
Laborers and Freight, Stock, and Material Movers, Hand	81,303	91,792	10,489

Source: Florida Agency for Workforce Innovation.

As Florida pursues the goal of doubling exports, workforce needs also will encompass manufacturing, technology, and other export oriented industries. Workforce skills and preparedness will be a key determinant of Florida's future success in both logistics and manufacturing. Businesses interviewed for this study said emerging issues related to high value jobs in this cluster include the ability of the workforce to assimilate advanced technologies and business practices, as well as the need for more workers with foreign language skills and international business acumen.

Florida's workforce, education, and industry partners must develop an integrated strategy to **expand workforce capacity to support the trade, logistics, and manufacturing industries.** Cooperative action is needed to develop, attract, and retain qualified workers, building on best practices in Florida and nationally.

Key strategies include:

- **Identify global trade and logistics as a qualified targeted industry** for the state's Quick Response Training and Incumbent Worker Training programs. Florida must ensure its offerings are comparable with other southeast states**.**
- **Expand vocational, associate degree, and workforce training programs** to support skill requirements for trade, logistics, and manufacturing industries. Specialized training in logistics needs for specific sectors such as life sciences also is important**.**
- **Expand targeted programs for global trade, logistics, and manufacturing in the state's four year colleges and universities.** The Employ Florida Banner Center for Global Logistics, led by Florida Gateway College, the University of North Florida, and Polk State College in cooperation with seven other colleges and universities, is an example of a collaborative approach to meeting future workforce needs**.**
- **Build international business and foreign language skills and experience** among the Florida workforce.

Innovation and Economic Development

Florida's economy often is described as a three legged stool of agriculture; tourism; and real estate, construction, and other industries which serve the influx of new residents. Trade flows create the opportunity to add two more legs to the stool: a world class cluster of global trade and logistics, and an export oriented, advanced manufacturing cluster. Both of these opportunities would create high value jobs and new opportunities for Florida businesses. Strengthening these opportunities will require coordinated actions to:

Florida's 'three legged stool" of agriculture, tourism, and construction can add two more legs: global trade and logistics, and export oriented, advanced manufacturing.

- **Market Florida's advantages as a trade gateway and hub**. Florida should continue to promote its role as the gateway to Latin America and the Caribbean as well as its potential to serve east-west trade lanes, especially with Asia. Florida's current and potential cost advantages should be documented and marketed to cargo owners and carriers. Trade missions and marketing material should promote Florida as a business friendly location with an efficient supply chain infrastructure. The Governor can play a critical role in this effort as the state's chief economic development officer.
- **Identify global trade and logistics as a statewide targeted industry**. This designation would make global trade and logistics eligible for all state incentive programs and a key emphasis for Enterprise Florida, Workforce Florida, the Florida Department of Transportation, and other state agencies.
- **Attract international distribution centers to reinforce Florida's location and cost advantages**. Florida's existing distribution centers primarily serve regional consumption markets. Florida receives and ships a significant percent of its freight via out of state seaports, often consolidated in other states. To capture more of this traffic as well as imports destined for other states, Florida must aggressively recruit international distribution centers to locate in the state.

- **Provide support for export oriented manufacturing businesses.** Florida must continue to give high priority to helping attract, retain, and expand export oriented manufacturing businesses through marketing, trade missions, training, and support services. The state should provide this support to existing Florida targeted industries, and identify additional export oriented industries based on sourcing decisions and manufacturing trends. The state should increase funding for trade capacity grants and other counseling and international support services offered by Enterprise Florida. A key aspect of this support should be helping develop Florida-based supply chains.
- **Enhance incentive programs for Florida-based distribution, manufacturing, and other export-oriented businesses.** Attracting international distribution centers and expanding manufacturing may require incentives to help these industries develop critical mass. Florida's incentives in these industries should be regularly reviewed to ensure they are competitive with those offered in other southeast states, particularly Georgia and Alabama. Adjustments may be needed to existing programs such as the Qualified Targeted Industry Tax Refund and High Impact Performance Incentive Grant to stimulate capital investments, which may have modest job impact but significant supply chain impacts. Additional funding and flexibility also may be needed in the Closing Fund and the Economic Development Transportation Fund. The state also should consider introducing incentives for Florida seaports and airports. Port use incentives, such as tax credits for shippers using home ports, are becoming prevalent in other states such as Alabama, Georgia, and South Carolina.
- **Promote trade policies to support Florida's role in the global marketplace.** The state should develop a comprehensive trade policy agenda for Florida and ensure the federal government, Florida elected officials and business leaders, and Florida residents understand the importance of trade agreements to their economic future.

Infrastructure and Growth Leadership

A statewide system of trade gateways, logistics and distribution centers, and transportation corridors must link all regions of Florida and connect Florida to markets nationwide and worldwide. Florida's Strategic Intermodal System (SIS) provides a statewide system for identifying and enhancing the most critical transportation facilities. Florida must provide sufficient **capacity** at key gateways and along key corridors to accommodate the anticipated increase in trade flows; seamless **connectivity** among transportation modes and facilities so they function as a system to move goods to market reliably and efficiently; and **compatibility** of transportation investments and surrounding land uses to enable the entire system to function effectively. These "3 Cs" are key to achieving Florida's opportunities as a global hub, and must be infused into all state infrastructure and growth leadership initiatives. The Florida Department of Transportation, working with transportation partners statewide, is incorporating these strategies into implementation of the 2060 Florida Transportation Plan and the Strategic Intermodal System, as well as into its statewide aviation, seaport, and rail plans.

Florida's future trade opportunities will not be realized without proactive investment and planning for trade related development.

Seaports: Florida's seaports must be viewed as a statewide system serving containers, general cargo, bulk cargo, and cruise passenger markets. The baseline forecast projects international waterborne freight tonnage to increase 57 percent over the next 25 years, with even more rapid gains in containers. The opportunities identified in this study would more than double container flows over the next five years if fully realized. Most (although not all) seaports report a common set of constraints: navigation channel, turning basin, and berth capacity; terminal space; available land; truck and rail access; and connectivity with inland markets. Many of Florida's seaports have reached or are approaching the end of the life span of core infrastructure such as bulkheads, berths, wharfs, and slips. Increasing seaport system capacity must be a critical emphasis for the Governor, Legislature, and business leaders. Key strategies include:

- **Develop at least one first port of call** in conjunction with the Panama Canal expansion. This would be a seaport capable of handling the largest post-Panamax vessels, which carry 8,500 to 12,000 TEU. This seaport would be able to be the first stop for Asian container ships after they exit the Panama Canal. Such a seaport would require 50 feet of depth and on or near dock rail service. A first port of call would benefit the entire state by expanding Asian trade and helping preserve the current trade with the Caribbean. Assuming weekly service from a vessel carrying 8,500 TEU, the additional containers would support about 800 direct and spinoff jobs at or near the seaport and could also leverage distribution center activity. Public and private partners must build consensus around and expedite deepening of at least one seaport as a statewide resource.
- **Expand capacity at seaports to serve container, break bulk, and bulk markets**. Not all seaports need 50 feet of water, but all need the capacity and flexibility to accommodate growth in the markets best suited for their location and facilities as the entire region between Florida and Panama becomes a crossroads for trade. The state and seaports should collaborate to identify and prioritize capacity investments for bulk, break bulk, and container flows in key regions to serve niche, state, and national markets. Immediate capacity needs appear to be most significant for containers and transloading. Many Florida seaports may be able to handle more freight using existing facilities through automation, densification, and longer or more flexible work hours. Florida's container seaports generally handle about 3,000 TEU per acre per year – fewer than those in New York, Los Angeles, and Long Beach and well behind global leaders.
- **Maximize the use of inland waterways and smaller seaports.** Florida's intracoastal and inland waterways also offer potential to move freight. The Port of Miami River is one example of a shallow draft waterway which has successfully developed niche markets in international freight. Many other smaller seaports and waterways serve particular businesses and markets and could become more significant elements of a statewide system over time.
- **Support acquisition and redevelopment of new waterfront land or inland locations for seaport operations.** Land constraints can hinder capacity growth at some seaports. Five seaports interviewed for this study reported no land available for terminal expansions, and six seaports said available acreage existed at nearby inland locations.

Airports: The long term projections indicate the need to expand air cargo capacity to maintain Miami International Airport's global role and to provide more options in other regions of the state. Future investments in runway and terminal capacity, airport transfer and distribution center capacity, and groundside cargo access will help Florida's air cargo industry position for the future.

Rail Terminals: Florida has 48 major freight rail terminals today, most of which developed to serve mining, agriculture, and other bulk shipments. Additional intermodal capacity will be needed, including direct rail access to the major container seaports.

International trade relies on an efficient, intermodal transportation system with connectivity between hubs, warehouses and distribution centers, and markets. From a shipper or receiver perspective, the critical need is to move goods from door to door, regardless of the specific mode or route used. Connectivity is critical at three levels:

- **Improve landside connectivity to airports, seaports, and rail terminals**. The "last mile" often is the weak spot in the intermodal system, involving local roads or rail spurs not designed for today's freight volumes. Through the Strategic Intermodal System, the state should maintain its emphasis on improving intermodal connectors between seaports and airports and major highway and rail corridors, including on dock or near dock rail service and dedicated, secure truck access routes serving major container seaports.
- **Maintain and enhance regional distribution networks** to move goods between ports and terminals and distribution centers and other markets efficiently. Regional distribution networks are critical to maximizing the ability of Florida's seaports and airports to serve local consumption and locally generated exports. Urban congestion and limited options for freight routes is a constraint in many parts of the state.
- **Maintain and enhance high capacity rail, water, and truck corridors** to move goods from seaports and airports to other states. This long distance connectivity is critical to grow Florida's role serving cargo to and from other states. Highways are the primary option for long distance travel in many of Florida's regions today, and most interregional highway corridors will be heavily congested during peak periods by 2035 if current patterns continue. The rail system has available capacity but may not be able to support growth in both freight and passenger flows as plans move forward for a statewide intercity passenger rail system and commuter rail systems in many Florida regions. Key strategies include:
  - Improve port-to-port feeder services and transshipment activity by creating "marine highways" between major seaports. The federal government provided initial funding to multiple Florida seaports in 2010 to support development of marine highways along both the Atlantic and Gulf Coasts.
  - Enhance rail connectivity between Florida and the northeast and midwest United States, potentially using an inland north-south route through Florida.

- Improve Florida's major Interstate highway and other long distance truck corridors to handle increased truck traffic, including potential use of truck only lanes or development of a small number of long distance truck corridors able to carry heavier loads in a safe and secure manner.
- Ensure adequate freight connectivity to regional employment centers in Florida's rural areas.
- Explore the potential for a north-south multimodal freight transportation corridor, with east-west connectors, to move goods into and out of Florida while avoiding congested urban areas on the Atlantic and Gulf Coasts.
- Promote the use of technology and innovative practices to enhance the mobility and productivity of trade and logistics in Florida, such as redesigned vehicles able to carry larger loads with less impact on infrastructure or information systems able to track shipments on a real time basis.
- Ensure the ability for passenger and freight traffic to safely coexist on key highway, rail, and water corridors.

Proactive planning and coordination of transportation, land use, and economic development decisions is needed to ensure sufficient capacity for freight related development, to minimize the impacts of congestion on freight flows, and to minimize the impacts of freight related activities on residential or commercial development. Key strategies include:

- **Expand distribution center capacity in appropriate locations**. Economic development, land use, and transportation decisions should be coordinated to locate international distribution centers close to major seaports; to expand air cargo warehousing capacity around Miami International Airport and smaller air cargo facilities; and to develop integrated logistics centers at urban and rural locations as markets dictate.
- **Adopt land use plans supporting freight intensive activities**. Local government land use decisions and regional visions should give greater attention to freight and logistics needs. Regional partners should identify, screen, and incorporate into adopted plans potential sites for catalytic industrial developments and integrated logistics centers. Local land use plans should give greater emphasis to preserving industrial lands with good access to seaports, airports, and rail terminals, as well as to reducing encroachment of incompatible land uses around major trade gateways.

Business Climate and Competitiveness

A competitive business climate will help Florida's freight, logistics, and distribution businesses expand. The state must pursue specific strategies to improve the business climate for trade and logistics industries, while also improving the overall business climate for manufacturing and other export oriented sectors. Key strategies include:

- **Reduce the cost of doing business for logistics, distribution, and manufacturing in Florida**. Florida can no longer compete as a low cost state. Florida must continue to work to reduce electricity, insurance, and other business costs. Florida also must ensure its regulations and processes are business friendly compared to key southeast competitors. Companies interviewed for this study cited the liability system, permitting processes, and differences in regulations across communities as challenges for Florida's business climate.
- **Assess potential tax changes to support targeted growth in logistics, distribution, and manufacturing**. Florida's tax burden is low overall due to the absence of a personal income tax, but property, sales, excise, and gross receipt tax burdens are concerns for businesses. Businesses interviewed for this study said Florida's tax structure may not be optimized for logistics and manufacturing businesses. The Legislature should examine the potential benefits and costs of eliminating the sales tax on manufacturing equipment, accelerating depreciation rates on capital equipment, providing tax incentives for privately funded transportation projects, and enabling an optional shift in Florida's corporate income tax apportionment to a single factor (sales based in Florida) from the current three factors (sales, payroll, and property). There also may be a need to expand the number and capacity of foreign trade zones in the future.
- **Remove redundant or unnecessary state security requirements and harmonize state requirements with federal requirements**. Florida should implement efficient federal and state security protocols without impeding mobility. The existence of dual federal and state driver and worker identification and criminal history vetting programs has added complexity and cost to drivers accessing Florida's seaports in the past. Cargo inspection and immigration processes also have been concerns at some seaports and airports.

Civic and Governance Systems

Florida must coordinate public and private planning and investments to achieve the vision and goals for its trade and logistics system. Florida, like other states, has tended to make transportation, land use, economic development, and other decisions at the local level, closest to specific problems and opportunities. In contrast, major employers and shippers in Florida – in particular, those selling their goods and services outside of the state and bringing income into our economy – view their Florida offices and factories as just one link in an increasingly national and global supply chain and distribution network. Florida must strengthen trade and economic development planning at three levels:

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Florida must reduce the cost of doing business for logistics, distribution, and manufacturing industries.

- **Continue the statewide partnership among transportation, economic development, and business organizations** assembled for this study to coordinate overall implementation by public and private entities. These partners should integrate and coordinate statewide economic development, transportation, and related plans, and encourage greater state visibility and support for trade related economic development.
- **Strengthen regional trade planning and implementation**. More detailed studies may be necessary to translate the statewide trends, opportunities, and recommendations into regional actions. Efforts should be made to increase participation of airport, seaport, economic development, and freight industry partners in metropolitan and rural planning and regional visioning processes. Greater collaboration among seaports, airports, railroads, other modal providers, and economic development organizations at the regional and interregional levels also is needed.
- **Represent Florida's interests in federal and multistate trade planning.** Florida should work with other states to enhance existing or develop new freight and logistics planning processes for trade corridors and megaregions. The state also should prepare for and actively participate in potential federal freight infrastructure investment initiatives, including the upcoming authorization of the federal transportation program.

Finally, high priority must be given to identifying reliable funding sources to carry out the multi-year, coordinated investments needed to position Florida as a global trade, logistics, and manufacturing hub.

Quality of Life and Quality Places

Florida's government, business, and civic leaders must view trade related infrastructure, economic development, and workforce development as strategic investments in Florida's future.

Florida's communities and environment help attract residents, visitors, and businesses to the state. Future trade, logistics, and related activities should be planned in a way which minimizes the impacts on Florida's communities and environment. Well planned freight development and related infrastructure investments can improve the livability of communities by creating jobs, reducing consumer costs, and grouping together compatible land uses. Poorly planned freight development and related infrastructure investments can create noise, degrade air and water quality, disrupt residential communities, or encroach on sensitive environmental areas. A collaborative, forward looking approach can avoid potential conflicts and identify solutions balancing economic competitiveness with livability. Key strategies include:

- **Minimize negative impacts of freight activities on Florida's communities and environment.** Proactive planning can help target freight related investments in appropriate locations, and avoid or minimize impacts on neighborhoods, historic and cultural resources, ecological systems, and other resources.
- **Plan and develop freight systems to reduce energy consumption, improve air quality, and reduce greenhouse gas emissions.** Energy consumption and emissions can be reduced through improvements to vehicle technologies, use of alternative fuels, more efficient transportation operations, and greater use of rail and water for moving long distance loads.

6.0 Call to Action

Florida faces a once-in-a-generation opportunity to fundamentally transform its economy. The shift in U.S. population growth to the south, the Panama Canal widening, the resurgence of Latin American and Caribbean trade, and the continued revolution in logistics practices create the opportunity for Florida to become a global trade and logistics hub. Florida faces three major opportunities to take advantage of this trade flow:

- Maximize its ability to serve Florida businesses and consumers, primarily through attracting Asian container imports directly to Florida seaports;
- Grow the value of Florida origin exports, and leverage more efficient logistics patterns to attract advanced manufacturing and other export related industries to Florida; and
- Emerge as a global hub for trade and investment, leveraging its location on north-south and east-west trade lanes to become the Singapore of the Western Hemisphere.

These opportunities would expand markets and reduce costs for Florida businesses and consumers; create high paying jobs in trade, logistics, and manufacturing; and position Florida as a global leader. This vision will require a coordinated effort linking investments in transportation, economic development, workforce, and related systems. Key strategies are consistent with the "Six Pillars" of Florida's future economy (Table 6.1). The Governor and Legislature should begin implementation of key recommendations with the support of public and private organizations statewide.

Critical near term action is needed in the following areas:

1. Support the leadership of the Governor as Florida's economic development officer and trade ambassador to help market Florida as a trade and logistics hub.
2. Expedite plans to create at least one seaport with 50 feet of channel depth with an on dock or near dock rail connection by 2014. Link this investment to a focused trade mission to help Florida pursue first call services from Asian container lines, as well as strategic investments in international distribution centers.
3. Identify global trade and logistics as a statewide targeted industry and a focus area for Enterprise Florida, Workforce Florida, the Florida Department of Transportation, and other state agencies. Strengthen existing marketing, incentives, and support services to meet the needs of these industries.
4. Continue efforts to double the value of Florida origin exports over the next five years. Pursue opportunities to place Florida goods in the many containers and other vehicles which currently enter Florida full and leave empty.
5. Identify investments needed to maintain and expand Miami International Airport's role as a global hub, as well as the potential benefits of creating a second tier air cargo hub elsewhere in Florida.
6. Advance planning for an integrated statewide network of trade gateways, logistics centers, and transportation corridors through Florida's Strategic Intermodal System. Address critical bottlenecks and connectivity gaps in this system.
7. Provide sufficient and reliable funding for future state investments in Florida's trade, transportation, and economic development systems.

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Table 6.1 Summary of Recommended Strategies, Organized by the Six Pillars

The Six Pillars	Recommended Strategies
Talent Supply and Education	Expand the capacity of the Florida global logistics workforce and manufacturing workforce through targeted training and educational programs
	Identify global trade and logistics as a qualified targeted industry for the state's Quick Response Training and Incumbent Worker Training programs
	Expand vocational and associate degree programs to support skill requirements for trade, logistics, and manufacturing industries
	Expand targeted programs for global trade, logistics, and manufacturing in the state's four year colleges and universities
	Build international business and foreign language skills among Florida workforce
Innovation and Economic Development	Support the Governor's leadership as the state's chief economic development officer and trade ambassador globally and nationally
	Market Florida's advantages as a trade gateway and logistics hub
	Identify global trade and logistics as a statewide targeted industry
	Attract international distribution centers to reinforce Florida's location and cost advantage
	Provide support for export oriented manufacturing businesses
	Enhance incentive programs for Florida-based distribution, manufacturing, and other export-oriented businesses
	Promote policies to support Florida's role in the global marketplace
Infrastructure and Growth Leadership	Develop at least one seaport with 48 feet of water and on-dock or near-dock rail
	Expand capacity at seaports to serve container, break bulk, and bulk markets
	Maximize the use of inland waterway and smaller seaports
	Support acquisition and redevelopment of new waterfront land or inland locations for seaport operations
	Provide sufficient air cargo capacity at Miami International Airport to maintain or expand market share, and explore opportunities for regional air cargo hubs
	Improve landside connectivity to airports, seaports, and rail terminals
	Maintain and enhance regional distribution networks
	Develop and maintain high capacity, long distance rail, water, and truck corridors
	Expand distribution center capacity at appropriate locations
	Adopt land use plans supporting freight intensive activities
Business Climate and Competitiveness	Reduce cost of doing business for logistics, distribution, and manufacturing
	Assess potential tax changes to support logistics, distribution, and manufacturing
	Harmonize state and federal security requirements
Civic and Governance Systems	Continue statewide partnership in support of trade and economic development
	Strengthen regional trade planning and implementation
	Represent Florida's interests in federal and multistate trade planning
	Provide sufficient and reliable funding for future state investments in Florida's trade and economic development systems
Quality of Life, Quality Places	Minimize negative impacts of freight on communities and the environment
	Plan and develop freight systems to reduce energy consumption, improve air quality, and reduce greenhouse gas emissions

Glossary of Terms

Advanced manufacturing – There is no one comprehensive, widely accepted definition of advanced manufacturing. The phrase is used by many organizations in different ways. One of the most widely used definitions of advanced manufacturing involves the use of technology to improve products and/or processes, with the relevant technology being described as "advanced," "innovative," or "cutting edge."

Aerotropolis – A new type of urban form comprising aviation-intensive businesses and related enterprises extending up to 25 kilometers (15.5 miles) outward from major airports.

Breakbulk cargo – Miscellaneous goods packed in boxes, bales, crates, cases, bags, cartons, barrels, or drums; may also include lumber, motor vehicles, pipe, steel, and machinery.

Bulk cargo – Loose cargo is loaded directly into a ship's hold; often includes grain, coal, petroleum, chemicals, aggregates, and similar products.

Containerization – Stowage of general or special cargoes in a container for transport in the various modes.

Discretionary cargo – Cargo handled by a gateway or hub in a geographic location other than the cargo's point of origin or destination.

Distribution center – A warehouse or other specialized building, often with refrigeration or air conditioning, which is stocked with products to be re-distributed to retailers, to wholesalers or directly to consumers. A distribution center is a principal part, the order processing element, of the entire order fulfillment process. A distribution center can also be called a warehouse, a fulfillment center, a cross-dock facility, a bulk break center, and a package handling center.

Double-stack – The movement of containers on rail cars which enable one container to be stacked on another container for better car utilization.

First port of call – The first seaport where a ship discharges or receives traffic.

Florida origin exports – Products and services exported from Florida which were grown, mined, or manufactured in the state.

Foreign trade zone – A port designated by the government for duty-free entry of any non-prohibited goods. Merchandise may be stored, displayed, and used for manufacturing within the zone and re-exported without duties being paid. Duties are imposed only when the original goods or items manufactured from those goods pass from the zone into an area of the country subject to customs authority. Also called a Free Trade Zone.

Gateway – A point through which freight commonly moves from one territory or carrier to another.

Gross domestic product (GDP) – the total market values of goods and services produced by workers and capital within a nation's borders during a given period (usually 1 year).

Gross regional product (GRP) – A region, state, or metropolitan area's gross regional product is one of several measures of the size of its economy. Similar to GDP, GRP is defined as the market value of all final goods and services produced within a region in a given period of time.

Hub – A place where cargo is exchanged between vehicles or between transport modes, as well as moves through value added activities (logistics, manufacturing, assembly). Freight hubs include classification yards, seaports, truck terminals, warehouses, plants, or combinations of these.

Industry cluster – A geographic concentration of interconnected businesses, customers, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally.

Inland port – an inland site carrying out some functions of a seaport.

Intermodal – Denotes the seamless movement of people or cargo between transport modes.

Intermodal Connector – The leg of passenger and freight trips connecting nodes to corridors and different modes within the same corridor. Connectors can be highways, rail lines, transit lines, or waterways.

Intermodal logistics center – an industrial site with warehouse/distribution center capacity, intermodal rail yard, and trucking facilities; similar to an inland port, but not necessarily linked to a seaport;

Intermodal terminal – A railroad facility designed for the loading and unloading of containers and trailers to and from flat cars for movement on the railroad and subsequent movement on the street or highway.

International distribution center – A distribution center (see above definition) specializing in import/export products; facilities provide services customized for international shipments and often have a greater market reach than regional distribution centers.

Just in time – In this method of inventory control, warehousing is minimal or non-existent; the container is the movable warehouse and must arrive "just in time;" not too early nor too late.

Logistics – Logistics is the part of the supply chain process which plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption to meet customer's requirements.

Marine highway – A coastal waterway connecting two markets developed in part to help alleviate congestion on landside highway and rail corridors.

Megaregion – Large networks of metropolitan regions. The five major categories of relationships that define megaregions are: environmental systems and topography; infrastructure systems; economic linkages; settlement patterns and land use; and shared culture and history.

On dock rail – Direct shipside rail service. Includes the ability to load and unload containers/breakbulk directly from rail car to vessel.

Panamax/Post-Panamax – Terms are used to differentiate between vessels able to meet existing Panama Canal draft and width restrictions, and those not able to meet these restrictions.

Six Pillars – The Florida Chamber Foundation's "Six Pillars" serve as a visioning platform for moving Florida forward. The Six Pillars identify the critical factors determining Florida's future: Talent and Education; Innovation and Economic Development; Infrastructure and Growth Leadership; Business Climate and Competitiveness; Civic and Government Systems; and Quality of Life and Quality Places.

Strategic Intermodal System (SIS) – A transportation system comprised of facilities and services of statewide and interregional significance, including appropriate components of all modes.

Supply chain – A logistical management system which integrates the sequence of activities from delivery of raw materials to the manufacturer through to delivery of the finished product to the customer into measurable components. "Just in time" is a typical value-added example of supply chain management.

Targeted industry – Enterprise Florida, Inc. identifies types of businesses and industries which are targeted for development in Florida; these targeted industries qualify for a defined set of incentives not available to other businesses.

TEU – A twenty-foot equivalent unit (6.1m). A standard unit for counting containers of various lengths and for describing container ship or terminal capacity. A standard 40 foot container equals 2 TEUs.

Transload – To physically transfer product from one transportation vehicle to another.

Transshipment – The transfer of a shipment from one carrier to another in international trade, most frequently from one ship to another.

Endnotes

[1] U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, U.S. Merchandise Trade Statistics.

[2] Cambridge Systematics Inc., developed from International Monetary Fund and U.S. Census Bureau forecasts. The base GDP forecast is based on foreign exchange rates and adjusted to 2008 dollars as foreign trade is conducted using established terms of monetary exchange. However, GDP levels using purchasing power parity are more representative of overall economic size, correcting for the differences in buying power between the domestic markets of different countries.

[3] World Trade Organization for historic trade data. The continuation of robust growth in world trade is widely anticipated according to a number of organizations and economic forecasting companies, including the World Bank's "Global Outlook Summary" (medium-term forecast) and IHS Global Insight.

[4] Reece F. Shaw, P.E., Vice President, Ports and Maritime Group, CH2M HILL, "A Primer on the Effect of the Panama Canal Expansion on World Commerce," presentation to the AAPA Facilities Engineering Seminar, San Diego, California, November 7, 2007

[5] Cambridge Systematics Inc., developed from International Monetary Fund and U.S. Census Bureau forecasts. Long term economic growth assumes an robust growth in expanding markets such as China but due to the length of the forecast horizon also makes the assumption that growth rates will not sustain the boom levels currently being experienced indefinitely. The forecast also assumes a worldwide economic recovery from the current downturn during the 2011-2020 period, according to a number of organizations and economic forecasting companies, including the World Bank's Global Outlook Summary (medium-term forecast) and IHS Global Insight.

[6] U.S. Department of Transportation, Federal Highway Administration, Freight Analysis Framework.

[7] IHS Global Insight, April 2009 long term forecast.

[8] U.S. Department of Commerce, Bureau of the Census, 2005 forecast and Cambridge Systematics, Inc., estimates.

[9] Because of salt water's greater buoyancy, a 50 foot draft in fresh water is roughly equivalent to 48 feet in salt water. The specific depth needed by an individual seaport requires detailed analysis. For the purposes of this study, 50 feet cited as the depth required to handle post-Panamax vessels.

[10] TTX from Drewry Consultants, April 2009 analysis.

[11] U.S. Department of Agriculture, *Impact of Panama Canal Expansion on the U.S. Intermodal Transportation System,* January 2010. Interviews conducted for this project with steamship lines suggest the time for serving the East Coast may range from 21 to 26 days, depending on the Asian port of origin and U.S. port of destination.

[12] Halifax, Nova Scotia also has 50 feet of water. Baltimore's harbor exceeds 50 feet, but its berths are not at that depth today.

[13] Council of Supply Chain Management Professionals, *21st Annual State of Logistics Report.*

[14] Custom forecasts developed by Martin Associates, based on data from TRANSEARCH, Port Import Export Reporting Survey (PIERS), and Surface Transportation Board Rail Waybill. This total differs from other published estimates from TRANSEARCH and the Freight Analysis Framework due to attempts to reduce double counting of internal truck shipments. Domestic waterborne tonnage for 2010 is based upon data presented in the Florida Seaport Transportation and Economic Development Council's FY08/09 Seaport Mission Plan (http://www.flaports.org/archive/2010_ch2.pdf); domestic water flows were not forecast.

[15] Directional data are not available for domestic water tonnage.

[16] International air cargo data are not available in a comparable format.

[17] Calculation using U.S. Department of Commerce, Bureau of Economic Analysis data. Trade and logistics industries include transportation, warehousing, and wholesale trade.

[18] Cambridge Systematics, Inc. estimates developed using Miami-Dade County Impact Analysis for Planning (IMPLAN) model.

[19] U.S. Department of Commerce, Bureau of Economic Analysis wage and salary employment data.

[20] Florida Department of Transportation extrapolation of University of Florida, Bureau of Economic and Business Research 2035 forecast.

[21] Cambridge Systematics, Inc. projection based on Florida's share of the U.S. economy and population using Bureau of Economic Analysis historical trend data and International Monentary Foundation and U.S. Census Bureau forecasts.

[22] Florida Department of Transportation data.

[23] Martin Associates calculations for Florida Trade and Logistics Study.

[24] Martin Associates calculations for Florida Trade and Logistics Study.

[25] Martin Associates calculations using data from the U.S. Army Corps of Engineers Deep Draft Self Propelled Vessel Cost Database; bunker fuel prices from Bunker World; port specific stevedoring costs, terminal costs, port charges, and pilotage and towing costs; commercial lease rate information from CBRE MarketView reports; mileage from PC Miler; drayage and trucking rates from interviews with motor carriers; and intermodal rail rates from the Surface Transportation Board 1 Percent Waybill Sample, Intermodal Department of Ocean Carriers, and CSX Transportation. The analysis compares the costs of moving a container from Hong Kong to distribution center sites in Jacksonville, Orlando, and Hialeah. The trip chains analyzed included 1) entering the United States through the Port of Los Angeles and using intermodal rail to bring the container to Florida; 2) entering the United States through the Port of Savannah and using trucking to bring the container to Jacksonville or Orlando, or rail to bring the container to Hialeah; 3) or entering the United States through the nearest Florida container port (Jacksonville, Tampa, or Miami) and using trucking to bring the container to its final destination. The table does not include inventory and safety stock costs, which can be anywhere from $180 to $500 per load higher for the all -water route, given its longer time duration.

[26] For the purposes of this report, the logistics related jobs include three types of impacts: direct jobs (for example, employment at airports, seaports, railroads, trucking companies, and other businesses directly involved in moving freight); indirect impacts (for example, jobs supported by purchases of fuel, supplies, warehousing, and other services to support the direct jobs); and induced impacts (for examples, jobs in retail trade or restaurants supported by increased consumer spending from the employees at the direct and indirect jobs).

[27] This estimate assumes the existing allocation of Florida origin exports among manufacturing industries continues in the future. This estimate does not include a comprehensive analysis of the induced impacts of these additional jobs on consumer spending.

[28] This estimate does not include a comprehensive analysis of the induced impacts of these additional jobs on consumer spending.

[29] Agency for Workforce Innovation data are based on occupations, rather than industry classifications. The precise definition of the industry cluster cited elsewhere in this report could not be replicated using this data source.


FLORIDA
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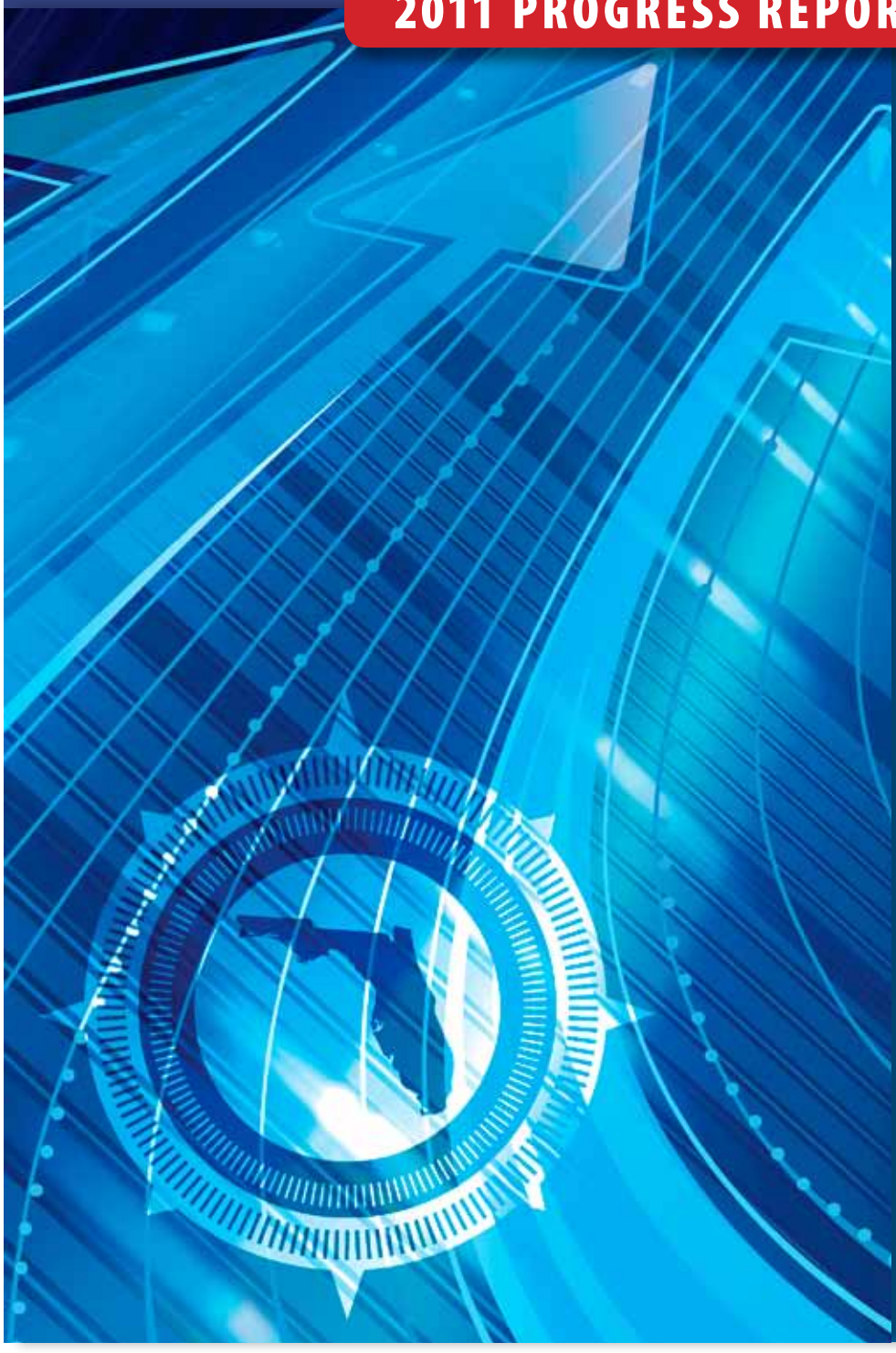
Foundation

ROADMAP TO FLORIDA'S FUTURE

2010–2015 Strategic Plan for Economic Development

2011 PROGRESS REPORT



LEADERSHIP FOR THE 21ST CENTURY — DIVERSIFYING FLORIDA'S ECONOMY

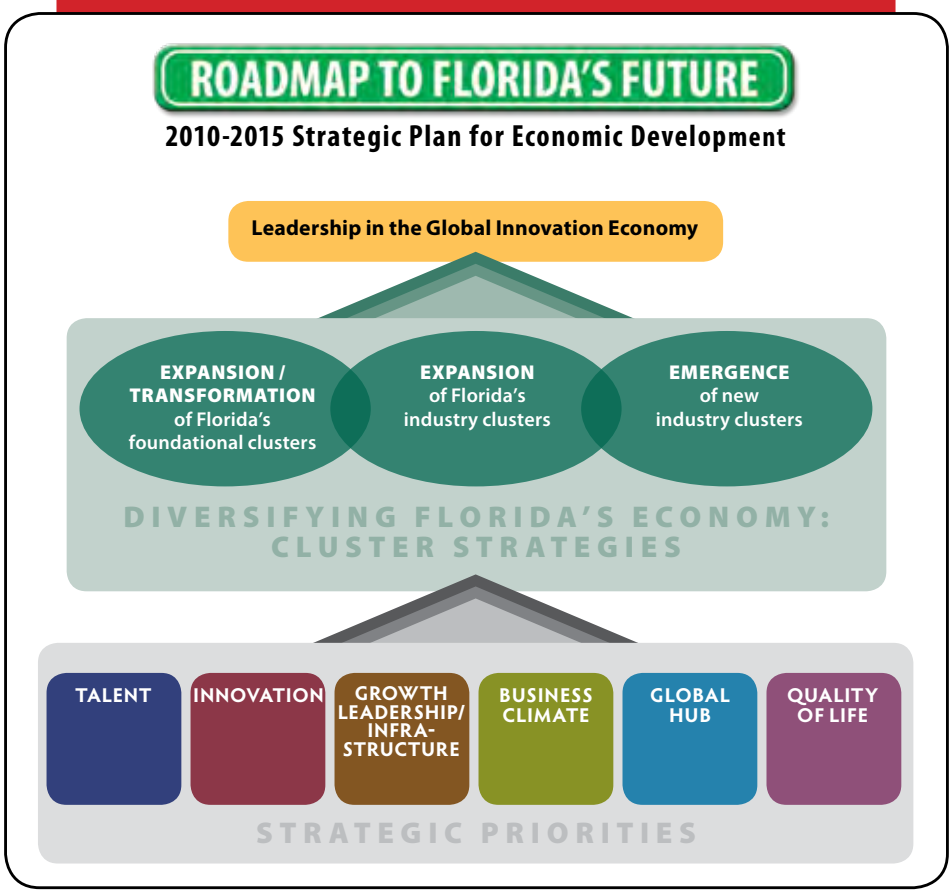
About the Roadmap

Florida Statutes Section 288.905(2) mandates that the Board of Enterprise Florida develop a statewide strategic plan for economic development and provide it to the Governor and Legislative leaders by January 1 of each year.

The ***Roadmap to Florida's Future*** is the statewide strategic plan for economic development. It embodies a long term strategic vision with a five-year implementation horizon. In formulating the strategic plan, extensive grassroots stakeholder input is solicited every three years through a series of regional and statewide forums coupled with competitiveness analysis and best practice research. The plan is also designed to be a continuous improvement process with annual Progress Reports to help identify implementation progress and monitor competitiveness.

In 2009, the ***Roadmap to Florida's Future: 2010-2015 Strategic Plan for Economic Development*** was developed through a series of 10 forums attended by over 1,500 stakeholders, on-line discussion boards and surveys, roundtables and stakeholder submissions. The Plan identified a strategic vision of Leadership in the Global Innovation Economy built upon cluster strategies to diversify Florida's economy. The strategic vision is supported by six strategic priorities and 24 sets of policy and business development recommendations .

Access the full 2010-2015 Strategic Plan at *eflorida.com/Roadmap*



VISION:

Florida is a global leader in knowledge-based jobs, leading-edge technology, and competitive enterprises in the 21st century.

GOALS:

- **Globally competitive businesses.**
- **Well-paying jobs for Floridians.**
- **High quality of life throughout Florida.**

ROADMAP TO FLORIDA'S FUTURE

2010–2015 Strategic Plan for Economic Development

2011 PROGRESS REPORT

This 2011 Progress Report is the annual update to the *2010-2015 Roadmap*.

It is designed to address three questions:

I. Is the *2010-2015 Roadmap* strategic vision of Diversifying Florida's Economy still operative?

This *2011 Progress Report* briefly reviews the economic and competitiveness landscape to revisit the goals and assumptions of the strategic plan.

In addition to reviewing the economic climate, **Appendix 1** and **Appendix 2** in this report provide competitiveness scorecards for Florida from two vantage points: Florida against competitor states on a series of prosperity, innovation and global indicators; and Florida's targeted clusters against top competitors. Both sets of scorecards are designed to better illustrate Florida's challenges and opportunities.

II. Has there been any progress made in the last year (2010) in the implementation of recommendations as outlined in the *2010-2015 Roadmap*?

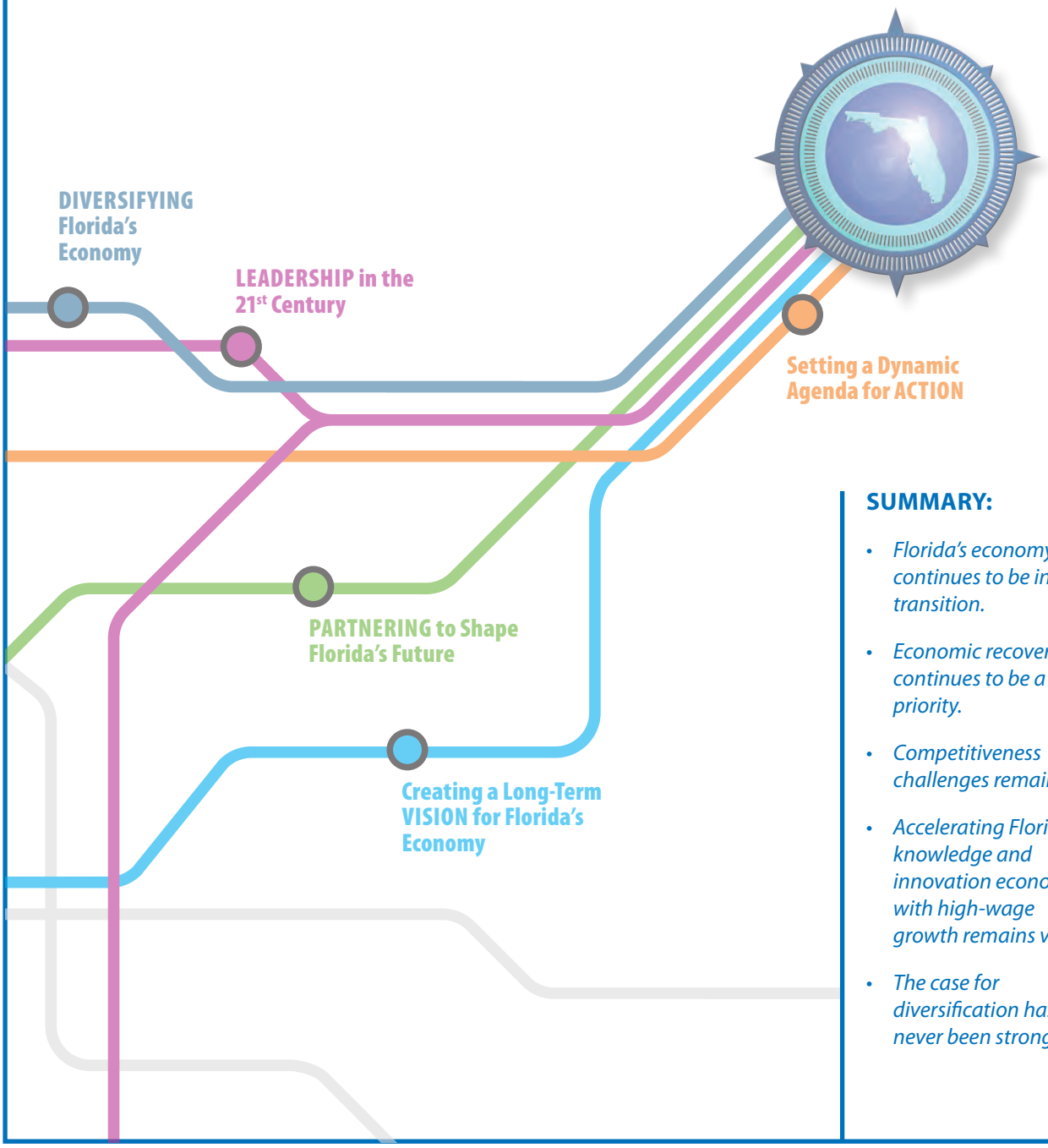
This *2011 Progress Report* presents, for the six strategic priorities of the *2010-2015 Roadmap*, top-level implementation highlights of note.

III. Is there continued shared vision and alignment amongst stakeholders and partners in the overall strategic direction?

A shared vision is fundamental to the statewide strategic plan. Alignment between state partners as well as between state and regional perspectives is critical if Florida is make strides in the overall implementation of a common strategic direction. Partnering to Shape Florida's Future continues to be the hallmark of the economic development community.

I. Diversifying Florida's Economy

Is the *2010-2015 Roadmap* strategic vision of Diversifying Florida's Economy still operative?



SUMMARY:

- *Florida's economy continues to be in transition.*
- *Economic recovery continues to be a priority.*
- *Competitiveness challenges remain.*
- *Accelerating Florida's knowledge and innovation economy with high-wage growth remains vital.*
- *The case for diversification has never been stronger.*

I. Diversifying Florida's Economy

In 2009, when the *2010-2015 Roadmap* was formulated, it was noted that Florida's economy was in transition and that the path to Florida's future had to be grounded in developing a stronger knowledge and innovation-based economy. Diversifying Florida's economy with an efficient focus on foundational, targeted and emerging clusters was central to this task.

What is the current economic and competitive landscape and what light does it shed on the overall strategic vision of the *2010-2015 Roadmap*?

Florida's Economy Continues to be in Transition

Economic Recovery Remains a Priority

Florida was one of the states hardest hit by the recent Great Recession in large part due to its significant exposure to the housing sector. After sharp contractions in 2008 and the first half of 2009, the state's GDP growth turned positive in mid-2009, around the same time as that of the U.S. as a whole.

Since then, both the Florida and national economies have seen consistently positive yet anemic growth. Following a 3.4% decline for all of 2009, this year Florida's real GDP is forecast to increase by 2.6%, then by another 1.9% in 2011. Given the severity of the recent downturn, however, Florida's total economic output is not expected to again reach pre-recessionary levels until early 2012. The forecast for both the Florida and U.S. economies calls for positive but sluggish growth – the recovery will continue to not feel like much of one.

The Great Recession has taken a particularly severe toll on labor markets, with more than 900,000 jobs lost in Florida and some 8.5 million nationally. Since the recession officially ended more than a year ago, job creation has been extremely weak, especially compared to previous economic recoveries. Recent monthly data reveal modest gains for Florida payrolls during much of this year, but these have not been sufficient to replace the number of jobs lost during the recession.

IHS Global Insight does not expect Florida's total employment to rebound to pre-recessionary levels until 2015 at the earliest. As of August 2010, Florida's 11.7% unemployment rate stood a couple of percentage points above the national rate, and is forecast to remain in the double digits through late 2012.

On the global front, the economic outlook is favorable but uneven. (For details, see Implementation: Global Hub.)

Structural Shifts in U.S. and Worldwide Economies: Implications for Florida

Recent analyses (*The Economist*[1], McKinsey and Co.[2])of the Great Recession's impact on the US and world economies suggest that this deep downturn and its aftermath are altering the national and world economies in a variety of ways.

Industries focused on debt-fueled consumer spending (including housing, autos, and retailing) are not likely to revert to their pre-recessionary levels anytime soon. Savings rates have increased as over-leveraged American consumers struggle to pay down debt amid lower home values and pervasive job insecurity. The growth model based on cheap energy and ever-rising asset prices is not likely to return. Instead, as the U.S. economy shifts focus from domestic consumption to investment and production of tradable goods

and services, efficiency and sustainability are likely to be dominant themes.

In an era of austerity, mass commoditization and even fiercer global competition, the value proposition is further gaining in importance. Faced with the increased reach and financial resources of emerging-country multinationals, the advantage for U.S. producers will lie in accelerated product development with even shorter product cycles, innovative processes and business models, market access, and know-how in areas such as marketing.

Developing innovative products and services – which the rest of the world actually wants to buy – will matter more than ever in the coming years. All these trends favor areas with higher population densities, strong innovation capabilities, and extensive global connections.

What would be the implications of such a model shift on Florida? It suggests that ***Florida must focus on a value proposition that emphasizes a growth model that first begins with innovation, continues with the production of high value goods and services, and concludes with export trade***. Florida must invent and produce the tradable goods and services that the world wants to buy and must have the open markets in which to emerge as a global innovation hub.

Competitiveness Challenges Remain

Florida's Competitiveness Scorecard

Competitiveness benchmarking of Florida against selected states is an integral part of the statewide strategic plan for economic development. **Appendix 1: Florida's Competitiveness 2011** monitors Florida's competitiveness on an annual basis along three key dimensions: prosperity (indicators of employment, GDP, productivity, income), innovation (R&D, talent production, commercialization, venture capital); and global (trade and investment data).

The 2011 competitiveness report indicates that Florida continues to rank among the middle or bottom states across a wide variety of statistical indicators. Over the past year, Florida has made some progress in selected competitive indicators, most notably in terms of its innovation economy and global export trade. In spite of these modest gains, the gap between Florida and its competitors remains: ***Florida needs not only to catch up with the US average, but to leapfrog ahead if it is to achieve the goal of being a leading state***.

Competitiveness of Florida's Clusters

Recently, renewing sustainable economic growth has focused on cluster-based innovation strategies and regional economic development. There has been renewed interest and emphasis on clusters as building blocks for competitive and sustainable job and business growth. Recent research confirms that strong clusters tend to deliver positive benefits to workers, firms and regions.[3]

> *" Clusters are key drivers of job growth, wage growth, new business formation, and innovation. … Traded clusters, which produce products and services that compete and those produced by other regions and other countries, are the underlying drivers of prosperity."*
>
> Michael Porter, *"Clusters and Economic Policy: Aligning Pubic Policy with the New Economics of Competition"*, *Harvard Business Review*, November 2007

Florida has long recognized that industry clusters are engines of economic growth. By focusing on the expansion of high-impact clusters and anticipating the emergence of future clusters, Florida can diversify its economy and impact both the quantity and quality of economic growth and jobs.

In addition to Florida's Foundational and Emerging Clusters, currently Targeted Clusters include six broad categories of Aviation/Aerospace; Cleantech, Financial/Professional Services, Homeland Security/Defense, Infotech, and Life Sciences.

To better understand the significance and competitiveness of Florida's high-impact clusters**, Appendix 2: Industry Cluster Competitiveness** documents that these clusters are especially significant in accelerating high wage job growth: ***they represent an average wage higher than Florida's statewide average wage, and more than half represent wage levels at least 50% higher than the statewide average.*** These clusters are critical for improving the quality of economic growth and increasing prosperity.

From a comparative perspective, the analysis of this Appendix also illustrates that ***Florida's clusters are competitive on several fronts such as size (number of establishments) and job creation (number of employees), but still have a ways to go to be competitive with other states in terms of wage levels.***

Increased Importance of Diversifying Florida's Economy: *Lessons from the Gulf Oil Spill and NASA Downsizing*

Diversifying Florida's economy with cluster strategies is a cornerstone of the *2010-2015 Roadmap to Florida's Future*.

Over the past year, two regional economic crises—the Gulf Oil Spill in the Northwest and NASA downsizing on the Space Coast—serve to call even greater attention to the importance of diversifying Florida's and regional economies. Diversifying Florida's economy continues to be a clarion call of urgent importance for the *Roadmap to Florida's Future*.

Northwest Florida

> ***" BP's Deepwater Horizon oil spill laid bare Northwest Florida's heavy dependence on tourism, and experts from several fields say the region should diversify its economy."***
>
> *NWFDailyNews.com*, September 15, 2010

> ***" The importance of diversification of the economy of Northwest Florida is the biggest 'ah ha' from the oil spill or maybe I should say 'duh!'."***
>
> Bentina Terry, Gulf Power,
> Enterprise Florida Aug. 2010 board meeting

Long term diversification strategies for the Northwest include:

- Diversification which leverages existing strengths in high impact clusters such as aviation/aerospace; homeland security/defense, infotech and cleantech
- Major opportunity areas based on defense for stronger military R&D and emerging technologies
- Establishment of a Technology Council of NW Florida as a technology and innovation corridor along I-10.

Space Coast

> ***" The future of space in Florida is diversification . . . Florida will take some hurt to its workforce as we transition . . . however, we're going to emerge stronger, more diversified and a lot better off."***
>
> Frank DiBello, President, Space Florida.
> *Space Review*, May 17, 2010

Diversification strategies for the Space Coast include:

- Vision20/20: Space Florida strategy to target 10 commercial markets to utilize space launch and processing capabilities, existing skilled workforce and infrastructure assets.
- Florida Space Transition and Revitalization Act (STAR) authorizing $32.8 million for aerospace business development, workforce and infrastructure.
- Development of new economic base founded on clean energy.
- Federal grants of $40 million by Presidential Task Force on Space Industry Workforce and Economic Development with recommendation for a Space Coast Regional Innovation Cluster strategy with a focus on five industry clusters:
  - Aviation / Aerospace
  - Clean Energy
  - Homeland Security / Defense
  - Information Technology
  - Life Sciences

1 "Time to Rebalance: a Special Report on America's Economy", The Economist, April 3, 2010

2 "Innovation and Commercialization, 2010", McKinsey and Company

3 "The New 'Cluster Moment': How Regional Innovation Clusters can Foster the Next Economy", Brookings, 2010

II. Implementation

Has there been any progress made in the last year (2010) in the implementation of recommendations as outlined in the *2010-2015 Roadmap*?

STRATEGIC PRIORITIES

TO DIVERSIFY FLORIDA'S ECONOMY WORLD-CLASS TALENT IS FUNDAMENTAL

The *Roadmap* includes specific recommendations to expand Florida's world-class talent base by:

- Continuing to raise expectations and achievement at the K-12 level
- Expanding career education and industry certification programs to meet changing skill demand
- Ensuring higher education excellence and alignment with business needs from the baccalaureate through graduate levels
- Better aligning workforce education with industry trends and enhancing workforce training for existing jobs
- Placing a priority on science, technology, engineering, and math (STEM) from elementary to higher education

HIGHLIGHTS

Race to the Top Success

In August 2010, Florida was named one of the winners of the national Race to the Top competition, securing $700 million from the U.S. Department of Education to support innovative reform efforts and raise the bar for student performance across the state's public K-12 school system. Florida's winning proposal—developed through strong collaboration among state education officials, school districts, and teachers unions—includes three major focus areas: (1) improving the state's lowest performing schools, (2) rewarding high performing teachers (by linking student achievement to teacher evaluation and pay), and (3) increasing the academic achievement of Florida's students.[1] More specifically, Florida's education leaders have committed to dramatically increase the percentage of students graduating from high school and earning college credit, cut the achievement gap between white and minority students, and improve the state's performance on national achievement tests.[2]

Closing the Talent Gap Report

A recent report from the Florida Council of 100 and Florida Chamber lays out a vision for a seamless, market-driven, and cost effective education and workforce development system with strong emphasis on high standards, accountability, and incentives. It recognizes that in order to develop the talent Florida will need for success in the 21st century economy, the state must address the full continuum of its "Talent Supply Chain"—prekindergarten education, primary / secondary education, postsecondary education, and workforce education—in an integrated and coordinated fashion. The report outlines 45 specific recommendations across all components of this supply chain, as well as one broader recommendation: that Florida mandate the creation and implementation of a statewide talent strategic plan that harnesses Florida's existing educational assets to train a new generation of knowledge workers who can keep pace with national and international competitors.

New Florida Initiative

January 2010 marked the launch of *The New Florida Initiative*—a long-term strategic initiative to use the resources of the State University System to support the growth of Florida's innovation economy and develop a pool of degreed citizens with the creative and analytical thinking skills required by the state's high-skill, high-wage employers. The Florida Board of Governor's *New Florida Initiative* seeks to double recurring state investment in the state's 11 public universities, dedicating half of new funding to increase the production of degrees in targeted STEM fields, and the remaining half to increase the number of graduates with degrees in other areas of specific regional and statewide need, such as nursing, accounting, and education.[3] In total, New Florida aims to increase annual degree production by 25,000 by 2015, and 50,000 by 2030.

Strengthening Linkage Between Workforce Training and Employer Demand: Industry Clusters and Occupational Clusters

Workforce Florida is working with its partners, including the Agency for Workforce Innovation and Enterprise Florida, to complete a comprehensive workforce demand and supply study—first recommended in the *2010 Roadmap*, and expanded upon in Workforce Florida's own strategic plan—that will better integrate the state's training programs to anticipated employer needs in targeted industry clusters. This new approach is based on the understanding that analyzing occupations and critical skill sets within Florida's targeted industry clusters can help identify which occupations provide the best opportunities for investment to build different types of skills, identify gaps and build career ladders—entry-level through advanced—in high growth areas. This supply/demand modeling focused on occupational skills can help guide both new entrants to the workforce as well as incumbent workers, Florida's workforce system and education providers by comparing workforce needs to the numbers and types of training, certificates and degrees awarded. The first industry clusters to be addressed include aviation/aerospace and clean energy. These will be followed by homeland security and defense, life sciences, financial and professional services, and information technology.

STEM Initiatives Taking Off Across Florida

Florida leaders have embraced the need to promote science, technology, engineering and math (STEM) learning and build the STEM skills of students and workers of all ages, as evidenced by the continued expansion of STEM initiatives throughout the state. For example, 2010 brought the commencement of operations for STEMFlorida, a statewide, business-led council charged with promoting STEM talent development among the targeted industry sector employers, education and training institutions, economic development organizations and other relevant entities. Over the course of 2010, STEMFlorida began its work by convening a series of business roundtables across the state to assess employer STEM needs and priorities, identify policy barriers hindering STEM education and public-private partnership, and inventory employer STEM programs and efforts. It also held Florida's first multi-sector STEM Business and Education Conference—drawing more than 200 business, education, economic and workforce development leaders.

In addition, as part of its Race to the Top implementation, each participating Florida school district must add at least one additional high school career and technical program that provides training for occupations requiring STEM. These programs must lead to a high-wage, high skill career for a majority of graduates that supports one of Enterprise Florida's eight targeted clusters and result in an industry certification.

1 Florida Department of Education press release, *Statement by Governor Charlie Crist Regarding Florida's Being Named a Winner in Phase II of Race to the Top*

2 Florida Department of Education, *Florida's Race to the Top Technical Assistance Webinar,* September 7, 2010

3 Florida Board of Governors, *New Florida: Building Florida's Knowledge Economy*, January 2010

ESTABLISHING FLORIDA AS AN INNOVATION LEADER IS CRUCIAL TO OUR FUTURE

The *Roadmap* includes specific recommendations to stimulate innovation-driven growth in Florida by:

- **Expanding corporate, academic, and military R&D activity – the source of new technologies and discoveries**
- **Supporting technology commercialization and the formation and growth of promising start-up companies**
- **Improving the availability of early to late stage venture capital funding**
- **Helping businesses of all sizes and across all industries take advantage of new technologies and innovations**

HIGHLIGHTS

Jobs Bill Supports Commercialization

The Florida Jobs Bill passed in 2010 includes a broad array of measures intended to boost job creation within the state, including two that will help support technology commercialization and the growth of emerging start-up companies.

- The Jobs Bill established the **Florida Research Commercialization Matching Grant Program**—a $3 million grant program administered by the Institute for the Commercialization of Public Research to increase Florida companies' success in securing Phase I and Phase II awards from the Small Business Innovation Research Program (SBIR) and Small Business Technology Transfer Program (STTR) of the U.S. Small Business Administration. The program will give Florida companies an important leg up in the competitive SBIR/STTR application process. The creation of a state SBIR/STTR matching grant program has been a *Roadmap* priority since 2004.
- The Jobs Bill provided $2 million in renewed funding for the **State University Research Commercialization Assistance Grant (SURCAG) Program**—an early stage funding program that supports the commercialization of products and services arising from university research. This year's SURCAG funding will support 21 commercialization projects at 10 state universities in areas such as homeland security forensics, cancer therapeutics, optical networks, and fuel cells.[1]

Florida Opportunity Fund Making Progress to Boost Venture Capital Availability

The Florida Opportunity Fund was created in 2008 to employ a fund of funds approach to expand the availability of seed and early stage capital in the state. Since the release of the *2010 Roadmap*, implementation of the Florida Opportunity Fund has ramped up significantly. To date, the Florida Opportunity Fund has announced deals totaling $23 million with local, regional and national funds—including Stonehenge Growth Equity, Element Partners, Inflexion Partners, New Enterprise Associates, Harbert Venture Partners, and 5AM Ventures III.[2]

In addition, the Florida Opportunity Fund launched the **Clean Energy Investment Program**. With $36 million in initial funding, the program will advance the adoption of renewable energy and energy-efficiency technology across the State. It is anticipated that businesses will be able to use cost savings achieved through their investments to expand operations, improve competitiveness, and support job growth.

Small Business Technology Growth Pilot Program

In 2010, Enterprise Florida launched a pilot **Small Business Technology Growth Program** in partnership with the Institute for the Commercialization of Public Research. This pilot program identifies and vets candidates for a $50,000 investment to help accelerate firm growth and technology development. The underwriting must include a risk-reward timetable that profiles the risks of the investment, estimates the potential economic development impact, and establishes a timetable for reviewing the success or failure of the investment or assistance (such as a loan guarantee.)

The Small Business Technology Growth Program was originally formulated by the Legislature for technology based businesses. Focusing on Florida companies with fewer than 100 employees, it authorizes funds to be advanced in loans, equity investments, credit guarantees and other investment structures, providing at least $1 of private capital is leveraged for every $1 of capital advanced under the program.

Florida Programs Support R&D Gains

2010 marked the launch of the **New Florida Scholars Boost Grants Program,** which will provide state universities with small yet meaningful awards to assist in hiring and retaining the best faculty and providing these researchers the equipment they need. Awards will be one-time only, with priority given to the *New Florida* 2010 focus disciplines of health, engineering, and science.

In addition, in 2010, the legislature provided $75 million in funding for the **Florida Innovation Incentive Fund**. The Innovation Fund allows Florida to compete effectively for high-value research and development projects that will generate significant jobs and capital investment.

Regional Innovation Networks

The *2010 Roadmap* identified the crucial role that networks—both physical and virtual—play in supporting innovation-based economic growth, and called for the further development of regional and inter-regional innovation networks statewide.

Regional Innovation Centers Currently in Development:

- **Lake Nona Medical City** (Orlando) Within the past year, Sanford-Burnham and the UCF Medical School opened its doors. Construction is underway on the Nemours Children's Hospital and the Orlando VA Medical Center, and UF recently broke ground on their new academic and research center.
- **Tradition Center for Innovation** (Port St. Lucie) is a 150-acre life sciences research park. Recently, its anchor members (Torrey Pines, VGTI, Martin Memorial Health Systems, Mann Research Center) formed the Florida Innovation Partners to direct the center's growth and to promote commercialization of park discoveries.
- **Innovation Square** (Gainesville) is an 11-acre corridor that will help facilitate the commercialization of university technologies and support entrepreneurs. Construction has begun on the anchor site, the Florida Innovation Hub at UF, a 45,000-square-foot "super incubator".

Proposed Regional Innovation Collaborations:

- **I-95 Life Sciences Corridor** is a proposed conceptual collaboration what would promote the region from Miami-Dade County and up the I-95 corridor as a major life sciences center capitalizing on major universities there, and Scripps Florida and Max Planck.
- **Technology Council for Northwest Florida** is a proposed partnership that would help link, leverage, diversify and invest in sophisticated research and high technology operations from Escambia to Bay Counties along the Gulf Coast region.

1 Florida Board of Governor's press release, *State Universities Awarded Research Commercialization Grants Totaling $2M from Florida Technology, Research and Scholarship Board*

2 Florida Opportunity Fund news release, *Venture Fund Makes Commitment to Stonehenge Growth Equity*

TO SUCCEED IN THE 21ST CENTURY FLORIDA NEEDS GROWTH LEADERSHIP

The *Roadmap* includes specific recommendations to meet the state's infrastructure needs by:

- Increasing the connectivity and improving the efficiency of the state's transportation systems for global and domestic commerce
- Aligning land use planning efforts with economic development goals and long-term regional visions
- Accelerating broadband deployment — fundamental communications infrastructure for the innovation economy
- Responding to sustainable energy challenges and opportunities
- Enhancing inter-regional water supply planning

HIGHLIGHTS

2060 Florida Transportation Plan

Over the course of 2010, the Florida Department of Transportation (FDOT) and its partners worked to update the Florida Transportation Plan (FTP)—the state's long range transportation plan. This year marks the first time that the FTP has been revised with an eye to 50 years in the future. The 2060 FTP will guide the expenditure of federal, state, and local transportation funds to improve the transportation safety, security, preservation, and mobility needs of our state. The final draft of the proposed 2060 FTP has been completed, submitted for open review and public comment, and will be approved by the Secretary of the Florida Department of Transportation by the end of 2010.

Legislation Lays Groundwork for the Future of Florida Rail

Recently passed legislation, House Bill 1B, establishes a comprehensive framework for Florida's current and future passenger rail system, including SunRail, Tri-Rail and plans for high speed rail. The Florida Department of Transportation (FDOT) is working with the federal government and Central Florida officials to develop and operate SunRail, a commuter rail transit project that will run along a 61-mile stretch of existing rail freight tracks in Orange, Seminole, Volusia and Osceola counties.[1] The legislation also provides additional funding for Tri-Rail, which currently operates 50 trains daily from Palm Beach County to Miami-Dade County.[2] Further, the legislation creates the Florida Statewide Rail Commission to advise the FDOT and the Legislature on the development and operation of Florida's passenger rail systems.[3] Finally, it creates the Florida Rail Enterprise within FDOT to oversee all state-owned passenger rail systems. The legislation addresses liability risks associated with state-owned passenger rail corridors and requires FDOT to work with communities affected by increased freight rail traffic resulting from routing modifications.[4]

Florida was also recently awarded $1.25 billion in federal funding to open high speed rail express service between Tampa and Orlando—connecting the cities in less than an hour at maximum speeds of 168 mph. Five stations are

planned along the Tampa-Orlando corridor, with downtown Tampa and Orlando International Airport stations anchoring each end of this corridor. All stations would be served by some combination of regional rail, bus transit, taxi, pedestrian and automobile access to ensure seamless connectivity.

Stimulus Jump Starts Rural Broadband

Three of Florida's Rural Areas of Critical Economic Concern (RACEC) have been awarded grants through the American Recovery and Reinvestment Act to install and maintain crucial broadband infrastructure that will benefit individuals, businesses and local governments. The Florida Rural Broadband Alliance (FRBA) received a grant of $24 million to provide broadband access for the improvement of education, healthcare and public safety services and economic development opportunities in the South Central and Northwest RACECs, collectively covering more than 20 percent of the land area of the state of Florida and a population of roughly 440,000. The FRBA's project will connect as many as 190 community anchor institutions to broadband, including 41 public schools, 30 public safety organizations, 28 libraries, 20 institutions of higher education, and 31 government buildings and centers.[5] The North Florida Broadband Authority (NFBA) received a grant of $30 million for critical broadband infrastructure in the 14-county region that makes up the North Central Florida RACEC. The NFBA middle mile project has the capacity to connect more than 154,000 households, 26,893 businesses, 1,573 critical facilities, and 265 health care entities.[6]

New Clean Energy Investment Program

To encourage economic development in Florida, as well as promote the adoption of energy efficient or renewable energy products and technologies, in mid-2010 the Florida Opportunity Fund launched the **Clean Energy Investment Program**. The Clean Energy Investment Program is a $36 million direct investment initiative, created using ARRA stimulus dollars, that will provide qualifying Florida businesses with funding for: (1) facility and equipment improvement with energy efficient products and materials; (2) acquisition or demonstration of renewable energy products for use in their operations; (3) improvement of existing production, manufacturing, assembly or distribution processes to increase energy efficiency.

Inaugural Florida Water Forum

This year, the Associated Industries of Florida partnered with the Florida Section of the American Water Works Association to host the first-annual Florida Water Forum 2010. Nearly 200 representatives from local municipalities, industry groups, state government, and businesses were present to discuss the future of Florida's water infrastructure, supply, planning, and quality regulation.

Expanding Commercial Space Infrastructure

Faced with the impending retirement of the space shuttle, the 2010 Legislature appropriated $11.1 million for space infrastructure to help stimulate industry activity. More specifically, the legislature provided $7.5 million for Exploration Park—a next-generation technology and commerce park located in close proximity to the launch and payload processing operations of Kennedy Space Center—and $3.6 million for Space Launch Complex infrastructure. In addition, the President's Task Force on Space Industry Workforce and Economic Development recommended $5 million in funding to create in Florida a commercial spaceflight technical center that would be part of the Federal Aviation Administration. The center would support commercial launch and re-entry activities.

1 SunRail news release, *Governor Crist Signs Bill Expanding Passenger Rail, Creating Jobs*

2 Ibid

3 Ibid

4 Ibid

5 Office of Congressman Allen Boyd press release, *Boyd Secures Nearly $24 Million to Expand Access to High-speed Internet in Florida's Rural Areas*

6 North Florida Broadband Authority

FLORIDA NEEDS A COMPETITIVE BUSINESS CLIMATE FOR RECOVERY AND GROWTH

The *Roadmap* includes specific recommendations to improve Florida's business competitiveness by:

- Strengthening Florida's incentive toolkit to accelerate job creation and encourage investment by existing and new businesses
- Supporting small business development and entrepreneurship as the backbone of the state's economy
- Streamlining state and local regulatory systems to promote efficiency and reduce delays
- Ensuring predictable, competitive costs to help companies' and workers' bottom lines

HIGHLIGHTS

Florida's Incentive Toolkit Adapted for 21st Century Competitiveness

One of the most immediate and direct successes of the *2010 Roadmap* is the re-tooling of Florida's economic development incentive toolkit. The *Roadmap* called for a slate of precise changes to Florida's incentive programs to accelerate job creation in targeted industries, promote productivity gains through capital investment, expand corporate R&D, and expand the number of corporate headquarters located in the state.

The legislature responded by:

- Funding the **Quick Action Closing Fund**, which enables the state to secure high impact projects and associated jobs
- Funding the **Innovation Incentive Fund** –supporting the recruitment of innovative businesses and R&D institutions
- Enhancing incentives available through the **Qualified Target Industry Tax Refund** (QTI) program—providing bonuses for economic development projects in designated high impact sectors, to businesses that increase their exports through Florida ports and airports by at least 10% per year, and to reward high levels of local financial support for business expansion and recruitment projects
- Adjusting eligibility for the **High Impact Performance Incentive Grant** (HIPI) program to include businesses that will make a cumulative investment of $50 million and create 50 jobs and R&D businesses that will make a cumulative investment of $25 million and create 25 jobs[1]
- Modifying the "productive output" requirements used to qualify for the **manufacturing machinery and equipment sales tax exemption** to incent capital investment—allowing businesses to receive an exemption of sales tax on purchases of machinery and equipment if they achieve a 10 percent increase in productive output in a single product line, rather than for a plant or operation as a whole

- Creating the **Manufacturing and Spaceport Investment Incentive** to encourage capital investment and job creation in manufacturing and spaceport activities in Florida

These changes will enhance Florida's competitiveness relative to peer states, improving its ability to support the business retention, expansion, and recruitment.

New Programs Enacted to Address Immediate Economic Recovery Needs

The 2010 Legislature took action to address historic unemployment conditions and stimulate economic activity in the state's distressed communities by creating the Jobs for the Unemployed Tax Credit and the Local Government Distressed Area Matching Grant Program.

- The **Jobs for the Unemployed Tax Credit** is designed to encourage the hiring of qualified, unemployed workers. Businesses operating in Florida's targeted industries may receive a tax credit of $1,000 for each employee hired as of July 1, 2010 who was previously unemployed for a minimum of 30 days. (In addition, such employees must remain employed for at least a 12-month period and work a minimum of 36 hours per week). This program will run until June 30, 2012 with a limit of $10 million available for tax credits.
- The **Local Government Distressed Area Matching Grant Program** will stimulate investment in Florida's economy by assisting local governments in attracting and retaining targeted businesses. Applications are accepted from local governments/municipalities planning to offer financial assistance to targeted businesses that are new to Florida, expanding operations in Florida, or leaving Florida in the absence of local and state government assistance. Special attention will be given to areas with pervasive poverty, high unemployment levels, and economic distress.

Expanded Finance Programs for Small Business Growth

Recognizing that Florida is home to more than 1.8 million small businesses, accounting for nearly 60 percent of new jobs created in the state, and that small businesses have been dramatically impacted by current economic conditions, the 2010 Florida Jobs Bill included several measures to bolster small business growth.

- Most notably, $2 million was appropriated to expand the Governor's **Economic Gardening Pilot Program**, which identifies qualified companies (between 10 and 50 employees) and helps them expand by offering specific services such as market information, leadership development, and assistance in digital media applications. The new funds will help local communities create their own regionally-tailored programs to provide technical assistance to businesses in their areas.
- The Florida Jobs Bill also provided $4.9 million in access to capital to the **Florida Export Finance Corporation** to assist Florida small businesses in completing their short-term export sales transactions. More than 95 percent of Florida's exporters are small to medium-sized businesses, with a vast majority requiring assistance to complete their sales.[2]

Improved Regulatory Environment for Florida Medical Device Manufacturers

The *2010 Roadmap* highlighted the need to identify and address industry-specific regulatory policies detracting from the state's competitiveness as a location for major and targeted industries, and specifically noted inefficiencies in Florida's regulation of medical device manufacturers. In 2010, Florida eliminated duplicative permitting and inspection of state medical device manufacturing facilities—a major benefit to the state's large medical device industry and a solid step toward improving Florida's competitiveness in retaining and attracting medical device companies. Florida is home to the nation's 2nd largest medical device sector – encompassing over 450 companies employing more than 20,000 workers at an average annual wage of $55,000, but had been one of only two states in the U.S. that required state-level permitting and inspection of medical device facilities.[3]

1 Florida Governor Charlie Crist press release, *Governor Crist Applauds Florida Jobs Bill, Enhancing Job Growth, Business Development, and Long-term Economic Expansion in Florida*

2 Ibid.

3 Maddux Report News Wire, *Florida Medical Device Manufacturers Celebrate Independence Day,* July 2010

FLORIDA IS POISED TO BECOME A GLOBAL HUB

The *Roadmap* includes specific recommendations to establish Florida as a leading global hub by:

- » Expanding trade and investment and attracting tourists from traditional and emerging markets in Latin America, Canada, Western Europe, and the Asia-Pacific region
- » Improving Florida's "hard" and "soft" infrastructure for international business — the transportation facilities, support services, specialized talent, and regulatory systems that support international commerce

HIGHLIGHTS

Expanded International Trade and Investment Promotion

Florida is the 5th largest exporter of state-origin (locally produced) goods, as well as the 3rd largest exporter of high-tech products. To strengthen state-origin and high-tech exports, Enterprise Florida coordinated and led over 33 international trade events in 2010. These missions resulted in almost $268.5 million in actual and expected sales. They reached both traditional markets (Latin America, Europe and Canada) as well as emerging markets (Middle East, Far East) for targeted industry clusters. Some of these events included:

- Arab Health 2010 – *Dubai, United Arab Emirates*
- FIDAE Air Show (Feria Internacional del Aire) – *Santiago, Chile*
- Farnborough International Air Show – *Farnborough, United Kingdom*
- HOSPITALAR 2010 – *Sao Paulo, Brazil*
- Singapore Air Show 2010 – *Singapore*
- Florida Trade Mission to Colombia 2010 – *Bogota, Cartagena, Pereira, Manizales, Barranquilla, Medellin*
- REPCAN 2010 – *Toronto & Montreal, Canada*

Export assistance was also provided by Enterprise Florida to Florida businesses in a variety of ways—export counseling assistance, business grants to attend international trade events, providing global market information to delivering trade leads. A new free service was launched for Florida exporters—the *Florida Export Directory*. This new on-line directory includes nearly two thousand exporters and is marketed globally to drive client traffic to Florida companies for business expansion.

Inland Ports and Logistics Hubs: New strategies for global logistics and trade

Based on regional forum input, the 2010-2015 Strategic Plan for Economic Development noted the potential of global logistics as a potential new cluster opportunity for Florida. In various parts of Florida, and as a key opportunity area for rural Florida, logistics hubs are emerging as new strategies to help diversify the economy and position it for new economic growth.

Columbia County announced, in mid-2010, the creation of an "inland port"—a 500-hundred acre industrial site and regional

distribution center. This inland port and logistics center is designed to capitalize on its location at the intersection of two major interstates, its proximity to the Port of Jacksonville, the anticipated boom in trade due to the expansion of the Panama Canal, and its immediate adjacency to the state's Banner Center for Logistics and Distribution. It is anticipated that the inland port will both boost Florida's status as a hub for global trade and logistics, and catalyze manufacturing activity in surrounding areas as companies are better able to ship their materials and components.

Positioning Florida for Expanded Trade

The Florida Chamber Foundation began a study to better understand and forecast trade flows and logistics patterns for freight, shipping and other commercial mobility modes. The *Florida Trade Flows* study is expected to be released in the Winter of 2011. It will document and estimate domestic and international trade flows and identify opportunities for Florida to compete globally.

International Market Forecast

Over the past year, the world economy has continued to recover from its steepest downturn in decades. In recent months, however, the pace of recovery has slowed. For 2010, the Economist Intelligence Unit now expects global output to increase by 4.4%, slowing to a 3.6% pace next year. From 2012 to 2015, annual growth in global economic output is forecast to remain steady in the 4.0-4.3% range. EIU puts the probability of a second worldwide ("double-dip") recession at 30%. After falling by 11.1% last year, world merchandise trade is forecast to expand by 11.5% in 2010, and by around 6% in subsequent years through 2015.

Given the lackluster recovery in most advanced economies, including the United States, emerging markets are now the main drivers of global growth. As a group, they should see real GDP growth of 7.1% this year, followed by 6.3% in 2011 and even stronger growth from 2012 on. The Asia/Pacific region will continue to lead the way: China and India will remain the world's two best performing economies, which will in turn help to spur growth in nearby South Korea, Taiwan, Hong Kong, and the ASEAN countries. The Middle East/North Africa and Sub-Saharan Africa will likewise perform very well. Among the emerging markets, the transition economies of Eastern Europe and the former Soviet Union are expected to see the slowest growth over the next few years, though it will remain in positive territory.

Latin America will continue to outperform much of the world outside of Asia/Pacific. Real GDP growth in the region is expected to hit 5.8% this year, led by Brazil's blistering 7.8% pace. Starting in 2011, Latin American economies are expected to expand by about 4.5% each year through 2015. Except for the struggling Venezuelan economy, most individual countries in the region are forecast to perform very well over the next half decade, in part aided by surging demand for their natural resources, especially from Asia. Given its closer ties to the neighboring United States, the Mexican economy is expected to grow more slowly than those of Brazil, Chile, Colombia, Panama, or Peru, but it should still perform quite well.

The mature economies of Western Europe and Japan will remain among the world's weakest performers, hobbled by feeble domestic private demand and sharp fiscal retrenchment. Japan continues to face deflationary pressures and a surging yen, while countries like France, Spain and Italy are grappling with mounting public debt and the loss of export competitiveness due to a strong euro. Meanwhile, smaller eurozone members such as Greece, Ireland, and Portugal are implementing dramatic austerity measures, aimed at staving off fears of them defaulting on their sovereign debt that had shaken to the core Europe's common currency as well as some of its largest banks as their creditors. Fiscal consolidation is also the name of the game in Britain, which was hit particularly hard by the bursting of the global credit bubble.

The sole exception to this pervasive malaise on the Old Continent is Germany. Europe's largest national economy is also among its most export-intensive, and has recently been buoyed by surging demand for German-made capital goods from emerging markets, above all China. Although exports have lifted German GDP figures, domestic demand remains at best anemic. Beyond Europe, the outlook is favorable for two other large high-income economies. With its healthy financial system and vast mineral wealth, Canada is outperforming its larger neighbor to the south. Meanwhile, Australia is the world's only advanced economy to have escaped recession last year, largely on the back of its natural resources exports to China.

QUALITY OF LIFE MATTERS FOR FLORIDA'S FUTURE

The *Roadmap* includes specific recommendations to maintain and enhance Florida's unique quality of life by:

- Strengthening "creative class", place building, and community development efforts
- Better integrating cultural assets and organizations into economic development planning
- Growing the state's creative industries, which include everything from film and television to digital media to art and design

HIGHLIGHTS

New Florida Film and Entertainment Industry Financial Incentive Program to Expand the State's Creative Industries

Recognizing that the film and entertainment industry is a high-wage, value-added sector of Florida's economy, creating high paid jobs for production units and extending economic benefits into other industries such as restaurants, lodging, retail, construction, and tourism, bolstering job creation and generating revenue for an increased number of residents and businesses, in 2010 the Florida legislature created the Florida Film & Entertainment Industry Financial Incentive Program. The purpose of the program is to encourage the use of Florida as a site for filming, for the digital production of films, and to develop and sustain the workforce and infrastructure for film, digital media, and entertainment production. The five-year, $242 million transferable tax credit incentive program is expected to induce over $1.2 billion in direct spending by entertainment production companies into Florida's economy.[1]

Creative Class Initiatives

Florida Attracts More "Creative Class" Professionals

Florida communities are increasingly recognized as some of the best places for professionals who want to live in communities that promote creativity, cultural amenities, diversity, tolerance, and life-work balance. Some recent examples include:

- Three Florida cities are projected to lead the nation in creative jobs growth rates, with Gainesville projected to see the largest increase at 17.7% in creative class jobs, followed by Punta Gorda in 5th place with 16.9% growth rate, and Ocala with 16.5% in 7th place.[2]
- Seven Florida communities – Coral Gables, Coconut Beach, Dadeland, Ft. Lauderdale, Miami Beach, West Palm Beach and Winter Park – are ranked among the best examples of suburbs that reflect the new values of knowledge workers, including walkable access to amenities, a variety of housing options and shorter commutes.[3]

- Florida is home to two of America's Top Ten Coolest Cities, with Orlando coming in 6th place and Miami in ninth. Miami, which leaped up 10 places from the 2009 Forbes rankings, was noted for its increasingly active and influential arts and culture scene.[4]

Gainesville Grows Innovation

Gainesville's regional business, academic and civic leaders are spearheading Innovation Gainesville (iG), a collaborative effort focused on the future of Gainesville's capacity to innovate and build businesses from the Knowledge Economy. The community-wide initiative urges all residents to Live, Learn, Speak, Invest and Celebrate Innovation in their hometown, which has become a regional hub for scientific and economic innovation.[5] Some related projects include building the new Cade Museum for Innovation, which will be a cornerstone of one of the most important environmental reclamation and urban renewal projects in the city's history, and the establishment of the annual Cade Prize for Innovation, a competition to recognize and promote Florida innovators.[6]

Tampa Bay Area's World-class Arts Amenities

A number of new museums and a focus on the arts are attracting nationwide attention to the Tampa Bay area. Among the recent additions are the new Tampa Art Museum, Glazer Children's Museum and "The Chihuly Collection," the only permanent, museum-quality collection in the world of the works of glass-artist Dale Chihuly. Additionally, the Museum of Fine Arts and the Salvador Dali Museum have expanded. The numerous art galleries and festivals and plans to expand and renovate Tampa's Riverwalk and other similar projects in the region add to Tampa Bay's appeal as a vibrant area attracting metropolitan, tech-savvy and creative professionals.

1 The Governor's Office of Film and Entertainment

2 Florida, Richard, *Where the Creative Class Jobs Will Be*, The Atlantic, August 25, 2010

3 Florida, Richard, *Suburban Renewal*, CreativeClass.com, October 2010

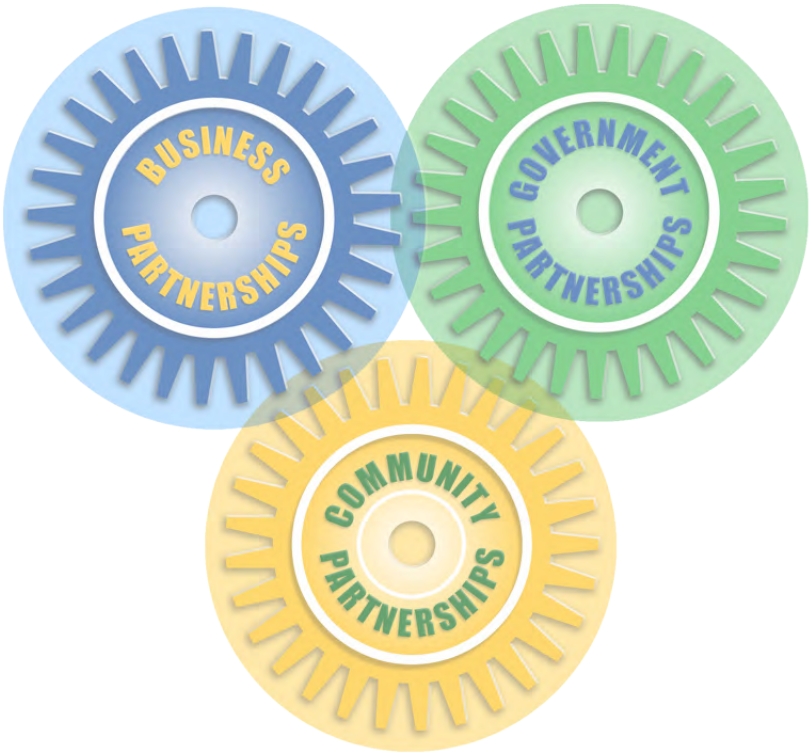
4 Levy, Francesca, *America's Coolest Cities*, Forbes, August 2010,

5 Innovation Gainesville

6 The Cade Museum

III. Shared Vision

Is there continued shared vision and alignment amongst stakeholders and partners in the overall strategic direction?



III. Shared Vision

Partnering to shape Florida's future is fundamental to the development and implementation of the *Roadmap to Florida's Future*. Partnerships exist at multiple levels—state, regional and local levels, and in diverse formats—from business-led statewide efforts to regional collaborations to local community forums. A shared vision—with a shared sense of urgency—of Florida's future has emerged, resulting in an aligned strategic direction with consensus on end goals and partnerships.

Business Partnership: Florida Chamber Foundation

The Florida Chamber Foundation launched its six pillars caucus with discussion forums centered around:

- Talent supply and education
- Innovation and economic development
- Infrastructure and growth leadership
- Business climate and competitiveness
- Civic and governance systems
- Quality of life and quality places

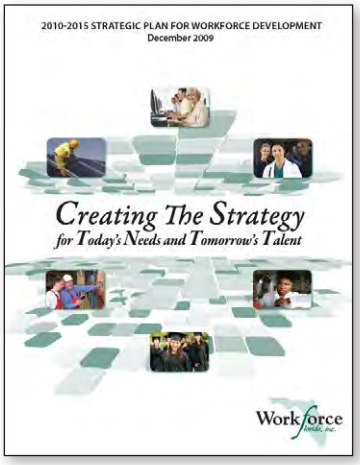
This process of caucus deliberations and priorities will result in a set of top level strategies and recommendations which will be forwarded to the Florida Chamber for consideration as part of its legislative agenda. The *Roadmap's* strategic priorities are generally aligned with the Chamber's six pillars. It is also anticipated that recommendations will overlap and generate a statewide consensus in new initiatives and strategies to help Florida transition to a new economy.

SIX PILLARS
CAUCUS SYSTEM

State-level Partnership: Workforce Florida

Workforce Florida has adopted the *Roadmap's* targeted industry clusters and will use these clusters as a guideline to identify the most promising talent opportunities for Floridians. As indicated in Workforce Florida's five-year strategic plan, the clusters will guide where research is conducted, and how task forces are formed.

Workforce Florida will conduct a cluster-oriented comprehensive Workforce Supply and Demand Analysis, including an occupational and skill assessment system, as recommended in the *Roadmap*. It will also develop a Demand-Side Satisfaction Index focused on targeted industry clusters.

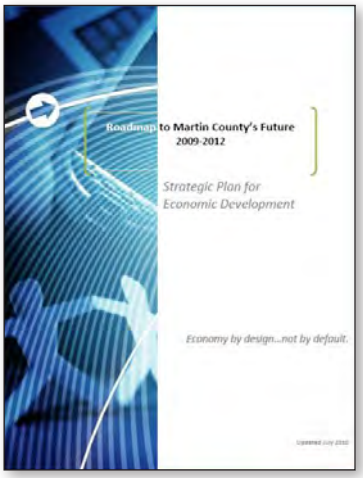


Workforce Florida continues to develop the Employ Florida Banner Centers that focus on industry clusters. Three new banner centers are anticipated this year, including creative industries, financial and professional services and life sciences.

Regional / Local Partnership: Martin County

The Business Development Board of Martin County utilized the *Roadmap's* strategic vision as a framework for developing the county's strategic plan, illustrating a necessary link between local economic development and statewide programs.

The Business Development Board of Martin County identified four focus areas as part of its strategic plan to execute its mission - to aggressively market, attract, retain, and expand companies paying high wage jobs and improve the overall quality of place of Martin County - and to build a sustainable economy. The focus areas include: Existing Business Retention & Expansion, New Business Recruitment, Entrepreneurship and Business Climate.



To further support the Business Development Board of Martin County's strategic direction, local communities including Hobe Sound, Indiantown, Jensen Beach, Palm City and Stuart have developed small area strategic plans aligned with Martin County's strategic vision.

Section 288.905(2), Florida Statutes, mandates that the Enterprise Florida Board develop the statewide strategic plan for economic development, *Roadmap to Florida's Future*, and provide it annually to the Governor and Legislative leaders.

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Florida Chamber of Commerce

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October 2010

Enterprise Florida Economic Development Strategy Council

Susan Story, Chair

Dr. Antonio Villamil, Chair, Global Business and Investment Committee

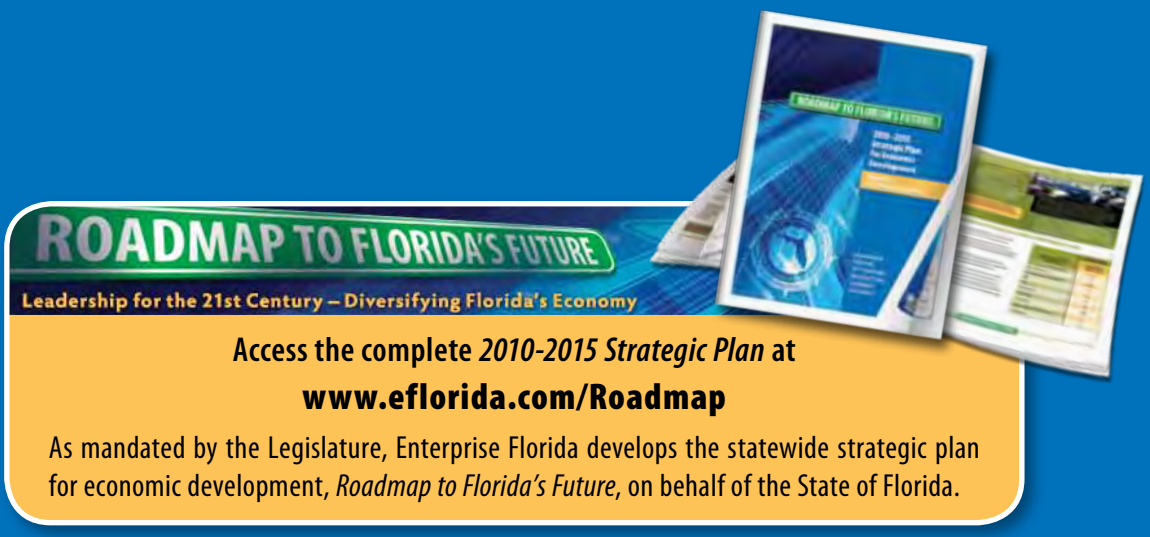
Vivian de las Cuevas-Diaz, Chair, Legislative Policy Committee

Hal R. Valeche, Chair, Technology Entrepreneurship, and Capital Committee

Chris Hart, Director, Governor's Office of Tourism, Trade, and Economic Development

Enterprise Florida Inc. (EFI) is a public-private partnership serving as Florida's primary organization devoted to statewide economic development. EFI's mission is to diversify Florida's economy and create better-paying jobs for its citizens by supporting, attracting and helping create business in innovative, high-growth industries.

eFlorida Enterprise Florida



Access the complete *2010-2015 Strategic Plan* at

www.eflorida.com/Roadmap

As mandated by the Legislature, Enterprise Florida develops the statewide strategic plan for economic development, *Roadmap to Florida's Future*, on behalf of the State of Florida.

eflorida Enterprise Florida

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Use your smartphone and a 2D barcode reader application to scan this code for quick and direct access to the Roadmap to Florida's Future site.

November 2010

The Florida Senate

Interim Report 2011-107 *October 2010*

Committee on Commerce

IDENTIFICATION, REVIEW, AND RECOMMENDATIONS RELATING TO OBSOLETE STATUTORY REFERENCES TO THE FORMER FLORIDA DEPARTMENTS OF LABOR AND EMPLOYMENT SECURITY, AND COMMERCE

Issue Description

The Division of Statutory Revision of the Office of Legislative Services reviews Florida Statutes, in part, to remove inconsistencies and otherwise improve their clarity and facilitate their correct and proper interpretation. Any revision the division makes to a statute, either complete, partial, or topical, is accompanied by revision and history notes relating to the same, showing the changes made therein and the reason for such recommended change.

The Division of Statutory Revision maintains an informal list of statute issues, which may include notes and recommendations to clarify and remove inconsistencies in Florida Statutes. Several issues related to references in statutes to the former Department of Labor and Employment Security or the former Florida Department of Commerce still exist in the Florida Statutes.

The Department of Labor and Employment Security was abolished by the Legislature in 2002.[1] Chapter 96-320, L.O.F., provided for the dissolution of the Florida Department of Commerce, effective December 31, 1996.

This interim report will explore the structure of these former departments and how their structures were ultimately dismantled and redistributed to other areas of Florida government. This framework is intended to serve as a resource for use in the examination of current references to the former Department of Labor and Employment Security or the former Florida Department of Commerce in Florida Statutes and assist in determining potential solutions to update such references.

Background

Department of Labor and Employment Security

The Department of Labor and Employment Security (DLES) was created in 1978 when it was removed from the Florida Department of Commerce.[2] It consisted of one administrative support division, six program divisions, and administratively housed several independent entities.[3]

The process for the abolishment of DLES began in the 1999 Legislative Session,[4] and subdivisions and programs of the department were transferred or repealed through several legislative bills until the department was formally abolished by the Legislature in 2002.

[1] Chapter 2002-194, L.O.F.
[2] Chapter 78-201, L.O.F.
[3] See Senate Staff Analysis and Economic Impact Statement for CS/CS/SB 230, dated April 19, 1999.
[4] Chapter 99-240, L.O.F.

Division of DLES	Purpose	Transferred or Repealed[5]	Chapter Law
Division of Administrative Services	Provided support services through four functional units: (a) Human Resource Management; (b) Administrative Support; (c) Management Information Systems; and (d) the Office of Training and Development.	• Transferred administration of labor organizations, migrant and farm labor registration, and other workplace regulation functions to the Department of Business and Professional Regulation • Transferred the Office of Information **S**ystems to the State Technology Office • Other support services were transferred as appropriate	Ch. 2002-194, L.O.F.
Division of Blind Services	Provided rehabilitation, job placement, and follow-up services designed to find employment for Florida's blind residents.	• Transferred to the Department of Education	Ch. 99-240, L.O.F. Ch. 2002-22, L.O.F.
Division of Jobs and Benefits	Helped workers find jobs and assisted employers with recruitment of qualified applicants. The division administered a number of programs, including the following: Job Training Partnership Act; Apprenticeship; Child Labor; Labor Market Information; Professional Placement Network; WAGES/WORKPay$; and School-to-Work.	• Transferred to the Agency for Workforce Innovation, Workforce Florida, Inc., and the Department of Children and Family Services, as appropriate. • Transferred apprenticeship training to the Department of Education • Transferred administration of labor organizations, and migrant, farm worker, and child labor laws to the Department of Business and Professional Regulation	Ch. 2000-165, L.O.F. Ch. 2002-194, L.O.F.
Division of Safety	Performed worksite inspections, and educated employers, employees, and the public about workplace safety issues.	• Repealed July 1, 2000	Ch. 99-240, L.O.F.
Division of Unemployment Compensation	Administered the federally-mandated insurance program that pays wage-replacement benefits to unemployed workers.	• Transferred to the Agency for Workforce Innovation (and required the agency to contract with the Department of Revenue for tax collection services)	Ch. 2000-165, L.O.F.

[5] These are not necessarily the current locations for such programs or authority.

Division of Vocational Rehabilitation (including the Office of Disability Determinations)	Assisted persons with physical or mental impairment gain employment. The Office of Disability Determinations was a federally funded program which was responsible for determining medical eligibility for Social Service Disability Insurance and Supplemental Security Income Benefits. The office also made appropriate referrals to the Division of Vocational Rehabilitation and programs within the Department of Health to assist claimants in obtaining necessary health care and regaining employment security.	• Effective January 1, 2000, the brain and spinal cord injury program and the Office of Disability Determinations were transferred to the Department of Health. • Transferred to Department of Education	Ch. 99-240, L.O.F. Ch. 2002-22, L.O.F.
Division of Workers' Compensation	Assisted in the delivery of benefit payments and provided rehabilitative and support services to injured workers to facilitate their reemployment.	• Transferred to the Department of Insurance; • Also transferred workers' compensation medical services to the Agency for Health Care Administration; and • Workers' compensation rehabilitation and reemployment services to the Department of Education	Ch. 2002-194, L.O.F. Ch. 2002-262, L.O.F.
Office of the Judges of Compensation Claims	Adjudicated disputed facts and resolved disputed issues regarding workers' compensation claims.	• Transferred to the Division of Administrative Hearings	Ch. 2002-194, L.O.F.
Public Employees Relations Commission	Responsible for enforcement of constitutional and statutory provisions giving public employees rights in bargaining with their employer.	• Transferred to the Department of Management Services	Ch. 2001-43, L.O.F.
Unemployment Appeals Commission	Responsible for deciding contested appeals for Unemployment Compensation.	• Transferred to the Agency for Workforce Innovation	Ch. 2002-194, L.O.F.
Workers' Compensation Oversight Board	Formulated proposed workers' compensation and held hearings.	• Repealed July 1, 2002	Ch. 2002-194, L.O.F.
Minority Business Advocacy and Assistance Office	Oversees the state's minority business enterprise program, including certifying participants in the program	• Renamed the Office of Supplier Diversity and transferred to the Department of Management Services	Ch. 2000-286, L.O.F.
Florida Advisory Council on Small and Minority Business Development	Advised and assisted the secretary of DLES in carrying out duties related to minority businesses and economic and business development	• Neither: the council still statutorily resides with DLES; however, it currently operates within the Department of Management Services	Ch. 2000-286, L.O.F.

Florida Department of Commerce

The Florida Department of Commerce (FDC) was created in 1969.[6] It consisted of three divisions and administratively housed or staffed a number of independent entities. It was "the state agency with the primary responsibility for promoting and developing the general business, trade, and tourism components of the state economy."[7]

FDC was abolished in 1996 in a reorganization of Florida's economic development structure.[8] The department's functions were either repealed or transferred to various other agencies. In general, the reorganization transferred economic development functions to Enterprise Florida, Inc. (EFI); tourism development and marketing functions to the Florida Commission on Tourism, Inc.; and all other functions that were considered to be "governmental in nature and [could not] effectively be transferred to public private partnerships" to the Office of Tourism, Trade, and Economic Development (OTTED).[9]

Division of FDC	Purpose	Transferred or Repealed[10]	Chapter Law
Division of Economic Development (included the Florida State Rural Development Council, and the Bureau of Business Assistance)	Responsible for economic development in Florida, including the promotion of Florida businesses and goods, assisting businesses locating or relocating in Florida, and creating high-wage employment opportunities for Floridians Responsibilities included: assisting small and minority businesses; oversight and promotion of the solar energy industry in Florida; the Quick-Response Training Program; the Economic Development Transportation Fund; qualified target industry businesses; enterprise zones; and the Jobs Siting Act	• Transferred to the Office of Tourism, Trade, and Economic Development • Transferred the Quick Response Training Program to Enterprise Florida, Inc. • Transferred solar energy responsibilities to Enterprise Florida, Inc., and the Department of Community Affairs • Created a rules ombudsman within the Executive Office of the Governor to monitor for adverse impacts on business and job creation	Ch. 96-320, L.O.F.
Division of Tourism	Operated advertising and promotional programs for promoting Florida including the agricultural, industrial, and tourism advantages of the state	• Transferred to the Florida Commission on Tourism, Inc., administratively housed in the Executive Office of the Governor	Ch. 96-320, L.O.F.
Division of International Trade and Development	Responsible for promoting Florida tourism and economic development, gathering information on trade data and opportunities in foreign countries, and assisting foreign firms to invest in Florida Responsibilities included: foreign international trade offices; coordination with the Florida Export Finance Corporation; participation in the	• Transferred to the Office of Tourism, Trade, and Economic Development • Transferred coordination with the Florida Export Finance Commission and participation in the International Trade Data Resource and Research Center to Enterprise Florida, Inc.	Ch. 96-320, L.O.F.

[6] Section 17, ch. 69-106, L.O.F.
[7] See Senate Staff Analysis and Economic Impact Statement for CS/CS/SB 958, dated March 18, 1996.
[8] Chapter 96-320, L.O.F.
[9] See Senate Staff Analysis and Economic Impact Statement for CS/CS/SB 958, dated March 18, 1996.
[10] These are not necessarily the current locations for such programs or authority.

	International Trade Data Resource and Research Center; and outreach activities in Latin America and the Caribbean Basin	• Created the International Trade and Economic Development Board within Enterprise Florida, Inc., to assist and advise in the development of Florida's domestic and international economic development policy	
Florida Entertainment Commission (Direct Support Organization)	Assisted FDC in the promotion and development of the motion picture, television, video, recording, and related entertainment industries	• Transferred to the Office of Tourism, Trade, and Economic Development • The Commission reorganized itself as the Florida Entertainment Industry Council, Inc.	Ch. 96-320, L.O.F.
Florida Sports Foundation (Direct Support Organization)	Assisted FDC in improving the economic presence of sports related industries in Florida	• Transferred to the Office of Tourism, Trade, and Economic Development	Ch. 96-320, L.O.F.
Economic Development Advisory Council	Made recommendations on economic development in Florida, including future growth, impact of government on doing business in the state, and education	• Repealed (Enterprise Florida, Inc., had been performing similar functions since it was created in 1992)	Ch. 96-320, L.O.F.
Commission on Minority Economic and Business Development (included the Minority Business Advocacy and Assistance Office and the Florida Council on Small and Minority Business Development)	Central oversight body for minority business enterprise development efforts, including certification of minority business enterprises	• Repealed; the Minority Business Advocacy and Assistance Office was transferred to the Department of Labor and Employment Security (see above chart) • Renamed the Florida Council on Small and Minority Business Development as the Florida Advisory Council on Small and Minority Business Development and transferred to DLES (see above chart)	Ch. 96-320, L.O.F.
Black Business Investment Board	Assisted in the development and expansion of black business enterprises	• Transferred to the Office of Tourism, Trade, and Economic Development	Ch. 96-320, L.O.F.
Enterprise Zone Interagency Coordinating Council	Advised and assisted in the management and development of enterprise zones	• Transferred to the Office of Tourism, Trade, and Economic Development	Ch. 96-320, L.O.F.
Florida Film and Television Investment Board	Promoted and developed the film and television industry in Florida	• Transferred to the Office of Tourism, Trade, and Economic Development	Ch. 96-320, L.O.F.

Florida Commission on Tourism (included the Florida Tourism Industry Marketing Corporation, a direct-support organization)	Advisory body of industry representatives to promote and enhance Florida tourism	• Transferred to the Florida Commission on Tourism, Inc. • Required establishment of the Florida Tourism Industry Marketing Corporation (VISIT FLORIDA)	Ch. 96-320, L.O.F.
Recycling Markets Advisory Committee	Coordinated policy and overall strategic planning for recovered materials among state agencies and the private sector	• Transferred to the Office of Tourism, Trade, and Economic Development	Ch. 96-320, L.O.F.
Florida Defense Conversion and Transition Commission	Advised the Governor and Legislature in the development and implementation of military base reuse and transition policy	• Transferred to the Office of Tourism, Trade, and Economic Development	Ch. 96-320, L.O.F.

Findings and/or Conclusions

Methodology

The professional staff of the Senate Commerce Committee searched Florida Statutes for terms related to the former Department of Labor and Employment Security and the former Department of Commerce. Staff also utilized the Division of Statutory Revision's informal list of statute issues to identify obsolete references.

Upon creating a list of obsolete references, staff prepared a spreadsheet listing each provision, potential agencies that may currently have jurisdiction over the statute, any historical information about the purpose of the statute or reference, and possible recommendations related to updating the statute. This information was provided to relevant agencies to seek guidance and information about the obsolete references and potential recommended solutions for updating the statute in question.

Findings

Staff found that, despite the decentralization and abolishment of the departments, references to the former Department of Labor and Employment Security and former Department of Commerce still exist in current Florida Statutes.

Further, staff found references in the Florida Statutes to obsolete programs or entities that were transferred to one of the two former departments. The Florida State Employment Service and Florida Council for the Blind both pre-date the former Department of Labor and Employment Security, however, it appears that their responsibilities were transferred or merged into the department. Because the responsibilities of these programs were eventually part of the Department of Labor and Employment Security, staff proceeded to research the vitality of the provisions which still reference these programs.

Additionally, staff discovered references to workforce programs that were formerly housed in Enterprise Florida, Inc., including the Workforce Development Board and its predecessor, the Enterprise Florida Jobs and Education Partnership. Although not specifically within the former Department of Commerce, these programs were also amended at the time that the Legislature was remodeling its economic development policies.[11]

Some obsolete references also required staff to look into the purpose of entire programs, such as the Trench Safety Act[12] and the asbestos management program in public-buildings owned by state agencies.[13]

[11] Chapter 96-320, L.O.F.
[12] Part III, ch. 553, F.S.
[13] Sections 255.551 - 255.563, F.S.

Options and/or Recommendations

In total, there are 35 references to the former Department of Labor and Employment Security, or one of its former programs, and there are 10 references to the Florida Department of Commerce still remaining in Florida Statutes. The professional staff of the Senate Commerce Committee found that some references are still necessary in statute, while others should be repealed or amended to reference the current agency or program.[14]

Department of Labor and Employment Security

Retain Reference in Statute

Statute	Recommended Change
§122.02(4)(a) *Determination of years of service in the State and County Officers and Employees' Retirement System (SCOERS)*	The reference is to the Florida State Employment Service (merged into DLES in 1983) This reference should remain in statute DMS administers ch. 122, F.S. SCOERS was closed to new members in 1970. The agency indicated that leaving the reference may aid individuals who are still active under SCOERS; but also suggested that if the reference was changed, then a footnote should be added to identify the former reference However, AWI suggested the reference be changed to "Public Employment Service"
§122.20(1) *Permits certain "blind or partially sighted persons" to participate in SCOERS*	This reference is to the Council for the Blind (merged into DLES Division of Blind Services) This reference should remain in statute DMS administers ch. 122, F.S. SCOERS was closed to new members in 1970. The agency indicated that leaving the reference will aid individuals who are still eligible for SCOERS through this statute
§440.60(3) *Application of Law for a particular time period for acts of the former Division of Workers' Compensation*	This reference should remain in statute DFS affirmed
§443.141(3)(f) *Reproductions of documents for collection proceedings for unemployment taxes*	This reference should remain in statute AWI affirmed

Delete the Reference or Repeal the Statute/Provision

Statute	Recommended Change
§45.031(7)(a) *Judicial sales procedure where agency was named defendant (unemployment tax)*	Delete the reference to DLES from the statute DOR recommended deleting the reference – stated that it would not affect any cases However, AWI recommended revisiting the issue in 2023, 20 years after the DLES was abolished

[14] A detailed analysis is on file with the Senate Commerce Committee.

Statute	Recommended Change
§69.041(4)(a) *DOR rights to pursue certain liens*	Delete the reference to DLES from the statute DOR recommended deleting the reference – stated that it would not affect any cases However, AWI recommended revisiting the issue in 2023, 20 years after the DLES was abolished
§252.87(7) *Supplemental state reporting requirements of Emergency Planning and Community Right-to-Know Act (EPCRA)*	Delete the reference to DLES from the statute DCA had no comment
§252.937(2) *Coordination of state agencies for implementation of the Accidental Release Prevention Program (Clean Air Act)*	Delete the reference to DLES from the statute DCA had no comment
§287.09451(4)(h), (o)2. *Office of Supplier Diversity*	Delete the references to DLES from the statute DMS recommended that no change be made to the statue at this time, or that the reference to DLES be removed
§288.038 *Allows DLES to enter into an agreement with county tax collectors to accept applications for licensure or registration*[15]	Repeal this statute AWI and OTTED affirmed
§440.49(9)(b)2. *Assessments for the Special Disability Trust Fund*	Repeal the provisions referencing DLES from the statute DFS affirmed
§446.60 *Assistance for displaced local exchange telecommunications company workers*	Repeal this statute WFI indicated that they do not perform this function AWI agreed that the provision may be outdated and beyond the timeline intended by the Legislature
§553.62 *State standard for trench safety*	Delete the reference to DLES and rulemaking authority from the statute DOT affirmed

[15] Similar language appears in ss. 288.037, 455.213(1), and 456.013(1)(a), F.S., for different state agencies.

Statute	Recommended Change
§597.006(1) *Aquaculture Interagency Coordinating Council*	Delete the reference to DLES from the statute

Update Reference to Appropriate Agency

Statute	Recommended Change
§252.85(1) *EPCRA fee based on number of employees*	Change the reference to DLES to "AWI or its tax collection service provider" AWI and DOR affirmed DCA had no comment
§287.09431 Introduction, Art. II (2) – (4) *Statewide and interlocal agreement on certification of business concerns for the status of minority business enterprise*	Change the references to DLES to DMS DMS recommended that no change be made to the statue at this time
§287.0947(1) *Florida Advisory Council on Small and Minority Business Development*	Update the statute to reflect current status of the program, and delete references to DLES as appropriate The council is administratively housed within DMS DMS recommended that no change be made to the statue at this time, or that the reference to DLES be removed
§288.021(1) *Agency economic development liaisons*	Change the references to DLES to AWI AWI and OTTED affirmed
§409.2576(1), (3)(b), (8) *State Directory of New Hires*	There are 3 references to the DLES in the statute The first 2 are unnecessary at this time, since the date specified has passed, and could be deleted For the third, change the reference to DLES to "AWI or its tax collection service provider" AWI and DOR affirmed
§414.24 *Integrated welfare reform and child welfare services*	Change the references to DLES to AWI DCF affirmed
§414.40(2)(d) *Stop Inmate Fraud Program – agency coordination*	Change the reference to DLES to AWI AWI and FDLE affirmed

Statute	Recommended Change
§440.385(5) *Florida Self-Insurers Guaranty Association – plan of operation*	Change reference to DLES to DFS, and repeal obsolete language as appropriate DFS affirmed
§450.161 Introduction *Chapter on child labor not to affect apprentices*	Change reference to the Division of Jobs and Benefits to DOE DOE affirmed
§489.1455(1)(b) *Construction contracting journeymen reciprocity standards*	Change the reference to DLES to "the registration agency defined in 29 C.F.R. 29.2" – or "DOE, state apprenticeship agency, or USDOL" DOE recommended changing the reference to DOE; or to "registration agency defined in 29 C.F.R. 29.2" – or "DOE, state apprenticeship agency, or USDOL" because it is a national program with reciprocity DBPR stated that it does not have jurisdiction over this provision
§489.5335(1)(b) *Electrical and alarm system contracting journeymen reciprocity standards*	Change the reference to DLES to "the registration agency defined in 29 C.F.R. 29.2" – or "DOE, state apprenticeship agency, or USDOL" DOE recommended changing the reference to DOE; or to "registration agency defined in 29 C.F.R. 29.2" – or "DOE, state apprenticeship agency, or USDOL" because it is a national program with reciprocity DBPR stated that it does not have jurisdiction over this provision
§944.012(5) *Legislative intent for the state correctional system & calls for coordination of agency efforts*	The reference is to the Florida State Employment Service (merged into DLES in 1983) Change the reference to "public employment service" AWI, DOC, and DMS affirmed

No Recommendation

Statute	Recommended Change
§112.044(2)(d), (5) *Florida's age discrimination statutes, requiring each [public] employer, employment agency [procuring public employees], and labor organization to post a certain notice*	Neither DMS's Division of Human Resource Management, AWI's Office of Civil Rights, nor the Florida Commission on Human Relations currently perform this function AWI indicated that age discrimination in employment as addressed in Florida statutes is more comprehensive and the protections available to individuals are broader than those available under Federal regulations The DMS Division of Human Resource Management agrees with the recommendation to repeal the reference to DLES and instead refer to the United States Department of Labor and the Equal Employment Opportunity Commission for the required notice to be posted However, if the Legislature determined that a different notice was necessary to be posted by employers, then another state agency would need to be designated to fulfill this purpose

Statute	Recommended Change
§255.551 - 255.563 *Asbestos in state owned buildings*	It appears that no state agency currently performs the functions required by this part DMS concurs with the removal of ss. 255.552, 255.555, and 255.563, F.S. DMS strongly recommends retaining the technical content of ss. 255.551, 255.553, 255.5535, and 255.556-562, F.S., but moving them to be managed by a regulator in the environmental arena. Currently, EPA, state (DEP), and local air program inspectors inspect renovation and demolition sites to determine compliance with the Asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP)
§469.003(2)(b) *Certified asbestos surveyors prior to October 1, 1987*	DBPR and DMS indicated that repeal of this provision would be OK with them Another idea raised by professional staff of the Senate Regulated Industries Committee is to just eliminate any reference to DLES – "any person engaged in the business of asbestos surveys prior to October 1, 1987… who has complied with the training…" etc.

Florida Department of Commerce

Retain Reference in Statute

Statute	Recommended Change
§288.901(2) *Enterprise Florida, Inc. – employ/lease individuals from FDC*	This reference should remain in statute EFI and DMS indicated that there are still 3 individuals employed under this provision; the reference is necessary until they retire This provision also references the "Workforce Development Board established under s. 288.9620" which was transferred to s. 445.004, F.S., which created Workforce Florida, Inc., and designated it as the state's Workforce Investment Board (ch. 2000-165, L.O.F.)[16]

Delete the Reference or Repeal the Statute/Provision

Statute	Recommended Change
§14.2015(8) *OTTED collection of visitor data*	Delete the reference to FDC from the statute OTTED suggested deleting the reference because the methodology was updated in 2009
§288.035(1) *Economic development expenses that public utilities are permitted to recover*	Delete the reference to FDC from the statute, and update the statute as necessary OTTED affirmed See SB 1696 (2010)
§288.1162(6)(a), (8) *Certification of professional sports franchise facilities*	Repeal this statute, and update the associated revenue statute (s. 212.20, F.S.) OTTED stated that eligibility for the program is closed; they recommend repealing the statute, as long as it doesn't impact funds still flowing to the certified applicants See SB 1696 (2010)

[16] Section 331.369, F.S., also references "the Workforce Development Board of Enterprise Florida, Inc.," in subsections (2), (4), and (5). These obsolete references should be updated to reflect the current workforce entity, Workforce Florida, Inc.

Statute	Recommended Change
§288.1168(1), (2) *Professional golf hall of fame facility*	Repeal this statute, and update the associated revenue statute (s. 212.20, F.S.) OTTED is required to annually review the facility's generic Florida advertising but there are no financial penalties involved; they recommend repealing the statute, as long as it doesn't impact funds still flowing to the certified facility. See SB 1696 (2010)
§288.1229(7) *OTTED contract with sports-related DSO*	Delete the reference to FDC from the statute OTTED recommended repealing the reference and related obsolete language
§446.60 *Assistance for displaced local exchange telecommunications company workers*	Repeal this statute WFI indicated that they do not perform this function AWI agreed that the provision may be outdated and beyond the timeline intended by the Legislature This provision also references the "the Enterprise Florida Jobs and Education Partnership" which was transferred to EFI and renamed the Workforce Development Board (s. 112, ch. 96-320, L.O.F.), and was subsequently transferred to s. 445.004, F.S., which created Workforce Florida, Inc., and designated it as the state's Workforce Investment Board (ch. 2000-165, L.O.F.)[17]

Update Reference to Appropriate Agency

Statute	Recommended Change
§20.18(4)(b) *Directs Department of Community Affairs to work with FDC to develop employment opportunities*	Change the reference to FDC to OTTED DCA affirmed
§288.1169 *International Game Fish Association World Center facility*	Update the statute to reflect current status of the program, and delete FDC as appropriate OTTED is required to complete the required 10-year recertification in 2011; they recommended waiting until at least 2012 to repeal the statute See SB 1696 (2010)
§377.711(5)(h) *Recommendations of the Southern States Energy Compact*	Change the reference to FDC to the standard language of the compact, as other states involved have implemented in their state laws: <u>Any such recommendation shall be made through the appropriate state agency with due consideration of the desirability of uniformity but shall also give appropriate weight to any special circumstances which may justify variations to meet local conditions.</u> Section 377.712(3), F.S., deals with state agencies cooperation with the Southern States Energy Board, and references "the department," which may be referencing FDC; this reference could be changed permit <u>any</u> department to cooperate with the Board, so long as it has approval of either the Governor or the Department of Health

[17] Section 464.203(1)(d), F.S., references the Enterprise Florida Jobs and Education Partnership Grant. This obsolete reference should be updated to reflect the current practice.