The Washington Economics Group, Inc.

White Paper

The Potential Economic Development Consequences of Tallahassee-Leon County Consolidation

Submitted to:

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I. Executive Summary

The study conducted by the Washington Economics Group, Inc. (WEG) focuses on five comparison cities to draw observations about the potential economic development impacts of a merger government in Tallahassee and Leon County. The cities used for this comparative analysis are:

1) Nashville, TN
2) Jacksonville, FL
3) Indianapolis, IN
4) Athens, GA, and
5) Louisville, KY

Each city has experienced various economic benefits since residents chose to consolidate their local governments. Shared benefits across all of these comparative cities include the mitigation of urban sprawl, fiscal efficiencies, and improved business climates. The cities selected were based on roughly similar socioeconomic characteristics to Tallahassee.

Each city features unique governance models that have been crafted by engaged citizens in an effort to create a better government that generates a more prosperous community. Consolidation efforts across the country have made many promises, but as the WEG study highlights, the most frequently reliable outcome for successfully consolidated governments has been higher performing economic development efforts.

Of the five comparative consolidated city governments included in the WEG study, they have an average employment and population growth that has exceeded the national average over the past five years. The average employment growth in those cities exceeds the Tallahassee-Leon County growth rate by nearly four percent.

Potential for Positive Economic Impact

WEG estimates in the Chamber study that Tallahassee and Leon County could see significant increases in economic growth over the next five years should efficient consolidation of the local governments occur. Using the average growth rates of comparative cities, WEG has built a case for a robust positive impact to the local economy that could result from a government merger. Using a quantitative simulation of potential economic consequences that could result from a Tallahassee-Leon County government merger, WEG found potential for high levels of growth in three key indicators; Employment, Household Income, and Gross Domestic Product.

- *Employment*

  WEG estimates that there could be a total of 7,838 new employment opportunities created over five years as a result of a government merger, with most of the jobs generated by private-sector industries.

- *Household Income*

  WEG estimates that there could be potentially a total of $335 million of additional Household Income in Tallahassee and Leon County in the five years after a government merger.

- *Gross Domestic Product*

  WEG found that the Tallahassee-Leon County Gross Domestic Product has the potential to increase by as much as $482 million over five years if a successful government merger were to occur.

According to WEG, the potential total economic impact of a government merger in Tallahassee-Leon County could total nearly $800 million dollars with nearly 8,000 new jobs in a variety of private-sector occupations and industries

Observations on Best Practices

In the concluding observations made by The Washington Economics Group in their study of government consolidation impacts in Tallahassee-Leon County, lead economist Dr. Tony Villamil and his team presented three best practices that are key drivers for a successful government merger. These best practices are summarized in the article <u>Lessons from 35 Years of City-County Consolidation Attempts</u> authored by the International City-County Management Association. These three best practices to accelerate economic development are:

1. **Craft a charter that meets the community's economic development needs without losing the political support of key constituents.**
2. **Show the average citizen voter that the current government structure is unable to achieve the economic vision that is key to their economic future.**
3. **Create a new local government constitution that restructures the organization to effectively implement the proposed economic development vision and strategy.**

II. Overview

This **White Paper** presents the potential economic development consequences of consolidating the Tallahassee and Leon County governments. Five cities with roughly comparable socioeconomic and demographic characteristics as Tallahassee-Leon County were selected to provide useful economic development benchmarks for Tallahassee after consolidation of city-county governments. These consolidated cities are:

1. Nashville, TN,
2. Jacksonville, FL,
3. Indianapolis, IN,
4. Athens, GA, and
5. Louisville, KY.

The consolidated Cities of Nashville, Jacksonville, Indianapolis and Louisville were selected because they are the most recent **major** consolidations in the United States, and thus the most well-studied in terms of outcomes, although there have been other smaller consolidations that have occurred[1]. It should also be noted that the Cities of Nashville and Indianapolis are both capital cities, like Tallahassee, with an important presence of higher education institutions. The consolidation of the City of Athens, GA, was also selected as a benchmark due to Athens having comparable student and other demographics to Tallahassee.

Each of these five examples of consolidated cities has a unique history and reasoning for initiating consolidation. However, there were several economic development arguments used to successfully implement consolidation in all of these cities. These include the **mitigation of urban sprawl**, **less duplication of government services (fiscal efficiencies)** and **improved business climate**.

The following sections of the White Paper detail the economic development outcomes of consolidation among the selected cities and then present the **potential economic development consequences** for a consolidated Tallahassee-Leon County.

[1] https://www.minnpost.com/cityscape/2010/12/bigger-cheaper-cities-and-counties-contemplate-merging-or-sharing

III. Brief History and Best Practices of Consolidation in Selected U.S. Metros

1) Nashville-Davidson County, TN

In the decades following the end of WWII, the City of Nashville experienced rapid growth, suburbanization and urban sprawl. As a result, the quality of public services outside the urban core (such as fire protection and garbage collection) began to deteriorate. Urban sprawl began to erode the city's tax base, and the city began annexing surrounding areas and implementing new taxes to increase revenues. However, these actions did not fully address the problem. Eventually, after a long consultative process with significant resident input, a referendum vote on consolidation was held and passed in 1962, with Nashville officially becoming the first city-county consolidation in the country one year later.

The city ensured a smooth transition into consolidated government by increasing the size of the Metropolitan Council, providing a transition school board council, and addressing concerns of residents by implementing multiple service districts based on different tax levels. Areas under the newly-consolidated government that require a higher level of services would be taxed more to compensate, while smaller "satellite cities" would receive less services, but be taxed at a lower rate.[2]

2) Jacksonville-Duval County, FL

Much like in Nashville, the City of Jacksonville experienced difficulties in providing municipal services outside of the urban core, along with a declining tax base due to development outside city limits. According to the Jacksonville Historical Society, *"Lower taxes, increased economic development, unification of the community, better public spending and effective administration by a more central authority were all cited as reasons for a new consolidated government."*[3]

In 1965, the Florida State Legislature created the Local Government Study Commission. This was comprised of a group of *"50 civic leaders who were tasked with designing a better local government."* The task of this Commission was to provide a

[2] http://www.nashville.gov/Portals/0/SiteContent/Government/docs/MetroHistoryBucy.pdf
[3] http://www.jaxhistory.org/consolidation-2/

report to the Legislature, which was done in 1967. After this report, a referendum on consolidation was held and passed with voter majority support.

3) Indianapolis-Marion County, IN

The City of Indianapolis followed a more distinctive approach to consolidation by allowing cities within Marion County to have limited autonomy, including the right to their own police and fire services. However, all of these smaller cities are represented under the umbrella City-County Council, which consist of 25-elected representatives selected from throughout the entire County. According to the University of Indianapolis, Unigov (the name chosen for the consolidation effort) marked a *"pivotal step in reforming politics and encouraging economic development in the region."*[4] Although Unigov was not without its controversy and critics, it nonetheless drastically enhanced the presence of Indianapolis as a leading metropolitan center, with increased capacity to attract, retain and expand private-sector enterprises.

4) Athens-Clarke County, GA

The City of Athens formed an ad-hoc committee to examine consolidation in the late 1980s. This committee held various town hall meetings to solicit input from the community for the development of a consolidated charter. To aid in writing the charter, the committee formed work groups focused on addressing specific concerns brought up in town meetings, such as budget, service delivery and government structure.[5] After the charter was approved by the local legislature, Athens held two votes to confirm consolidation as required by Georgia's constitution: one for the City of Athens and one for the county as a whole. With just under 60 percent voting in favor in both areas, Athens and Clarke County became officially consolidated with a new government which included 10 commissioners.[6]

In essence, the successful Athens experience, a college-driven town such as Tallahassee, demonstrates the need for active participation by residents of the County and City.

[4] http://uindy.historyit.com/unigovfeature/index.php
[5] https://www.athensclarkecounty.com/DocumentCenter/Home/View/31886
[6] https://athensclarkecounty.com/113/Unification-of-Athens-Clarke-County

5) Louisville-Jefferson County, KY

The City of Louisville is the most recently consolidated major U.S. city, officially merging with surrounding Jefferson County on January 1, 2003. As was the case in previous major U.S. city-county consolidations, much of the motivation for consolidation was to improve public services, economic development and efficiency in government revenue collections. To aid in transitioning into consolidated government, a task force was established to first examine the issues of a merger and make recommendations to the legislature. This was known as Task Force 2000 and included elected officials from both the City and County. The plan was presented to the legislature as HB 647. The bill passed, and a successful referendum vote was held as a result.[7]

IV. The Economic Consequences of Successful Consolidation of City-County Governments

Increased Efficiency in Public Services

City-county consolidation can significantly increase both the population and land area of the consolidated city's metro area. For example, after Jacksonville's consolidation, it became the largest city in land area in Florida. This allows government services within the consolidated city to take advantage of economies of scale, wherein the increased scope of government services within the consolidated city had the potential to reduce costs to taxpayer. According to City-County Consolidation: Promises Made, Promises Kept?, a comprehensive 10-year review of recent city-county consolidations in major U.S. cities, *"economies of scale can be achieved for select services that both the city and county provide."*[8]

Increased efficiencies from economies of scale are due to a reduction in duplication of government services on the city and county levels. If the two governments being merged are conducting a similar function, there is potential to reduce costs, resulting in savings to local taxpayers. As an example, the City of Louisville was able to eliminate some county governmental functions and place them under the jurisdiction

[7] http://www.abell.org/sites/default/files/publications/cd-louisvillemerger1013.pdf
[8] https://books.google.com/books?id=ksV6dg8YlE8C&pg=PA57&source=gbs_toc_r&cad=3#v=onepage&q&f=false

of the newly consolidated city beginning in 2003. This resulted in a direct cost savings of close to $1 million per year to Louisville.[9] Jacksonville's consolidation in 1968 also reduced duplication of urban services,[10] and the consolidation of Athens also provided "*the means for a higher level of quality services for the citizens of Athens-Clarke County.*"[11] Over 70 percent of academic experts surveyed on the topic agreed that city-county consolidation generally increases the technical efficiency of government services, among other economic development improvements.[12]

Improved Business Climate and Attraction

Business attraction can be improved through consolidation by lowering transaction costs for retaining, attracting and expanding jobs creating private enterprises. In Louisville, the economic development community generally agrees that consolidation has resulted in a *"more unified approach to economic development and governance"* due to both economies of scale and a reduction of unnecessary duplication of services. Further, consolidation has played a *"pivotal role in attracting new businesses"*.[13] In Indianapolis, it was found that much of the metro area's downtown revitalization and increased national reputation after consolidation is directly attributable to the Unigov consolidation program enacted in 1970.[14] In a survey of municipal experts on the topic, there was consensus agreement that Indianapolis's consolidation *"lowered transaction costs for the business community"* and that *"businesses appeared to benefit from consolidated city-county government."*[15]

There is evidence that consolidated government has also improved economic development outcomes in other cities aside from Louisville and Indianapolis. In a sample of 10 consolidated cities, there was consistent evidence that the consolidated governments *"performed more effectively in economic development than their comparison counties"*, and that improved economic development was a promise that *"the majority of consolidated governments delivered on."*[16] Academic sources on the

[9] http://www.abell.org/sites/default/files/publications/cd-louisvillemerger1013.pdf
[10] http://www.jaxhistory.org/consolidation-2/
[11] https://www.athensclarkecounty.com/DocumentCenter/Home/View/31886
[12] http://www.in.gov/legislative/interim/committee/2005/committees/prelim/MCCC03.pdf
[13] Ibid.
[14] https://books.google.com/books?id=ksV6dg8YlE8C&pg=PA57&source=gbs_toc_r&cad=3#v=onepage&q&f=false
[15] Ibid.
[16] https://ui.uncc.edu/story/city-county-consolidation-promises-made-promises-kept#_ftn1

topic mostly agree that city-county consolidation generally improves the overall business climate.

Fiscal Capacity and Improved Marketing

The Brookings Institution establishes a clear relationship between consolidation and the fiscal health of cities.[17] A Brookings Institution report entitled Annexation and the Fiscal Fate of Cities finds that cities with greater abilities to consolidate have higher bond rating scores. In fact, a city's ability to consolidate with surrounding areas within its county was more closely correlated with its bond rating than the area's poverty rate or median household income. The report states that *"annexing land, therefore, appears to be an important route to economic health and development for the nation's urban areas."*

One example in which consolidation of a city into the surrounding county has provided financial benefits is in Jacksonville. In Florida, a city that is not consolidated into the county needs permission from the State in order to issue municipal bonds. However, that does not apply to consolidated city-counties, which are free to issue municipal bonds without seeking permission from the State government. Since Jacksonville's consolidation into Duval County, the region's local government has enjoyed the benefits and flexibility of increased bonding powers compared to unconsolidated cities throughout the State. This allows a consolidated city to attract financial capital for public investments such as infrastructure, among other uses.

Consolidation can also lead to a greater measure of economic freedom for area residents in general. According to an Economic Freedom Index published in the Journal of Regional Analysis & Policy, the consolidated cities of Jacksonville and Nashville are among the top 20 cities for economic freedom in the nation.[18] Local economic freedom is found to be associated with better bond ratings and thus lower borrowing costs for local governments.[19]

In addition, agencies within consolidated city-counties are able to market a larger county as opposed to a single city. This attribute can be beneficial in terms of economic development. For example, the recently-formed Tallahassee-Leon County

[17] https://www.brookings.edu/wp-content/uploads/2016/06/20060810_fateofcities.pdf
[18] http://ageconsearch.umn.edu/record/243944/files/v43_n1_a2_stansel.pdf
[19] https://www.mercatus.org/commentary/competition-among-governments-important-economic-freedom

Office of Economic Vitality was created within a consolidated Department of Planning, Land Management and Community Enhancement (PLACE) in 2016.[20] In Athens, the unified government formed a Department of Human and Economic Development with a greater presence than was possible before.[21] When marketing a metro area to potential businesses, it is an advantage to be able to provide expanded services and a larger marketplace to the business community. Well-designed consolidation, supported by citizens, is an important way to achieve positive economic development outcomes.

V. Quantitative Benchmarks for City-County Consolidation

Demographic Comparisons of Tallahassee-Leon County to Consolidated Cities

In the case studies presented previously, it is shown that there are significant potential economic development consequences to city-county consolidation. However, it is useful to compare the demographics of Tallahassee to those cities that have already consolidated to determine if Tallahassee is comparable to those major U.S. cities that have seen economic development improvements due to consolidation. These consolidated city-counties have had many of their government functions completely merged.

Table 1. Total Population in Consolidated Cities and in the Surrounding Counties

Region	City-Total Population	County-Total Population	% of County Pop Outside Largest City
Athens-Clarke County, GA	123,371	124,707	1%
Nashville-Davidson County, TN	660,388	684,410	4%
Jacksonville-Duval County, FL	880,619	926,255	5%
Indianapolis-Marion County, IN	855,164	941,229	9%
Louisville-Jefferson County, KY	616,261	765,352	19%
Tallahassee-Leon County, FL	**190,895**	**287,822**	**34%**

Note: Total may not equal the sum of all due to rounding.
Source: U.S. Census American Community Survey (ACS)

[20] http://oevforbusiness.org/about-us/
[21] https://www.athensclarkecounty.com/DocumentCenter/Home/View/31886

The U.S. Census Bureau records demographic statistics for consolidated cities as well as the surrounding county separately. Using this data, WEG compared the population of the consolidated cities discussed previously to the surrounding counties and included Tallahassee in the comparison, shown in Table 1 on the previous page.

Table 2 below displays the current total public-sector employment[22] within these benchmark counties as a percentage of all employment within the area.

Table 2. Total Public-Sector Employment as a Percentage of All County Employment*

Region	County-Public Sector Employment	County-Total Employment	% of Total Employment Within Public Sector
Louisville-Jefferson County, KY	45,138	459,791	10%
Jacksonville-Duval County, FL	51,415	486,433	11%
Nashville-Davidson County, TN	51,216	470,477	11%
Indianapolis-Marion County, IN	73,570	591,186	12%
Athens-Clarke County, GA	18,989	68,723	28%
Tallahassee-Leon County, FL	**48,193**	**146,254**	**33%**

Note: Total may not equal the sum of all due to rounding. *Includes public university employment.
Source: U.S. Bureau of Labor Statistics (BLS)

Lastly, Table 3 below ranks the percentage of the adult population that is currently enrolled in college or graduate school.

Table 3. Higher Education Enrollment as a Percentage of Total Adult Population

Region	County-College or Grad School Enrollment	County-Total Population 18 and Over	% of Adult Population Enrolled
Louisville-Jefferson County, KY	47,238	593,754	8%
Indianapolis-Marion County, IN	60,144	706,516	9%
Jacksonville-Duval County, FL	67,938	716,496	9%
Nashville-Davidson County, TN	56,475	538,168	10%
Tallahassee-Leon County, FL	**59,495**	**234,258**	**25%**
Athens-Clarke County, GA	30,882	103,416	30%

Note: Total may not equal the sum of all due to rounding.
Source: U.S. Census American Community Survey (ACS)

[22]This measure includes all national, state and local government employment within each county

The data shows that the municipality (City) of Tallahassee makes up a relatively smaller portion of the surrounding county than in other consolidated city-counties. Because there is a relatively large population and employment base outside of Tallahassee that could be consolidated, Tallahassee stands to benefit particularly well from economies of scale due to consolidation. The expanded marketplace would be a benefit to business attraction efforts throughout all of Leon County.

According to the employment data, Tallahassee is also in a good position to potentially see significant fiscal efficiency benefits if consolidation were to be enacted. One-third of all Leon County employees work within the public sector, compared to an average of 14 percent for comparable benchmark areas. Therefore, there could be an even more significant increase in efficiency due to reduction in duplicated government services in Tallahassee than the large savings already observed after consolidation in cities such as Louisville.

Florida State and Florida A&M Universities are headquartered in Tallahassee, and the University of Georgia is headquartered in Athens. As such, both of these cities are comparable in that they are considered "college towns" where 25 percent or more of the adult population is enrolled in higher education.

The successes of the Athens city-county consolidation could be used as a guide for what a successful consolidation could look like in the "college town" of Tallahassee.

Five-Year Growth Benchmarks Showing Positive Economic Outcomes After Consolidation

Using data from official sources, WEG analyzed recent economic and demographic changes that have occurred in the selected consolidated city-counties using two key economic indicators: Employment and Population growth. The total change within each of these indicators throughout the last 5 years was compared to the national average in order to assess the relative growth successes of consolidated cities when compared to the rest of the country.

Tables 4 and 5 on the next page show that over the last five years these consolidated cities on average have registered **Employment and Population growth higher than**

the national average. This is in line with much of the current research on city-county consolidation.

Table 4. Five-Year Growth in Economic and Demographic Indicators Within Selected Consolidated Cities (2011 to 2016)

Region	Employment Growth	Population Growth
Nashville-Davidson County, TN	12%	8%
Jacksonville-Duval County, FL	11%	6%
Indianapolis-Marion County, IN	8%	3%
Athens-Clarke County, GA	7%	5%
Louisville-Jefferson County, KY	11%	3%
United States	**10%**	**4%**

Sources: U.S. Census American Community Survey (ACS), U.S. Bureau of Labor Statistics (BLS) and U.S. Bureau of Economic Analysis (BEA)

Table 5. Five-Year Growth in Nationwide Economic and Demographic Indicators vs. the Average for Selected Consolidated Cities (2011 to 2016)

Measure	United States Average	Average for Consolidated Cities	Difference
Employment	9.6%	9.9%	**0.2%**
Population	3.7%	5.0%	**1.3%**

Note: Total may not equal the sum of all due to rounding.
Sources: U.S. Census American Community Survey (ACS), U.S. Bureau of Labor Statistics (BLS) and U.S. Bureau of Economic Analysis (BEA).

According to a report on the impacts of city-county consolidation by the Abell Foundation headquartered in Baltimore, the consolidations of Nashville, Jacksonville and Indianapolis have likely directly led to improvements in economic development outcomes within each of these cities. The difference is especially notable in population growth. This observation is also corroborated by the Abell Foundation Study which states that *"These three cities have divergent economic strengths and locational advantages, suggesting that the merger itself may be playing a role in their population growth successes."*[23] Population growth is a key driver of increases in economic activity.

[23] http://www.abell.org/sites/default/files/publications/cd-louisvillemerger1013.pdf

VI. Potential Economic Impacts of Tallahassee-Leon County Consolidation Over a Five-Year Period

As previously presented, multiple sources have concluded that **consolidation has the potential to improve the economic development outcomes of a local area if properly structured and supported by voters**. In order to assess the potential positive economic impact that an increase in employment growth due to consolidation would have on Leon County, WEG compared the recent employment growth among five consolidated cities with the growth that occurred within Leon County, including the City of Tallahassee, during the same period. The results of this analysis are shown in Table 6 below.

Table 6. Summary of Recent Growth in Leon County Employment vs. the Average for Selected Consolidated Cities (2011-2016)

Region	Leon County (Including Tallahassee)	Average for Consolidated Cities	Difference
Employment	6.2%	9.9%	**3.6%**

Note: Total may not equal the sum of all due to rounding.
Source: U.S. Bureau of Labor Statistics (BLS)

On average, consolidated cities experienced an employment growth of close to 4 percent higher than what was observed in Leon County between 2011 and 2016. Using this difference, **this translates to a potential increase in direct employment within Leon County of 5,323 employees over a five-year timeframe.** This **potential increase** in employment results in more spending throughout the Leon County economy. However, this spending will generate ongoing economic impacts that extend beyond those *directly* related to the increase in employment. These "spillover" or multiplier impacts also include *indirect* and *induced* economic effects brought on by supply chain relationships and corresponding increases in household income. (For more information on the methodology for calculating *direct*, *indirect* and *induced* economic impacts, see Appendix I.)

The results of the economic impact analysis are presented in Table 7 below. **Within Leon County, the potential economic impacts total close to $790 million and correspond to over 7,800 jobs over a five-year timeframe.** In addition, the impacts also include $335 million in Household Income and $482 million in Gross Domestic Product (GDP).

Table 7. Potential Economic Impacts of Increased Employment in Leon County Due to Consolidation

Impact on:	Direct	Indirect & Induced	Total Impact
Employment (Jobs)	5,323	2,515	**7,838**
Household Income ($ Million)	$232	$103	**$335**
Gross Domestic Product (Value Added-$ Million)	$300	$182	**$482**
Total Economic Impact ($ Million)	$466	$324	**$790**

Note: Total may not equal the sum of all due to rounding.
Source: The Washington Economics Group, Inc. (WEG)

It is important to stress that the preceding analysis is not a forecast, but **a quantitative simulation of potential economic consequences** that could result from a successful Tallahassee-Leon County consolidation over a five-year period after consolidation. The analysis is based on the average employment growth of the five cities presented compared to employment growth in Leon County, including Tallahassee, during 2011-2016.

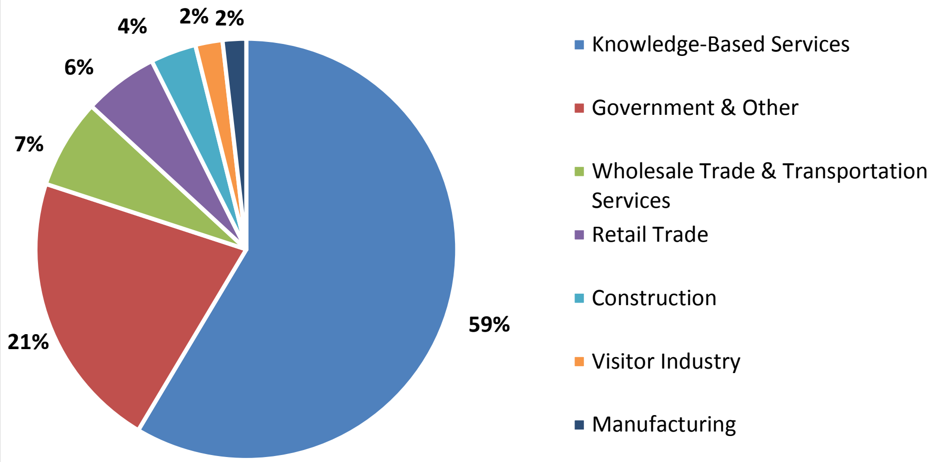
Table 8 below and Figure 1 on the next page displays the Total Economic Impact by industry. As shown in the table, 59 percent of the impact is within "Knowledge-Based Services" industry category.

Table 8. Potential Total Economic Impact by Industry of Increased Employment in Leon County Due to Consolidation ($ Thousands)

Industry	Total Impacts	% of Total
Knowledge-Based Services	$462,539	**59%**
Government & Other	$169,509	**21%**
Wholesale Trade & Transportation Services	$54,145	**7%**
Retail Trade	$45,147	**6%**
Construction	$27,723	**4%**
Visitor Industry	$16,438	**2%**
Manufacturing	$14,286	**2%**
Total	**$789,788**	**100%**

Note: Total may not equal the sum of all due to rounding.
*Includes Information, Finance and Insurance, Real Estate, Professional Services and others.
Source: The Washington Economics Group, Inc. (WEG)

Figure 1. Potential Total Economic Impact of Increased Employment in Leon County Due to Consolidation



Source: *The Washington Economics Group, Inc.*

Knowledge-Based Services are mostly high-wage, high-skill occupations that typically require education beyond high school, and thus earn higher wages than average. In addition, close to 80 percent of the economic impacts are concentrated within private sector industries, resulting in increasing employment opportunities outside of the government sector.

VII. Concluding Observations

Previous research and outcomes from consolidated cities and counties indicate that city-county consolidation is not a "silver bullet" to improve economic development outcomes. It is only associated with improved economic and fiscal outcomes **if implemented through best practices** for consolidating city-county governments. Among principal best practices from an economic development perspective are the following, according to Lessons from 35 Years of City-County Consolidation Attempts:[24]

[24] http://www.inweekly.net/images/articles/articles/Consolidation1%20.pdf (2006 Municipal Yearbook, International City-County Management Association (ICMA), page 5).

1) **Craft a charter that meets the community's economic development needs without losing the political support of key constituents.**

2) **Convince the average citizen voters that the current government structure is unable to achieve the economic vision that is key to their economic future.**

3) **Create a new local government constitution that restructures the organization to effectively implement the proposed economic development vision and strategy.**

In essence, the experience of cities with comparable socioeconomic and demographics characteristics to Tallahassee suggest the **potential** to improve economic development results through consolidation. The above three lessons or best practices are important to consider in order to achieve an improved business climate, leading to stronger employment and population growth through consolidation of Tallahassee-Leon County governments.

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Appendix II:
IMPLAN Methodology

IMPLAN Model

The multiplier impacts calculated by the IMPLAN model are based on input-output methodology, which explicitly considers the inter-industry linkages that exist within an economy. Each industry needs labor and inputs from other industries in order to produce economic output. Whenever an industry experiences an increase in the demand for its output, many other industries within that economy indirectly experience an increase in demand as well because of these inter-industry linkages. This increase in demand that results from the need for material inputs is called the *indirect effects*. In addition, an increase in production within a region also leads to an increase in household income through the hiring of workers, which in turn generates further demands for goods and services within the region. Firms also need to expand their base of physical capital to meet higher levels of demand, and this too stimulates regional economic growth. The latter effects are referred to as *induced effects*. The inter-industry linkages and the induced effects on consumer and capital spending lead to successive rounds of production, and this process results in an increase in output that exceeds the initial change in demand, or a *multiplier effect*. Similarly, the increase in household income will exceed the initial payroll increase encountered in the industry that experienced the original increase in demand. The total change in employment in the regional economy is a multiple of the direct change in employment.

The following represents the system of equations that comprise the regional economy in an extended input-output model like IMPLAN:

$$
\begin{aligned}
x_1 &= a_{11}x_1 + a_{12}x_2 + a_{13}x_3 + \cdots + a_{1k}x_k + a_{1h}x_h + a_{1i}x_i + f_1 \\
x_2 &= a_{21}x_1 + a_{22}x_2 + a_{23}x_3 + \cdots + a_{2k}x_k + a_{2h}x_h + a_{2I}x_I + f_2 \\
x_3 &= a_{31}x_1 + a_{32}x_2 + a_{33}x_3 + \cdots + a_{3k}x_k + a_{3h}x_h + a_{3i}x_i + f_3 \\
&\vdots \\
x_k &= a_{k1}x_1 + a_{k2}x_2 + a_{k3}x_3 + \cdots + a_{kk}x_k + a_{kh}x_h + a_{ki}x_i + f_k \\
x_h &= a_{h1}x_1 + a_{h2}x_2 + a_{h3}x_h + \cdots + a_{hk}x_k + a_{hh}x_h + a_{hi}x_i + f_h \\
x_i &= a_{i1}x_1 + a_{i2}x_2 + a_{i3}x_h + \cdots + a_{ik}x_k + a_{ih}x_h + a_{ii}x_i + f_i
\end{aligned}
$$

The variables x_1 to x_k represent total production of output in each industry. The coefficients a_{ij} represent the purchases from industry "i" that are needed to produce a dollar of output in industry "j". These are known as the *direct requirement* coefficients. The variable x_h refers to household income and the coefficients a_{ih} refer to the average amount of household income spent on purchases from industry "i", or the *average propensities to consume*. The coefficients a_{hi} are similar to the inter-industry purchases (a_{ij}'s), but they represent the household income that is generated from each dollar of output produced in industry "i". Similarly, the variable x_I represents regional spending on capital goods, and the coefficients a_{Ij} represents the spending on capital goods for each dollar of output produced in industry "j". The coefficients a_{jI} represent the amount purchased from industry "j" for each dollar spent on capital goods within the region. The variables f_j represent the exogenous final demand faced by each industry, respectively.

This system of equation reduces, using matrix notation, to the following solution for industry output and household income:

$$\boxed{X = (I - A)^{-1} F}$$

X is the vector of industry outputs plus household income, and F is a vector of exogenous X final demands. The "output multipliers" (i.e., the change in industry output and household income that results from a change in final demand for the output of a particular industry) are given in the columns of the (I-A)-1 matrix. The IMPLAN software calculates these multipliers for counties, states and other sub-state regions. These multipliers can be used to provide a sense of the economic importance of an industry or an economic activity in a given region. The multipliers impacts for gross state product, labor and capital income and the government revenue impacts are derived from the basic output multipliers given by (I-A)-1.

The IMPLAN model uses historical relationships between public-sector revenues and regional economic output in order to estimate the public-sector revenue impact resulting from the establishment of a new, or expansion of an existing economic activity.

Appendix III:
The Washington Economics Group, Inc.
Project Team and Qualifications

J. Antonio Villamil
Founder and Principal

Tony Villamil is a nationally recognized economist, with over thirty-five years of successful career as a business economist, university educator and high-level policymaker for both federal and state governments. He was appointed by President George H. W. Bush as US Undersecretary of Commerce for Economic Affairs, receiving full US Senate confirmation of the Presidential appointment. Tony is the Founder and Principal of a successful economic consulting practice, The Washington Economics Group, Inc. (WEG), a Florida-based firm established in 1993 upon his return to the State from his public service in Washington, D.C.

Dr. Villamil is the immediate past Chairman of the Governor's Council of Economic Advisors of Florida, and during 1999-2000, he was selected by Governor Bush as his first Director for Tourism, Trade and Economic Development. Presently, he is on the Board of Directors of the Spanish Broadcasting System (SBS), Mercantil Commercebank, NA, and Pan-American Life Insurance Group (PALIG). He was most recently appointed by the US Secretary of Commerce to serve in the Florida District Export Council.

Among other professional and civic leadership positions, Tony was selected in 2008 as the founding Dean of the School of Business of St. Thomas University, serving successfully until December 31st, 2013 at which time he resigned to return full time to his growing economic consulting practice. He is currently Chairman of the Economic Roundtable of the Beacon Council-Miami-Dade County's official economic development organization. He is also Senior Fellow and a member of the Research Advisory Council of the James Madison Institute (JMI).

Tony earned Bachelor and Master Degrees in Economics from Louisiana State University (LSU), where he also completed coursework for the Ph.D. Degree. In 1991, Florida International University (FIU) awarded him a Doctoral Degree in Economics (hc), for "distinguished contributions to the Nation in the field of economics." He frequently speaks to business, government and university audiences on economic topics.

He is a resident of Coral Gables, Florida, where he lives with his family, traveling frequently throughout Florida, the US and globally to conduct research and presentations for clients of The Washington Economics Group, Inc.

Ivan Noltenius
Economic Analyst

Ivan Noltenius is an Economic Analyst at The Washington Economics Group (WEG). Ivan conducts data acquisition and economic analysis for the multifaceted projects of the firm. He has over three years of experience in financial data analysis as well as accounting.

Prior to working at WEG, Ivan was a hedge fund accountant at Kaufman Rossin (now ALPS), and also worked in operations and managed company financial records at tech startup company 71 Pounds.

Ivan received his Bachelors of Arts degree in Economics with a minor in Mathematics from the University of Memphis. Ivan is a resident of Kendall, Florida.

Haydee M. Carrion
Senior & Project Research Assistant

Haydee M. Carrion has been Executive Assistant to Dr. Villamil since the firm's founding in 1993. She has senior level expertise in multi-media presentations and in the preparation and design of complex reports and documents for clients, utilizing the latest technologies.

In 2012, WEG promoted her to Senior and Project Research Assistant to the firm, given outstanding performance in web-based research and in assistance to the firm's Principal in the preparation of audio-visual presentations for clients and in desktop publishing. Ms. Carrion is fluent in Spanish, with experience in the preparation of economics and business documents in the language.

Ms. Carrion has been with WEG for over 20 years. She holds degrees in Business Administration and Office System Technologies from Miami-Dade College.

The Washington Economics Group, Inc. (WEG) has been successfully meeting client objectives since 1993 through economic consulting services for corporations, institutions and governments of the Americas. We have the expertise, high-level contacts, and business alliances to strengthen your competitive positioning in the growing marketplaces of Florida and Latin America.

Our roster of satisfied clients, over the past 20 years, includes multinational corporations, financial institutions, public entities, and non-profit associations expanding their operations in the Americas**.**

EXCLUSIVE CONSULTING APPROACH:

Each client is unique to us. We spend considerable time and effort in understanding the operations, goals, and objectives of clients as they seek our consulting and strategic advice. We are not a mass-production consulting entity nor do we accept every project that comes to us. We engage a limited number of clients each year that require customized consulting services in our premier areas of specialization. These premier and exclusive services are headed by former U.S. Under Secretary of Commerce, Dr. J. Antonio Villamil, with over thirty-five years of experience as a business executive and as a senior public official of the U.S. and most recently of Florida.

PREMIER CONSULTING SERVICES:

Comprehensive Corporate Expansion Services.

Our seamless and customized service includes site selection analysis, development of incentive strategies and community and governmental relations.

Economic Impact Studies

Highlight the importance of a client's activities in the generation of income, output and employment in the market area serviced by the entity. These studies are also utilized to analyze the impact of public policies on key factors that may affect a client's activities such as tax changes, zoning, environmental permits and others.

Strategic Business Development Services.

These services are customized to meet client objectives, with particular emphasis in the growing marketplaces of Florida, Mexico, Central and South America. Recent consulting assignments include customized marketing strategies, country risk assessments for investment decisions and corporate spokesperson activities and speeches on behalf of the client at public or private meetings.

For a full description of WEG capabilities and services, please visit our website at:
www.weg.com

The Washington Economics Group, Inc.

Representative Client List 1993-2016

Multinational Corporations	
ALSTOM	Lockheed Martin
Ameritech International	Lucent Technologies
Bureau Veritas (BIVAC)	MasterCard International
Carrier	MediaOne/AT&T
Carnival Corp.	Medtronic
Esso Inter-America	Merck Latin America
FedEx Latin America	Microsoft Latin America
Genting Group	Motorola
Hyatt	Phelps Dodge
IBM	SBC Communications
Joseph E. Seagram & Sons, Inc. (Vivendi)	Telefonica Data Systems
KPMG	Visa International
Construction and Real Estate Development Firms	
Areas USA, Inc.	Landstar Development
Barron Collier Companies	LXR Luxury Resorts
Berkowitz Development Group	Miami Asset Management Company, Inc.
Boca Developers	Miapolis, LLC
CDS International	Odebrecht Construction, Inc.
Century Homebuilders	Palazzo Las Olas Group, LLC
Codina Realty	Tate Capital
Empire World Towers, LLC	The Allen Morris Company
Ferro Investment Group, LLC	The Related Group, Inc.
Flagler Development	The Rouse Company
Florida East Coast Realty Inc.	The St. Joe Company
Inland Port Systems, LLC	Trammel Crow Company
Chateau Group	WCI Development Companies
Engineering, Planning and Design Firms	
AECOM (DMJM Harris)	HNTB
Atkins (PBSJ)	Kimley-Horn and Associates
CDM Smith (Wilbur Smith Associates)	Parsons Brincherhoff
Golder Associates	RMA
Colleges and Universities	
Alabama State University	San Ignacio College
Barry University	Sistema Universitario Ana G. Méndez
Eckerd College	St. Thomas University
Embry-Riddle Aeronautical University	University of Central Florida
Florida Agricultural & Mechanical University	Universidad Politécnica de Puerto Rico
Florida International University	University of Florida
Full Sail University	University of Miami
Keiser University	UM's Rosenstiel School of Marine and Atmospheric Science
Los Angeles Film School	University of South Florida/*ENLACE*
Miami-Dade College	University of South Florida (USF)
Rocky Mountain College of Art and Design	
Law Firms	
Becker & Poliakoff	Gloria Roa Bodin, Esq.
Carlton Fields	Greenberg Traurig, LLP
Colson Hicks Eidson	Holland & Knight, LLP
DLA Piper	Steel Hector & Davis
Dunbar & Dunbar	Tew Cardenas, LLP
Financial Institutions	
ABN-AMRO Bank	Hemisphere National Bank
Advantage Capital	HSBC/Marine Midland
Allen & Company	International Bank of Miami (First United Bank)
BNP Paribas	Lazard Freres & Co.
Bank Atlantic Corp.	Mercantil Commercebank N.A.
BankUnited, FSB	Pan American Life Insurance Group
Barclays Bank	PointeBank, N.A.
ESJ Capital Partners	Seitlin Insurance
Espirito Santo Bank	Sun Trust Corporation
Fiduciary Trust International	The Equitable/AXA Advisors
First Union National Bank (Wells Fargo)	Union Planters Bank of Florida (Regions)

Florida-Based Companies	
All Aboard Florida	International Speedway Corporation
AmericanAirlines Arena	Jungle Island
BMI Companies	Lake Nona
Communikatz	Mercy Hospital
Daytona International Speedway	Miami Dolphins
Dosal Tobacco	Nopetro LLC
Farm Stores	Palm Beach Premier
Fishkind & Associates	Resorts World Miami (RWM)
Florida Hospital	Ron Sachs Communications
Florida Marlins	Sprint of Florida
Florida Power & Light	eMerge Americas
Flo-Sun Sugar Corp.	The Biltmore Hotel
Greater Miami Convention & Visitors Bureau	The Heat Group
Greater Ft. Lauderdale Alliance	Ultimate Software
Homestead-Miami Speedway	Ultra Musical Festival
Iberia Tiles	
Non-Florida-Based Institutions	
Darlington Raceway	Richmond International Raceway
Georgia Retail Federation	Talladega Superspeedway
Illinois Retail Merchant Association	The Seed Foundation
Indiana Retail Council	United States Tennis Association (USTA)
Kansas Speedway	Washington Retail Association
Martinsville Speedway	Watkins Glen International
Progress Energy	
Public Institutions and Non-Profit Organizations	
Baptist Health South Florida	Indian River County Chamber of Commerce
Broward County Public Schools	Inter-American Development Bank
Career Source North Central Florida	Jackson Health Systems
Citizens of Clean Energy	Jacksonville Chamber of Commerce
City of Boca Raton	Jewish Community Services
City of Coral Gables	Louisiana Committee for Economic Development
City of Doral	Miami Marine Stadium
City of Plantation	Miami Museum of Science
City of West Palm Beach	Miami-Dade County Public Schools
Economic Development Commission of Collier County	Miami-Dade Expressway Authority
Economic Development Commission of Lee County	Miami Downtown Development Authority
Economic Development Commission of Mid-Florida	Palm Beach International Agricultural Summit
Enterprise Florida, Inc.	Port of Miami
Farm Share, Inc.	SEUI Healthcare Florida
Florida Bankers Association	South Florida Progress Foundation
Florida Citrus Mutual	Space Florida
Florida Chamber of Commerce	State of Florida
Florida International Bankers Association	SW Florida Regional Chamber of Commerce
Florida Institute for Commercialization of Public Research	Sylvester Comprehensive Cancer Center
Florida League of Cities	Tampa-Hillsborough Expressway Authority
Florida Nursing Homes Alliance	The Beacon Council
Florida Outdoor Advertising Association	The Florida Bar
Florida Ports Council	The Florida Chamber Foundation
Florida Retail Association	The Florida Coalition for Capital
Florida Sports Foundation	United Nations Economic Development Program
Friends of Miami Marine Stadium	United Teachers of Dade
Greater Tampa Chamber of Commerce	Visit Florida
Independent Colleges and Universities of Florida (ICUF)	Zoological Society of Florida
Latin America-Based Institutions	
Allied-Domecq, Mexico	*Mercantil Servicios Financieros*, Venezuela
Association of Peruvian Banks	Peruvian Management Institute (IPAE)
Federation of Inter-American Financial Institutions (FIBAFIN)	The Brunetta Group of Argentina
Fonalledas Enterprises, Puerto Rico	