

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	June 21, 2011	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Workshop	<input type="checkbox"/> Public Hearing
Department:	County Administration		
Submitted By:	County Administration		
Submitted For:	Economic Development Office		

I. EXECUTIVE BRIEF

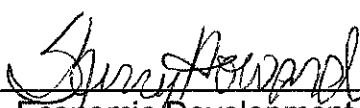
Motion and Title: Staff recommends motion to: **A)** Adopt a Resolution by the Board of County Commissioners of Palm Beach County, Florida, recommending Sikorsky Aircraft Corporation (Sikorsky Aircraft) be approved as a Qualified Target Industry Business pursuant to s.288.106, Florida Statutes; providing for local financial support for the Qualified Target Industry Tax Refund with High-Impact Sector Bonus in the form of an Ad Valorem Tax Exemption; approving up to \$146,775 in an Ad Valorem Tax Exemption; and providing for an effective date; and **B) Conceptually** approve an Economic Development Ad Valorem Tax Exemption for Sikorsky Aircraft Corporation, not to exceed an estimated \$146,775 over a three (3) year period.

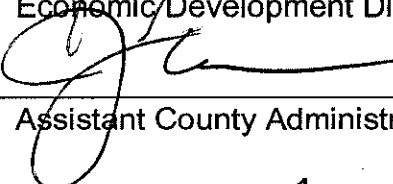
Summary: Sikorsky Aircraft Corporation is a world leader in the design, manufacture, and service of military and commercial helicopters. Sikorsky's proposed expansion project encompasses a 35,000 sq. ft. building in addition to its CH-53K Marine helicopter testing facility. The company will create 14 jobs in addition to the current 81 jobs with an average salary of \$80,000 excluding benefits. The new jobs must be created within three (3) years from the effective date of the Agreement and be retained for three (3) years. The company has conceptually secured approximately \$698,000 from the State of Florida which requires a \$139,600 local match.

The Regional Economic Model results estimate that the Sikorsky \$10.3 Million expansion will have a \$14 Million economic impact over a five (5) period, generating \$1 Million in Federal, State, and local taxes. Palm Beach County is competing with Maryland and Alabama for the company's expansion. The State supports the aerospace industry as a targeted high skill, high-wage industry. This conceptual approval is contingent upon the company's construction of a \$10.3 Million facility, the creation of 14 jobs at an average annual salary of \$80,000, and the determination that the project meets the requirements under Florida Statute 196.012 for an Ad Valorem Tax Exemption. **Upon completion of these requirements, the final application will be presented to the Board of County Commissioners for consideration and approval.** District 1 (DW)

Background and Justification: The Ad Valorem Tax Exemption Program may be used as required local participation for the QTI. If so approved by the Board, then the County's local financial support will only be provided through a three (3) year Ad Valorem Tax Exemption on real property improvements as well as tangible personal property improvements. Sikorsky Aircraft Corporation is a division of United Technologies Corporation. Sikorsky helicopters have saved an estimated 2 million lives since performing the world's first helicopter rescue in 1944.

Attachments:
QTI resolution

Recommended by:  6-16-11
Economic Development Director Date

Approved by:  6/17/11
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
External Revenues	<u>48,925</u>	<u>48,925</u>	<u>48,925</u>	<u>0</u>	<u>0</u>
Program Income (PBC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
In-Kind Match (PBC)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 NET FISCAL IMPACT	 <u>48,925</u>	 <u>48,925</u>	 <u>48,925</u>	 <u> </u>	 <u> </u>
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

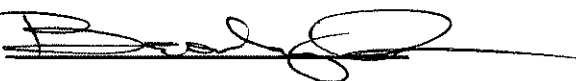
Is Item Included In Current Budget? Yes No

Budget Account No: Fund _____ Agency _____ Org. _____ Object _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

*The source of the County's QTI match is a three (3) year ad valorem tax exemption if so approved by the Board of County Commissioners


C. Departmental Fiscal Review:




III. REVIEW COMMENTS


A. OFMB Fiscal and/or Contract Administration Comments:

* Loss of ad valorem revenue, \$446,775 over three years.


 OFMB
 WS 6-14-11
 SN 6/14/11
 5/14/11


 Contract Development and Control

B. Legal Sufficiency:


 6/16/11
 Sr. Assistant County Attorney

C. Other Department Review:

 Department Director

This summary is not to be used as a basis for payment.

RESOLUTION NUMBER 2011-_____

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING SIKORSKY AIRCRAFT CORPORATION (SIKORSKY AIRCRAFT) BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO s.288.106, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT FOR THE QUALIFIED TARGET INDUSTRY TAX REFUND WITH HIGH-IMPACT SECTOR BONUS IN THE FORM OF AN AD VALOREM TAX EXEMPTION; APPROVING UP TO \$146,775 IN AN AD VALOREM TAX EXEMPTION; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

WHEREAS, Sikorsky Aircraft Corporation is a world leader in the design, manufacture and service of military and commercial helicopters; fixed-wing aircraft; spare parts and maintenance, repair and overhaul services for helicopters and fixed-wing aircraft; and civil helicopter operations; and

WHEREAS, Sikorsky Aircraft's proposed project will involve the retention/expansion of its multinational business enterprise, bringing a water test and fuel calibration facility, hanger, and office and computer equipment to expand its CH-53K Marine helicopter testing facility and will result in an estimated investment of \$10.3 million for building and equipment; and

WHEREAS, Sikorsky Aircraft will create in Palm Beach County 14 full-time jobs and will retain 81 positions currently on site, all at an average annual wage of \$80,000 which is 200% of the average wage in Florida; and

WHEREAS, Sikorsky Aircraft will be expanding on its current site in unincorporated Palm Beach County, and

WHEREAS, Sikorsky Aircraft, a foreign profit corporation, has filed a Qualified Target Industry (QTI) Tax Refund Program application with Enterprise Florida, Inc. to seek State tax refunds, and for which the QTI Program requires that the local government, provide a 20% local match; and

WHEREAS, Sikorsky Aircraft has been identified as a Target Industry Business and, moreover, falls within one of the high-impact sectors designated under Florida Statute 288.108, specifically *Transportation Equipment Manufacturing*, and is therefore eligible to apply for the Qualified Target Industry Tax Refund with a High-Impact Sector Bonus, pursuant to s.288.106; and

WHEREAS, the Board of County Commissioners of Palm Beach County hereby acknowledges that local financial support of 20% of the total tax refund is required under the provisions of s.288.106, Florida Statutes, governing the State's Qualified Target Industry Tax Refund Program; and

WHEREAS, Palm Beach County's Ad Valorem Tax Exemption program may be used as local participation for the QTI and is designed to motivate businesses by providing funding assistance to either relocate to or establish a facility in Palm Beach County or to help an existing local business with an expansion project which will result in the creation of full time jobs in Palm Beach County, increase the County's tax base, and strengthen and diversify the County's local economy; and

WHEREAS, Palm Beach County has determined that the Ad Valorem Tax Exemption granted to Sikorsky Aircraft cannot exceed an estimated \$48,925 annually for three (3) years for a total of \$146,775 for real property and tangible personal property improvements; and

WHEREAS, Sikorsky Aircraft Corporation is aware in order to receive the award, the construction of \$10.3 million facility is to be completed, 14 jobs are created at an annual average salary of \$80,000 within three (3) years of the effective date of the agreement, and the determination is made that the project meets the requirements under Florida Statute 196.012 for an Ad Valorem Tax Exemption. An official application, per the requirements of Ad Valorem Tax Exemption Program must be submitted by the deadline date;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that the Board hereby recommends Sikorsky Aircraft Corporation be approved as a Qualified Target Industry Business pursuant to s. 288.106, Florida Statutes.

BE IT FURTHER RESOLVED, that the necessary local financial support for the Qualified Target Industry Tax Refund with High-Impact Sector Bonus exists in the amount of \$19,600 which equals 20% of the total tax refund requested, and will be provided in the form of an ad valorem tax exemption granted to Sikorsky Aircraft pursuant to s.196.1995, Florida Statutes. This amount will be made available in accordance with the guidelines set forth by the Governor's Office of Tourism, Trade, and Economic Development with the stipulation that these funds are intended to represent local financial support pursuant to s.288.106, Florida Statutes.

BE IT FURTHER RESOLVED, that the Palm Beach County Board of County Commissioners has determined the basis of this project's average private sector wage commitment calculation shall be 200% of the *state* average annual wage.

This resolution shall take effect immediately upon its adoption.

The foregoing Resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____ and, being put to a vote, the vote was as follows:

COMMISSIONER KAREN T. MARCUS, CHAIR
COMMISSIONER SHELLEY VANA, VICE CHAIR
COMMISSIONER PAULETTE BURDICK
COMMISSIONER STEVEN L. ABRAMS
COMMISSIONER BURT AARONSON
COMMISSIONER JESS R. SANTAMARIA
COMMISSIONER PRISCILLA A. TAYLOR

The Chair thereupon declared the Resolution duly passed and adopted this ____ day of _____, 2011.

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

PALM BEACH COUNTY, FLORIDA, BY
ITS BOARD OF COUNTY COMMISSIONERS

SHARON R. BOCK, CLERK & COMPTROLLER

By: _____
County Attorney

By: _____
Deputy Clerk