TIME CERTAIN 9:30 AM Agenda Item #: 3F-1

PALM BEACH COUNTY **BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

	AGENDA ITEM S	<u>UIVIIVIAR I</u>					
Meeting Date:	July 24, 2012	[] Consent [] Workshop	[X] Regular [] Public Hearing				
Department:	Department: Department of Economic Sustainability						
I. EXECUTIVE BRIEF							
Commissioners of I United Technologic High Impact Sector Support for the Qu exceed \$1,000,000 \$400,000 over a for approve a Job Gr Qualified Target Inco of Financial Manag the General Fund Program and a b	Staff recommends motion to: A Palm Beach County, Florida, records Corporation, be approved as a Bonus pursuant to s.288.106, Florick Action Closing Fund in the follower a seven (7) year period, and pur (4) year period; and providing towth Incentive Grant with Pratt & dustry Program with a High Impactment and Budget to administrative Contingency Reserves to the Edudget amendment of \$400,000 dt, following approval of the agreer	mmending that Pratt of Qualified Target Incorida Statutes; provide Improved Incordant of an Ad Valorem I a Job Growth Incentifor an effective date; Whitney as the local to Sector Bonus; and Covely process a \$400,000 pepartment of Econoto recognize the full Incordant Incordat Incordant Incordant Incordant Incordant Incordant Incordant	& Whitney, a division of dustry Business with a ding for Local Financial Tax Exemption not to ive Grant not to exceed and B) Conceptually al match for the State C) Authorize the Office 00 budget transfer from mic Sustainability JGI				
design, manufacture systems. The comaround the world.	Whitney, a division of United Tech re and service of aircraft engines, apany has approximately 36,000 of Pratt & Whitney has been identification and Aerospace.	industrial gas turbines employees who supp	s and space propulsion port 11,000 companies				
The Regional Economic Model results estimate that Pratt & Whitney's \$63 Million renovation/expansion of an aircraft engine and facility will have a \$245 Million economic impact over a five (5) year period, and \$442 Million over a ten (10) year period. This conceptual approval is contingent upon the company's construction of a \$63 Million facility, the creation of 230 new jobs over a ten (10) year period at an average annual salary of \$81,110, the retention of 531 current jobs in Palm Beach County, maintenance of the created and retained jobs for five (5) years following the job creation period, and the determination that the project meets the requirements under Florida Statute 196.012 for an Ad Valorem Tax Exemption. The company has been offered a total of \$3 Million in State funding. Staff's recommendation is that in consideration of the high number of jobs that will be created and maintained, and the significant economic impact to be realized from this expansion in a Cluster Industry which is considered to play a key role in the County's economic success and competitiveness, local financial support exceeding the 20% minimum is warranted.							
Upon completion of these requirements, the final application will be presented to the Board of County Commissioners for consideration and approval. <u>District 1</u> (DW)							
offset significant ca	Justification: Pratt & Whitney papital costs required to modernize etitor sites outside of Florida.	lans to use the ad va e and equip the Palm	alorem tax incentive to a Beach County facility				
Attachments: 1. Resolution							
Recommended by	: Shann Q By Department Direct	- Jor	7/19/12 Date				
Approved by:	Shann Of For	<u> </u>	7/19/12				

Assistant County Administrator

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	20 <u>12</u>	20 <u>13</u>	20 <u>14</u>	20 <u>15</u>	20 <u>16</u>		
Grant Expenditures Operating Costs External Revenues Program Income (PBC) In-Kind Match (PBC)	0 0 0 0	100,000 0 142,857 0 0	$ \begin{array}{r} 100,000 \\ \hline 0 \\ 142,857 \\ \hline 0 \\ \hline 0 \end{array} $	100,000 0 142,857 0 0	100,000 0 142,857 0 0		
NET FISCAL IMPACT # ADDITIONAL FTE	_0_	242,857	242,857	242,857	242,857		
POSITIONS (Cumulative	*)		-				
Is Item Included In Currer	nt Budget?	Yes	No_X				
Budget Account No: Fund Agency Org Object							

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

The source of funds are in the form of an ad valorem tax exemption not to exceed \$1 Million over a seven (7) year period and general fund contingency reserves dollars for the Job Growth Incentive match if so approved by the Board of County Commissioners. There is no direct fiscal impact on DES from granting a tax exemption for real property and tangible personal property improvements. The overall County impact is a reduction of collectable taxes. The estimated improvement costs attributed to the real property and tangible personal property total \$29,877,000. Based on the 2012 Countywide Millage Rate (4.7815), it is estimated that approximately (\$142,857) in tax dollars will be exempted annually.

C. Departmental Fiscal Review Shairette Major, Fiscal Manager

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:

OFMB 357118 Contract Development and 7-19-12 Calchulu

B. Legal Sufficiency:

Sr. Assistant County Attorney

C. Other Department Review:

Department Director

RESOLUTION NUMBER 2012-____

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING THAT PRATT & WHITNEY, A DIVISION OF UNITED TECHNOLOGIES CORPORATION, BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS WITH A HIGH IMPACT SECTOR BONUS PURSUANT TO s.288.106, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT FOR THE QUICK ACTION CLOSING FUND IN THE FORM OF AN AD VALOREM TAX EXEMPTION NOT TO EXCEED \$1,000,000 OVER A SEVEN (7) YEAR PERIOD AND A JOB GROWTH INCENTIVE GRANT NOT TO EXCEED \$400,000 OVER A FOUR (4) YEAR PERIOD; AND PROVIDING FOR AN EFFECTIVE DATE.

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

WHEREAS, Pratt & Whitney, a division of United Technologies Corporation, is a world leader in the design, manufacture and service of aircraft engines, industrial gas turbines and space propulsion systems, with 36,000 employees serving 11,000 customers worldwide; and

WHEREAS, Pratt & Whitney's proposed project will involve the expansion and renovation of their current facility in Jupiter, Florida to 190,000 sq. ft. at a total capital investment of \$63,000,000; and

WHEREAS, Pratt & Whitney will create in Palm Beach County 230 new full-time jobs at an average annual wage of \$81,110 excluding benefits which is 195% greater than the average wage in Florida and will retain 531 full-time jobs; and

WHEREAS, Palm Beach County's Department of Economic Sustainability estimates that the proposed project would result in a local economic impact of \$245 million over five (5) years and \$442 million over ten (10) years; and

WHEREAS, Pratt & Whitney, a for-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, Pratt & Whitney 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 *Aviation and Aerospace*, 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 Pratt & Whitney cannot exceed an estimated \$142,857 annually for seven (7) years for a total of \$1,000,000 for real property and tangible personal property improvements; and

WHEREAS, Palm Beach County as determined that it will provide a Job Growth Incentive Grant to Pratt & Whitney of \$400,000 over a four-year period; and

WHEREAS, Pratt & Whitney is aware that in order to receive the award, the construction of the \$63 million facility is to be completed, 230 jobs are to be created at an annual average salary of \$81,110 within ten (10) years of the effective date of the Ad Valorem Tax Exemption and the Job Growth Incentive Grant agreements and 531 full-time jobs are to be retained for five (5) years from the date of compliance with the job creation requirement, 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 the 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 Pratt & Whitney be approved as a Qualified Target Industry Business with High Impact Sector Bonus 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 \$1,400,000 which equals 47% of the total tax refund requested, and will be provided in the form of an Ad Valorem Tax Exemption pursuant to s. 196.1995, Florida Statutes and a Job Growth Incentive Grant. This amount will be made available in accordance with the guidelines set forth by Florida's Department of Economic Opportunity 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 195% greater than the State's average annual wage.

This resolution shall take effect immediately upon its adoption.

County Attorney

The foregoing Resolution was adoption. The motion was seconded the vote was as follows:	who moved its and, being put to a vote,	
COMMISSIONER ST COMMISSIONER KA COMMISSIONER PA COMMISSIONER BU COMMISSIONER JES COMMISSIONER PR	ULETTE BURDICK RT AARONSON SS R. SANTAMARIA	
, 2012.	PALM BEACH COUNTY, FLORIDA, ITS BOARD OF COUNTY COMMISS	
APPROVED AS TO FORM AND LEGAL SUFFICIENCY	ATTEST: SHARON R. BOCK, CLERK & COM	PTROLLER
Rv:	Bv.	

Deputy Clerk