

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: May 6, 2014 [] Consent [X] Regular
[] Ordinance [] Public Hearing

Submitted by: Department of Economic Sustainability
Submitted for: County Administration

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 approval of Project Palm Tree as a Qualified Defense Contractor and Space Flight Business pursuant to s.288.1045, Florida Statutes; providing for local financial support for the Qualified Defense and Space Contractor (QDSC) Program not to exceed \$320,800; and providing for an effective date; and B) Conceptually approve an Economic Development Incentive Grant in an amount not to exceed \$320,800.

Summary: Project Palm Tree is an engineering company with operations located in Palm Beach County. The company is pursuing a U.S. Department of Defense business contract to support continuing operations at its local facilities, which directly affects at least one half of its local employees. The State of Florida has identified Project Palm Tree as a qualified business under the State's Qualified Defense and Space Contractor (QDSC) Tax Refund Program. The QDSC Program, authorized under s.288.1045, Florida Statutes, is intended to preserve and grow the State's high technology employment base and give Florida a competitive edge as defense, homeland security or space business contractors acquire new contracts or subcontracts, and it provides incentives to businesses who create or retain jobs. The State has determined that Project Palm Tree is eligible to receive up to \$3.208 million under the QDSC program for the retention of 401 full time jobs. No new jobs will be created. The State's incentive requires a 20 percent local match, which is to be provided by the County in the amount of \$320,800, by the City of Riviera Beach in the amount of \$160,400, and by the City of West Palm Beach in the amount of \$160,400. Staff's recommendation is based on the high number of jobs that could potentially be lost in a target industry if the company is unable to compete for additional defense contracts. The company will be required to retain its existing 401 full time positions at an average annual salary of \$84,900 for four (4) years and to enter into a formal Agreement, approved by the Board of County Commissioners, memorializing their commitments and establishing criteria for funding distribution. If the company is not awarded the new defense contract, no County funds will be distributed. The Regional Economic Model estimates that this project will have a local economic impact of \$356 Million over a four (4) year period. Funding for the Economic Development Incentive Grant will come from the General Fund Contingency Reserve. District 7 (DW)

Background and Policy Issues: Project Palm Tree plans to use the incentives to offset significant capital costs required to perform work necessary to compete for an additional U.S. Department of Defense contract.

Attachments:

1. Resolution

Recommended By: Jimmy Howard 4-28-14
Department Deputy Director Date
Approved By: Shannon G. By 5/1/14
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2014	2015	2016	2017	2018
Capital Expenditures					
Operating Costs	\$320,800				
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	\$320,800				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No X


Budget Account No.:

Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____

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


The source of funds is in the form of general fund contingency reserves not to exceed \$320,800 if approved by the Board of County Commissioners.


C. Departmental Fiscal Review:


 Shairette Major, Fiscal Manager I


III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:


 OFMB 4/28/14


 Contract Development and Control 4/29/14

B. Legal Sufficiency:


 Sr. Chief Assistant County Attorney 4/30/14

C. Other Department Review:

Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

RESOLUTION NUMBER 2014-_____

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING APPROVAL OF PROJECT PALM TREE AS A QUALIFIED DEFENSE CONTRACTOR AND SPACE FLIGHT BUSINESS PURSUANT TO s.288.1045, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT FOR THE QUALIFIED DEFENSE AND SPACE CONTRACTOR (QDSC) TAX REFUND PROGRAM NOT TO EXCEED \$320,800; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, PROJECT PALM TREE is an engineering company with operations located in Palm Beach County; and

WHEREAS, PROJECT PALM TREE is pursuing a U.S. Department of Defense business contract which will support the continuation of operations at its local facilities; and

WHEREAS, at least one half of PROJECT PALM TREE's 401 full time employees are directly tied to and fully dedicated to work underway to compete for the Department of Defense contract; and,

WHEREAS, the State of Florida has authorized, pursuant to s.288.1045, Florida Statutes, the Qualified Defense and Space Contractor (QDSC) Tax Refund Program to preserve and grow Florida's high technology employment base and to give Florida a competitive edge as defense, homeland security or space business contractors acquire new contracts or subcontracts, consolidate contracts or subcontracts, or convert contracts to commercial production; and

WHEREAS, businesses determined by the State to be eligible under the QDSC Program may receive tax refunds for created or retained jobs; and

WHEREAS, PROJECT PALM TREE has been identified as a Qualified Defense Contractor and Space Flight Business pursuant to s.288.1045, Florida Statutes and is eligible to participate in the QDSC Program; and

WHEREAS, Palm Beach County acknowledges that local financial support of 20% of the State's total tax refund commitment of \$3,208,000 is required under the provisions of s.288.1045, Florida Statutes, governing the State's QDSC Program; and

WHEREAS, Palm Beach County's Economic Development Incentive Program is used as local participation for the QDSC 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 it will provide one half of the local financial support in the form of an Economic Development Incentive Grant to PROJECT PALM TREE in the amount of \$320,800; and

WHEREAS, the cities of Riviera Beach and West Palm Beach have determined that they will provide a combined one half of the local financial support in the form of a grant to PROJECT PALM TREE in the amount of \$160,400 each; and

WHEREAS, the State of Florida has committed to provide \$2,566,400 to PROJECT PALM TREE under the QDSC Program; and

WHEREAS, PROJECT PALM TREE is aware that Palm Beach County's award is contingent upon the company entering into a formal agreement with the County to retain its existing 401 permanent full-time jobs at an annualized average wage of \$84,900 for a period of four (4) years.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that the Board hereby recommends PROJECT PALM TREE, be approved as a Qualified Defense Contractor and Space Flight Business pursuant to s.288.1045, Florida Statutes.

BE IT FURTHER RESOLVED, that one half of the local financial support for the Qualified Defense Contractor and Space Flight Tax Refund exists in the amount of \$320,800 from Palm Beach County, and one half from the cities of Riviera Beach and West Palm Beach, which amounts will be made available in accordance with the guidelines set forth by the Florida Department of Economic Opportunity with the stipulation that these funds are intended to represent local financial support pursuant to s.288.1045, 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 at least 200% greater than the State of Florida's 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 Priscilla A. Taylor, Mayor	- _____
Commissioner Paulette Burdick, Vice Mayor	- _____
Commissioner Hal R. Valeche	- _____
Commissioner Shelley Vana	- _____
Commissioner Steven L. Abrams	- _____
Commissioner Mary Lou Berger	- _____
Commissioner Jess R. Santamaria	- _____

The Mayor thereupon declared the Resolution duly passed and adopted this _____ day of _____, 20____.

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

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

ATTEST: SHARON R. BOCK
CLERK & COMPTROLLER

By: _____
Dawn S. Wynn,
Senior Assistant County Attorney

By: _____
Deputy Clerk