

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	November 18, 2014	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> 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 Osprey, a company authorized to do business in the State of Florida, as a Qualified Target Industry (QTI) business pursuant to s. 288.106, Florida Statutes; providing for local financial support for the Qualified Target Industry Tax Refund Program in the form of an Ad Valorem Tax Exemption; and providing for an effective date; and

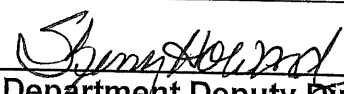

B) conceptually approve an Economic Development Incentive for Project Osprey in the form of an Ad Valorem Tax Exemption over eight (8) years, in an amount not to exceed \$750,000.

Summary: Project Osprey is a distribution chain planning a new 386,000-square-foot regional distribution center in unincorporated Palm Beach County. The company will make a \$93 Million capital investment which the Regional Economic Model estimates will have a five (5) year local economic impact of \$236.5 Million. The company will create a total of 440 new jobs in Palm Beach County at an average annual wage of \$48,813 over five (5) years, with 310 of the jobs being new to Florida, and will be required to maintain the new jobs in Palm Beach County for a five (5) year period. It is anticipated that the State of Florida will provide \$930,000 in the form of a Qualified Target Industry Tax Refund (QTI). The local match required by the State of \$186,000 will be provided in the form of an Ad Valorem Tax Exemption in an amount not to exceed \$750,000 over a period of eight (8) years provided the project meets the requirements under Florida Statute 196.012. Staff's recommendation of \$750,000 is based on the high number of jobs that will be created and the significant economic impact to be realized from the project. The company will be required to enter into a formal agreement memorializing their commitments and establishing the terms under which the local match will be provided. At such time the company name will be disclosed. District 1 (DW)

Background and Justification: The Economic Development Incentive Program continues to provide long term economic growth in Palm Beach County and further diversification of the local economy. The Program is implementing the Board's policy to attract new business to Palm Beach County, to support expanding business in the County that would otherwise expand elsewhere, and to create employment opportunities for residents of Palm Beach County. The County's Ad Valorem Tax Exemption Program may be used as local participation for the State QTI program.

Attachments:

1. County Administration letter
2. Resolution

Recommended By:		11-4-14
	Department Deputy Director	Date
Approved By:		11-13-14
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2015	2016	2017	2018	2019
Capital Expenditures					
Operating Costs					
External Revenues	\$93,750	\$93,750	\$93,750	\$93,750	\$93,750
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	\$93,750	\$93,750	\$93,750	\$93,750	\$93,750

# 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 _____

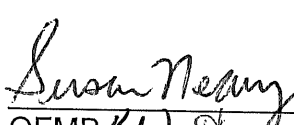
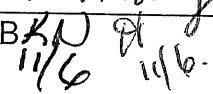
B. Recommended Sources of Funds/Summary of Fiscal Impact:

The source of the County's QTI match is an eight (8) year Ad Valorem Tax Exemption if so approved by the Board of County Commissioners.

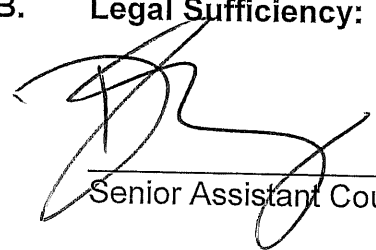
C. Departmental Fiscal Review: _____
Shairette Major, Fiscal Manager I

III. REVIEW COMMENTS

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

 11/6/14
OFMB  11/6/14

 11/7/14
Contract Development and Control

B. Legal Sufficiency:
 11/13/14
Senior Assistant County Attorney

C. Other Department Review:

Department Director



County Administration

P.O. Box 1989
West Palm Beach, FL 33402-1989
(561) 355-2030
FAX: (561) 355-3982
www.pbcgov.com

**Palm Beach County
Board of County
Commissioners**

Priscilla A. Taylor, Mayor
Paulette Burdick, Vice Mayor

Hal R. Valeche
Shelley Vana
Steven L. Abrams
Mary Lou Berger
Jess R. Santamaria

County Administrator

Robert Weisman

*"An Equal Opportunity
Affirmative Action Employer"*

Official Electronic Letterhead

September 16, 2014

Ms. Kelly Smallridge, President and CEO
Business Development Board of Palm Beach County, Inc.
310 Evernia Street
West Palm Beach, FL 33401

Dear Ms. Smallridge:

Palm Beach County is very pleased that Project Osprey is considering Palm Beach County for the location of its new regional wholesale distribution center to serve the Southeastern United States. It is our understanding that Project Osprey will make a capital investment of \$93 Million and will create 440 new or relocated jobs over a five (5) year period at an average wage of \$48,813. We estimate that this project will have a 5-year economic impact of \$236.5 Million on Palm Beach County's local economy.

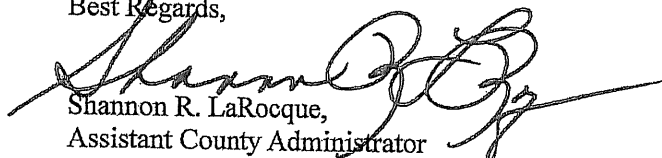
It is our understanding that the State of Florida is anticipating providing \$930,000 from the Qualified Target Industry (QTI) Tax Refund Program. This State incentive would require a local match from Palm Beach County in the amount of \$186,000, which may be provided in the form of an Ad Valorem Tax Exemption on the taxable value of improvements to real property and tangible personal property.

The initial recommendation stated my July 22, 2013 letter for \$1.2 Million was based on very limited information from the company and the understanding that the project at that time did not qualify for an incentive from the State. Based on the additional information received, and the State incentive contribution of \$930,000, County Administration will recommend that the Board of County Commissioners approve an incentive up to \$750,000 in the form of an Ad Valorem Tax Exemption over an eight (8) year period. This recommendation far exceeds the required 20% local match to the State's incentive due to the significant capital investment and economic impact to the County, and provides for a total combined incentive from the State and the County of \$1,680,000. The exemption would be conditioned upon the company being deemed eligible under the County's Economic Development Ad Valorem Tax Exemption Program, as governed by s.196.1995, Florida Statutes.

I look forward to further discussions on this exciting project.

Should you have any questions or need any additional information, please do not hesitate to contact me directly at (561) 355-2428.

Best Regards,


Shannon R. LaRocque,
Assistant County Administrator

c: Robert Weisman, County Administrator
Sherry Howard, Deputy Director, Department of Economic Sustainability

ATTACHMENT 1

RESOLUTION NUMBER R2014-_____

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING APPROVAL OF PROJECT OSPREY, A COMPANY AUTHORIZED TO DO BUSINESS IN THE STATE OF FLORIDA, AS A QUALIFIED TARGET INDUSTRY (QTI) BUSINESS PURSUANT TO s.288.106, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT FOR THE QUALIFIED TARGET INDUSTRY TAX REFUND PROGRAM IN THE FORM OF AN AD VALOREM TAX EXEMPTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, PROJECT OSPREY is a distribution chain that is considering sites in Palm Beach County for a new 386,000-square-foot regional distribution center, at a capital investment of \$93 Million; and

WHEREAS, PROJECT OSPREY will create 310 new permanent full-time jobs in Florida at an average annual wage of \$48,813, excluding benefits, which is 115% of the average annual wage in Florida; and

WHEREAS, Palm Beach County's Department of Economic Sustainability estimates that the proposed project would result in a local economic impact of \$236.5 Million over five (5) years; and

WHEREAS, PROJECT OSPREY has been identified by the State of Florida as a Target Industry Business and is eligible to apply for the Qualified Target Industry Tax Refund in an amount up to \$930,000 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 QTI tax refund is required under the provisions of s.288.106, Florida Statutes, governing the State's QTI Program; and

WHEREAS, Palm Beach County's Economic Development 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, PROJECT OSPREY is aware that the State award is contingent upon the company fulfilling a capital investment of \$93 Million, and that 310 new permanent jobs must be created in Florida at an average annual wage of \$48,813 within five (5) years.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that the Board hereby recommends PROJECT OSPREY, a company authorized to do business in the State of Florida, 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 exists for PROJECT OSPREY and may be provided in the form of an Ad Valorem Tax Exemption granted to PROJECT OSPREY pursuant to s.196.1995, 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 shall be 115% greater than the State'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:

- District 1: Commissioner Hal R. Valeche - _____
- District 2: Commissioner Paulette Burdick - _____
- District 3: Commissioner Shelley Vana - _____
- District 4: _____ - _____
- District 5: Commissioner Mary Lou Berger - _____
- District 6: _____ - _____
- District 7: Commissioner Priscilla A. Taylor - _____

The Mayor thereupon declared the Resolution duly passed and adopted this _____ day of _____, 2014.

**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