

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: March 14, 2017 [ ] 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 Orchid, 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 not to exceed \$70,000; and providing for an effective date; and

B) conceptually approve an Economic Development Incentive for Project Orchid in the form of a cash incentive not to exceed \$70,000 over five (5) years.

Summary: Project Orchid is considering maintaining its Boca Raton-based corporate headquarters and expanding operations in anticipation of substantial growth. We understand the project will invest \$6.1 Million to lease, renovate, and equip a 39,000 square foot facility and create 100 new jobs over a two (2) year period at an annualized average wage of \$100,000 and a median wage of \$90,000. The company will retain 92 existing jobs. The five (5) year local economic impact is estimated to be \$165.3 Million.

The Company is being offered a \$700,000 incentive in the form of a QTI Tax Refund. Of this amount, \$560,000 is from the State of Florida and \$140,000 is from local government entities. The local share will be split equally between Palm Beach County and the City of Boca Raton in the form of cash grants in the amount of \$70,000 each. The incentive will be provided over a period of five (5) years provided the project meets the State's requirements. The County's grant will be paid according to the State's QTI Refund Schedule and will be secured by a letter of credit or bond. The company will be required to enter into a formal agreement memorializing their commitments and establishing terms under which the local match will be provided. At such time the company's name will be disclosed. Other states under consideration by the company include California, New Jersey and Georgia. District 4 (JB).

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 of County Commissioners' 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 Economic Development Incentive Program may be used as local participation for the State QTI program.

Attachment:

- 1. Administration Letter of Support
2. Resolution

Recommended By: [Signature] Department Director Date: 2-15-17

Approved By: [Signature] Assistant County Administrator Date: 2/24/17

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2017	2018	2019	2020	2021
Grant Expenditures	\$7,875	\$17,500	\$17,500	\$17,500	\$9,625
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
<b>NET FISCAL IMPACT</b>	<b>\$7,875</b>	<b>\$17,500</b>	<b>\$17,500</b>	<b>\$17,500</b>	<b>\$9,625</b>

# 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 \_\_\_\_\_

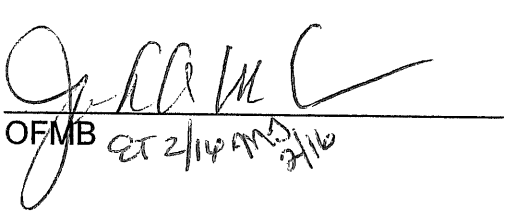
**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

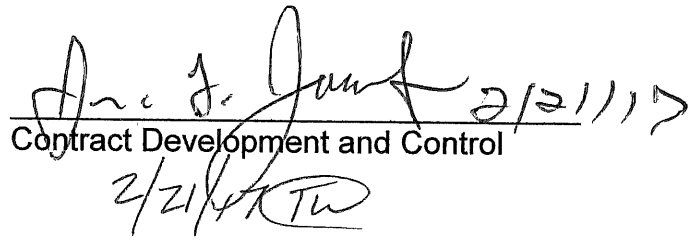
The source of funds is from the general fund contingency reserve for the Economic Development Incentive match if so approved by the Board of County Commissioners.

**C. Departmental Fiscal Review:**   
Beverley Reid, Fiscal Manager I

**III. REVIEW COMMENTS**

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

  
OFMB 2/14/17

  
Contract Development and Control  
2/21/17

**B. Legal Sufficiency:**

  
Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
Department Director



February 16, 2017

**County Administration**

P.O. Box 1989

West Palm Beach, FL 33402-1989

(561) 355-2030

FAX: (561) 355-3982

www.pbegov.com



**Palm Beach County  
Board of County  
Commissioners**

Paulette Burdick, Mayor

Melissa McKinlay, Vice Mayor

Hal Valeche

Dave Kerner

Steven L. Abrams

Mary Lou Berger

Mack Bernard

**County Administrator**

Verdenia C. Baker

"An Equal Opportunity  
Affirmative Action Employer"

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 Administration is pleased with the efforts of Project ORCHID to maintain its Boca Raton-based corporate headquarters and expand operations in anticipation of substantial growth. We understand the project will invest \$6.2 Million to lease, renovate, and equip a 39,000 square foot facility and create 100 new jobs over a two (2) year period at an annualized median wage of \$100,000 in addition to retention of current 92 jobs. We estimate the economic impact of the project on Palm Beach County's local economy would be \$165.3 Million over five (5) years.

We understand the State of Florida is considering a \$700,000 incentive package in Qualified Target Industry (QTI) tax refunds. Of this amount, \$560,000 is from the State of Florida and \$140,000 is the required local match from local governmental entities. This amount will be shared equally by Palm Beach County and the City of Boca Raton.

Based on the information provided, Palm Beach County Administration is willing to recommend to the Board of County Commissioners approval of an Economic Development Incentive of up to \$70,000 in the form of a cash incentive over a five (5) year period to satisfy the County's portion of the local contribution requirement.

We reserve the right to modify or withdraw our recommendation should we become aware of any information that would have affected our decision had such information been disclosed to us at the time of our consideration. In addition, please understand this is only a recommendation and would require a favorable vote by the Board of County Commissioners after negotiation of a formal agreement.

I look forward to further discussions on this exciting subject. Should you have any questions or need any additional information, please do not hesitate to contact me directly at (561) 355-3838.

Best Regards,

A handwritten signature in black ink that reads "Faye W. Johnson".

Faye W. Johnson  
Assistant County Administrator

cc: Sherry Howard, Deputy Director, Department of Economic Sustainability

RESOLUTION NUMBER R2017-\_\_\_\_\_

**A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING APPROVAL OF PROJECT ORCHID, 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 NOT TO EXCEED \$70,000; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, PROJECT ORCHID is considering maintaining its Boca Raton-based corporate headquarters and expanding its operations in anticipation of substantial growth; and

**WHEREAS**, the PROJECT ORCHID will involve the leasing and renovation of a 39,000 square feet facility; and the purchase of machinery and equipment; and

**WHEREAS**, PROJECT ORCHID will create 100 new permanent full-time jobs in Palm Beach County within two (2) years at an average wage of \$100,000 excluding benefits, which is at least 200% or greater than the average wage in the State of Florida; and

**WHEREAS**, Palm Beach County's Department of Economic Sustainability estimates that the proposed project would result in an economic impact of \$165.3 Million over five (5) years; 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**, the City of Boca Raton has determined that it will provide one half of the local financial support to PROJECT ORCHID in the amount of \$70,000; and

**WHEREAS**, Palm Beach County has determined that it will provide one half of the local financial support in the form of a Economic Development Grant to PROJECT ORCHID in the amount of \$70,000; and

**WHEREAS**, PROJECT ORCHID, a for-profit company, has filed a QTI Tax Refund Program application with Enterprise Florida, Inc. and the Florida Department of Economic Opportunity to seek State tax refunds; and

**WHEREAS**, PROJECT ORCHID has been identified as a target Industry business and falls within one of the high-impact sectors designated under s.288.108, Florida Statutes; and

**WHEREAS**, Palm Beach County's Economic Development Incentive Program is utilized 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 ORCHID is aware that the award is contingent upon the company entering into a formal agreement with the County to create 100 permanent jobs at an average annual wage of \$100,000 within two (2) years, and maintain those new jobs for a period of 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 ORCHID, 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 cash commitment of local financial support for the Qualified Target Industry Tax Refund Program exists for PROJECT ORCHID in the amount of \$140,000; that one half of the local financial support for the Qualified Target Industry Tax Refund in the amount of \$70,000 will be provided from Palm Beach County, and one half from the City of Boca Raton, 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.288.106, 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 wage sector commitment shall be at least 200% or 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 vote, the vote was as follows:

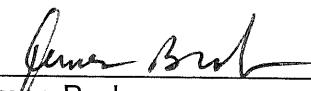
Commissioner Paulette Burdick, Mayor	- _____
Commissioner Melissa McKinlay, Vice Mayor	- _____
Commissioner Hal R. Valeche	- _____
Commissioner Dave Kerner	- _____
Commissioner Steven L. Abrams	- _____
Commissioner Mary Lou Berger	- _____
Commissioner Mack Bernard	- _____

The Mayor thereupon declared the Resolution duly passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

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

**APPROVED AS TO FORM AND LEGAL SUFFICIENCY**

**ATTEST: SHARON R. BOCK  
CLERK & COMPTROLLER**

By:   
James Brako  
Assistant County Attorney

By: \_\_\_\_\_  
Deputy Clerk