Agenda Item #: 5C2

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:

April 10, 2018

[] Consent [] Ordinance [X] Regular

[] Public Hearing

Submitted by:

Department of Housing and Economic Sustainability

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 Zeus 2, a company authorized to do business in the State of Florida, as a Qualified Target Industry (QTI) business pursuant to s.288.106, Florida Statues; providing for local financial support for the Qualified Target Industry Tax Refund Program not to exceed \$301,000 over an eight (8) year period; providing for severability; and providing for an effective date; and
- B) Conceptually approve an Economic Development Incentive for Project Zeus 2 in the form of a cash incentive not to exceed \$301,000 over an eight (8) year period and an ad valorem tax exemption not to exceed \$1,548,000 over an eight | year period.

Summary: Project Zeus 2 is contemplating expanding operations in Palm Beach County or Georgia. The project will invest \$100,400,000 to construct a new facility, renovate an existing facility, and equip both. The project will create 215 new jobs over a five (5) year period at an annualized average wage of \$91,124. The estimated five (5) year local economic impact is \$551 Million. Project Zeus 2 qualifies for the Qualified Target Industry (QTI) Tax Refund program, which continues to be funded by the Florida Legislature.

The company is being offered a \$3,053,000 incentive. Of this amount, \$1,204,000 is from the State of Florida and \$301,000 is a required match from local government entities. Palm Beach County will provide the required local match as a cash grant as the project would be located in unincorporated Palm Beach County in addition to an ad valorem tax exemption not to exceed \$1,548,000 provided the project meets the requirements under s196.012, Florida Statutes, for an ad valorem tax exemption. The incentive will be paid over a period of eight (8) years provided the project meets the State of Florida requirements; paid according to the State's QTI Refund and 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 cash and ad valorem exemption incentives will be disbursed. The company name will be disclosed at such time. District 1 (JB)

Background and Justification: The Economic Development Incentive Program implements the Board of County Commissioner's policy to attract new businesses to Palm Beach County, to support expanding businesses 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 to satisfy local participation requirements of the State QTI program. Local financial support in excess of the required 20% minimum is warranted given the high average and median wages of the jobs to be created as well as the significant economic impact to be realized by the consolidation from this targeted industry, which is considered to play a key role in the County's economic success and competitiveness.

Attachment(s):

1. Resolution

2. Letter of Support

Recommended By:	Department Director	3/16/18
	Department Director	Ďate [/]
Approved By:	Assistant County Administrator	3/25 /18 Date

II. FISCAL IMPACT ANALYSIS

Fiscal Years	2018	2019	2020	2021	2022
Grant Expenditures	\$28,000	\$57,750	\$64,750	\$71,750	\$47,250
Operating Costs					
External Revenues	\$193,500	\$193,500	\$193,500	\$193,500	\$193,500
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	\$221,500	\$251,250	\$258,250	\$265,250	\$240,750
# ADDITIONAL FTE POSITIONS (Cumulative)					
s Item Included In Curre Does this Item include th	nt Budget?		Yes	No X No X	
Joes this Item include th	e use of Fed	deral funds?	Yes	NoX	
Budget Account No.:					
- Fund Dept U	nit Ol	piect	Program Cod	le/Period	
			_		
B. Recommended So	urces of Fur	nds/Summai	y of Fiscal I	mpact:	
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(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

Department Director

RESOLUTION NUMBER R2018-

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING APPROVAL OF PROJECT ZEUS 2, 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 \$301,000 OVER AN EIGHT (8) YEAR PERIOD; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE; AND

WHEREAS, PROJECT ZEUS 2 is considering expanding operations in Palm Beach County; and

WHEREAS, PROJECT ZEUS 2 will involve the construction of a new facility, renovation of an existing facility, and purchase of equipment for both facilities; and

WHEREAS, PROJECT ZEUS 2 will create 215 new permanent full-time jobs in Palm Beach County at an average wage of \$91,124 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 Housing and Economic Sustainability estimates the proposed project would result in an economic impact of \$551,680,000 over five years; and

WHEREAS, PROJECT ZEUS 2 has been identified as a Target Industry Business and, moreover, falls within one of the high-impact sectors designated under s.288.108, Florida Statutes, and is eligible to apply for the Qualified Target Industry Tax Refund (QTI) with a High-Impact Sector Bonus pursuant to s.288.106, Florida Statutes; and

WHEREAS, the Board of County Commissioners of Palm Beach County hereby acknowledges that local financial support of 20% of the total QTI is required under the provisions of s.288.106, Florida Statutes, governing the State's QTI program; and

WHEREAS, Palm Beach County has determined it will provide the required local financial support as Economic Development Incentive to PROJECT ZEUS 2 in the in the form of a cash grant in amount not to exceed \$301,000 over an eight year period; and

WHEREAS, PROJECT ZEUS 2, a for-profit company, has filed a QTI Tax Refund Program application with Enterprise Florida, Inc. to seek State tax refunds; and

WHEREAS, PROJECT ZEUS 2 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, the Palm Beach County 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 ZEUS 2 is aware that the award is contingent upon the company entering into a formal agreement with the County to create 215 permanent jobs at an average annual wage of \$91,142 within five years and maintain those new jobs for a period of five years; and

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that the Board hereby recommends PROJECT ZEUS 2, 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 ZEUS 2 in the amount of \$301,000; that the entirety of required local financial support in an amount not to exceed \$301,000 will be provided from Palm Beach County, which amount 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.

SEVERABILITY

If any section, paragraph, sentence, clause or word of this Resolution is for any reason held by the Court to be unconstitutional, inoperative, or void, such holding shall not affect the remainder of this Resolution.

EFFECTIVE DATE

This resolution shall take effect immedia	ately upon its passage and adoption.	
The foregoing Resolution was offered be its adoption. The motion was seconde put to vote, the vote was as follows:	by Commissioner, d by Commissioner,	who moved , and being
Commissioner Melissa M Commissioner Mack Ber Commissioner Hal R. Va Commissioner Paulette Commissioner Dave Ker Commissioner Steven L. Commissioner Mary Lou	rnard, Vice Mayor Ileche Burdick ner . Abrams	
The Mayor thereupon declared the Resday of, 20	solution duly passed and adopted this	s
	PALM BEACH COUNTY, FLORIDA BOARD OF COUNTY COMMISSIO	•
APPROVED AS TO FORM AND LEGAL SUFFICIENCY	ATTEST: SHARON R. BOCK CLERK & COMPTROLLER	
By: James Brako Assistant County Attorney	By: Deputy Clerk	



Department of Housing and Economic Sustainability

100 Australian Avenue Suite 500 West Palm Beach, FL 33406

Phone: 561-233-3600 Fax: 561-233-3651 www.discoverpbcgov.org

Palm Beach County Board of County Commissioners

Melissa McKinlay, Mayor

Mack Bernard, Vice Mayor

Hal R. Valeche

Paulette Burdick

Dave Kerner

Steven L. Abrams

Mary Lou Berger

County Administrator

Verdenia C. Baker

"An Equal Opportunity Affirmative Action Employer" April 3, 2018

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 pleased with the efforts of Project Zeus 2 to expand its operations in Palm Beach County. We understand the project will invest \$100,400,000 to construct a new facility, renovate an existing facility, and equip both. We also understand the project will create 215 new jobs over a five year period at an annualized average wage of \$91,124. We estimate the economic impact of the project on Palm Beach County's local economy will be \$551,680,000 over five years.

The company is being offered a \$3,053,000 incentive. Of this amount, \$1,204,000 is from the State of Florida and \$301,000 is the required local government match. Palm Beach County will provide the required local match as a \$301,000 cash grant in addition to an ad valorem tax exemption not to exceed \$1,548,000 provided the project meets the requirements under s196.012, Florida Statutes.

The County reserves 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. 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) 233-3602.

Best Regards,

onathan B. Brown, Director

Department of Housing and Economic Sustainability

cc: Sherry Howard, Deputy Director

Department of Housing and Economic Sustainability

ATTACHMENT 2