

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: September 18, 2018

Consent
 Ordinance

Regular
 Public Hearing

Submitted by: Department of Housing and Economic Sustainability

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to: A) Conceptually approve an Economic Development Incentive for Project Paper in the form of an Ad Valorem Tax Exemption up to \$478,873 over a ten (10) year period; and **B) Adopt** a Resolution by the Governing Board of Palm Beach County, Florida, recommending Project Paper be approved as a Qualified Target Industry Business pursuant to s.288.106, Florida Statutes; affirming the site of this project is within a defined rural area; requesting a waiver of the average wage requirement of s.288.106(4)(b)1.a, Florida Statutes; providing for local financial support in the form of an ad valorem tax abatement; and providing for an effective date.

Summary: Project Paper is contemplating relocating its Florida-based manufacturing business to the City of Belle Glade or to one of the company's other manufacturing sites throughout the United States, including within the State of Florida. The project will invest \$33.7 million to purchase land and construct and equip a 400,000 square foot facility. The project will create 40 new jobs over a two (2) year period and retain 150 jobs at an annualized average wage of \$34,999 and an annualized median wage of \$34,999. The estimated five (5) year local economic impact is \$108.5 Million. Although Project Paper's wages are below the State (\$46,346) and County (\$51,098) average wages, the company's average wage of \$34,999 is significantly higher than the City of Belle Glade's average wage of \$13,321. Additionally, the City of Belle Glade has a high unemployment rate of 15.7% and poverty rate of 37.4%. Staff is recommending \$478,873 in the form of an Ad Valorem Tax Exemption to Project Paper based on their consideration to relocate to the Glades community in light of the existing economic conditions including the poverty and unemployment rate, and supports deviation from the requirement that the average wage for a company receiving an incentive is greater than the County's average wage. The incentive would be provided over a period of ten (10) years provided the project meets the requirements under Florida Statute 196.012 for an Ad Valorem Tax Exemption. The company will be required to provide a form of security for the incentive in the form of a Letter of Credit or Cash Bond and to enter into a formal agreement memorializing their commitments which will be brought back to the Board of County Commissioners for approval, and at which time the name of the Company will be disclosed.

In addition, under the State's Rural Area of Economic Opportunity Program, the Governor of Florida is given the ability to waive program criteria for any economic development incentive including the Qualified Target Industry Tax Refund Program, with consent from the Florida county the company is relocating from. The attached Resolution is requesting a wage waiver from the State for Project Paper as an additional incentive for Project Paper. The \$478,873 Ad Valorem Tax Exemption, if provided, would be above the required match for this program. Under Florida Statute, the State of Florida is able to provide up to \$136,000 for this project. District 6 (JB)

Background and Policy Issues: The Economic Development Incentive Program continues to support long-term economic growth in Palm Beach County and further diversification of the local economy. The 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.

Attachment(s):

- 1. Resolution
- 2. Letter of Support

Recommended By: Jonathan Brown

Department Director

Date

Approved By: Maureen Johnson
Assistant County Administrator

9/13/18
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2018	2019	2020	2021	2022
Grant Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes No
 Does this Item include the use of Federal funds? Yes No

Budget Account No.:

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


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

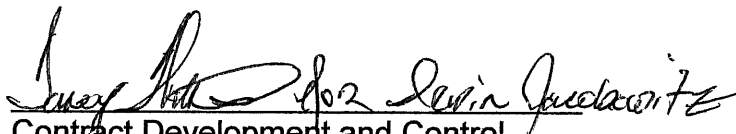

The source of funds is from the general fund contingency reserve for the Economic Development Incentive.

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

III. REVIEW COMMENTS

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

 9/7/18
 OFMB 9/9/18

 for Devin Jacobowitz
 Contract Development and Control
 9/11/18 

B. Legal Sufficiency:

 9/12/18
 Assistant County Attorney

C. Other Department Review:

 Department Director

**QUALIFIED TARGET INDUSTRY TAX REFUND
IN A RURAL AREA REQUESTING A WAGE WAIVER
WITH AD VALOREM TAX ABATEMENT MATCHING PER JOB AWARD**

RESOLUTION NUMBER _____

A RESOLUTION BY THE GOVERNING BOARD OF PALM BEACH COUNTY, FLORIDA, RECOMMENDING PROJECT PAPER BE APPROVED AS A QUALIFIED TARGET INDUSTRY BUSINESS PURSUANT TO S.288.106, FLORIDA STATUTES; AFFIRMING THE SITE OF THIS PROJECT IS WITHIN A DEFINED RURAL AREA; REQUESTING A WAIVER OF THE AVERAGE WAGE REQUIREMENT OF S.288.106(4)(b)1.a, FLORIDA STATUTES; PROVIDING FOR LOCAL FINANCIAL SUPPORT IN THE FORM OF AN AD VALOREM TAX ABATEMENT EQUIVALENT TO THE QUALIFIED TARGET INDUSTRY TAX REFUND PER JOB AWARD; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNING BOARD OF PALM BEACH COUNTY, FLORIDA, as follows:

WHEREAS, the business under consideration is a manufacturing business, specifically, **PROJECT PAPER**; and

WHEREAS, **PROJECT PAPER** plans to relocate its manufacturing, sales, and administrative operations to Belle Glade, Florida; and

WHEREAS, **PROJECT PAPER** has been identified as a Target Industry Business; and

WHEREAS, **PROJECT PAPER** will commit to pay an average wage of \$34,999, which is 75% of the State average wage; and

WHEREAS, **PROJECT PAPER** intends to locate within Belle Glade, Florida; and

WHEREAS, this location within **PALM BEACH COUNTY** meets the definition of a Rural City as defined in s.288.106(2)(o), Florida Statutes; and

WHEREAS, as a result of this rural location **PROJECT PAPER** is eligible for a waiver of the average wage requirement as authorized by s.288.106(4)(b)1.b, Florida Statutes, provided there is sufficient justification of such waiver; and

WHEREAS, **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;

WHEREAS, **PALM BEACH COUNTY** has committed to provide \$478,873, which exceeds the 100% match of the Qualified Target Industry Tax Refund per job award and exceeds the required Qualified Target Industry Tax Refund local financial support;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF PALM BEACH COUNTY, FLORIDA, that the Board hereby recommends **PROJECT PAPER** be approved as a Qualified Target Industry Business pursuant to s.288.106, Florida Statutes.

BE IT FURTHER RESOLVED THAT THE GOVERNING BOARD OF PALM BEACH COUNTY, FLORIDA requests a waiver from the average wage requirement of s.288.106(4)(b)1.a, Florida Statutes, be granted because Belle Glade has an unemployment rate of 15.7% (compared to a County-wide rate of 3.9%); a poverty rate of 37.4% (compared to a County-wide rate of 12.5%); and an average wage of \$13,321 (compared to a County-wide average of \$51,098). **PROJECT PAPER** will make a capital investment of \$33.9 million to purchase 30 acres of land and construct a 400,000 square foot facility. **PROJECT PAPER** is expected to have a five-year economic impact of \$108,500,000.

BE IT FURTHER RESOLVED that the necessary local financial support for the Qualified Target Industry Tax Refund Program exists in the amount of \$478,873; that this 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 the "local financial support" required by s.288.106, Florida statutes; and will be provided in the form of ad valorem tax abatement granted to **PROJECT PAPER** pursuant to s.196.1995, Florida Statutes.

This resolution shall take effect immediately upon its passage and 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:

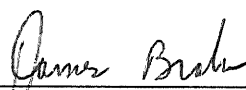
Commissioner Melissa McKinlay, Mayor	- _____
Commissioner Mack Bernard, Vice Mayor	- _____
Commissioner Hal R. Valeche	- _____
Commissioner Paulette Burdick	- _____
Commissioner Dave Kerner	- _____
Commissioner Steven L. Abrams	- _____
Commissioner Mary Lou Berger	- _____

The Mayor thereupon declared the Resolution duly passed and adopted this _____ day of _____, 2018.

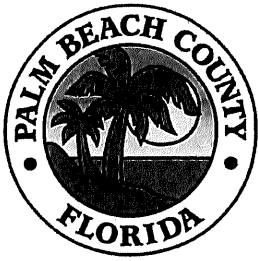
PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

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

By: 
James Brako
Assistant County Attorney

By: _____
Deputy Clerk



September 6, 2018

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

**Department of
Housing & Economic
Sustainability**

Administration

100 Australian Avenue – Suite #500

West Palm Beach, FL 33406

(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"*

Dear Ms. Smallridge:

Palm Beach County is pleased that Project Paper is considering the relocation of its manufacturing business to Belle Glade, Florida. The project will invest \$33.7 million to purchase land, construct and equip a 400,000 square foot facility and create 40 new jobs over a 2-year period at an annualized average wage of \$34,999. We estimate the economic impact of the project on Palm Beach County's local economy will be \$108.5 million over five years.

Based on the information provided, the Department of Housing and Economic Sustainability is willing to recommend to the Board of County Commissioners approval of an Economic Development Incentive of up to \$478,873 in the form of an ad valorem tax exemption over a ten (10) year period.

The County is currently requesting, through a Resolution, a wage waiver from the State of Florida. With the waiver, the State is able to provide up to \$136,000 for Project Paper. The County's ad valorem tax exemption, if approved, would be in excess of the required match to the State's incentive.

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. 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. Finally, please note Project Paper will be required to provide a performance security in the form of a clean, irrevocable Letter of Credit or a Cash Bond, equal to the full amount of the maximum incentive to be paid.

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 Sherry Howard at (561) 233-3653.

Best Regards,

Jonathan B. Brown
Director

Department of Housing and Economic Sustainability

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

ATTACHMENT 2