

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	October 16, 2018	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Submitted by:	County Administration Department of Housing and Economic Sustainability		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to: approve modification of the Economic Development Incentive Agreement Requirements

Summary: On November 16, 1993 the Board of County Commissioners (BCC) established the Palm Beach County Job Growth Incentive Fund (JGI) Policy and Program (R93-1519) to stimulate economic growth in Palm Beach County by either attracting new businesses to the County or by encouraging the expansion of existing business within the County. When a cash or Ad Valorem Tax Exemption is provided to a company as an incentive to relocate or expand in the County, the Economic Development Incentive Agreement (Agreement) is the legal document executed between the BCC and a company detailing the commitments and mutual covenants agreed to by both parties. The incentive can be provided as the required local match to a State incentive program, or independently from the County. The Department of Housing and Economic Sustainability (HES), is responsible for administration of the program as well as the development and monitoring of Agreements.

County Administration and HES staff developed the recommended modifications at the request of and with input from the Florida Department of Economic Opportunity, Enterprise FL and The Business Development Board. In summary, the recommended modifications (Attachment 1) better align with key definitions and notice requirements with that of the State’s Agreement and streamline certain programmatic requirements for improved compliance and monitoring of the Agreement. Key requirements of the County’s Agreement, including the provision of security (in the form of a letter of credit or cash bond) and the Final Performance Audit remain as requirements in the Agreement. Countywide (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. Modifications to the Economic Development Incentive Agreement template will facilitate ease of implementation, compliance, and monitoring.

- Attachment(s):**
1. Economic Development Incentive Agreement Summary of Proposed Changes
-

Recommended By: Jonathan Brown 9/14/18
Department Director Date

Approved By: Naomi Johnson 9/25/18
Assistant County Administrator 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)					
---	--	--	--	--	--

Is Item Included In Current Budget? Yes ___ No X

Does this Item include the use of Federal funds? Yes ___ No X

Budget Account No.:

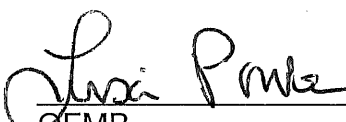
Fund ___ Dept ___ Unit ___ Object ___ Program Code/Period ___

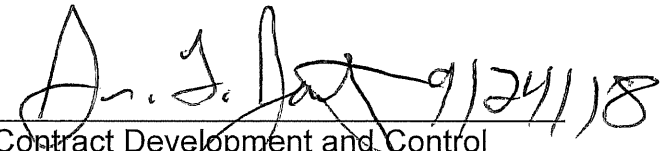
**B. Recommended Sources of Funds/Summary of Fiscal Impact:
* No fiscal impact**

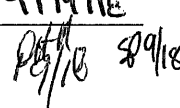
C. Departmental Fiscal Review: 
Beverley Reid, Fiscal Manager I

III. REVIEW COMMENTS

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

 9/19/18
OFMB

 9/24/18
Contract Development and Control

 9/24/18

B. Legal Sufficiency:

 9/24/18
Assistant County Attorney

C. Other Department Review:

Department Director

**PBC Economic Development Incentive Agreement
Summary of Proposed Changes to Requirements
Subject to BCC Approval**

Goal: To significantly streamline Agreement but preserve the County protections.

New Changes: 10 Requirements

New Job Definition:

County defines a new job as 1,820 hours per year. State defines a new job as 35 hours per week which equates to 1,820 hours per year

Proposed Change: *Mirror State definition.*

Relocated Employee:

State does not track retained employees and will not incentivize a business if they are relocating within the state except under special circumstances.

Proposed Change: *Eliminate provision if not applicable to project.*

Average Wage:

Definition nearly identical aside from State's bulleted list format versus County's paragraph format.

Proposed Change: *Mirror State format.*

Wholly Owned Subsidiary:

County requires a 30-day notice of a new subsidiary from the company. However, County approval of the subsidiary is not required. The State does not have a required time-period for notification but does require State approval.

Proposed Change: *Eliminate 30-day notice and require County approval.*

Transportation to and from job location:

County requires posting of closest bus location, tri-rail station, car pool programs and directions to the company.

Proposed Change: *Eliminate requirement.*

Job Advertising, Job Availability, Low-Income Residents, Resident Preference, Veteran's Preference:

These five separate provisions requires: advertising in minority venues; coordination with CareerSource to provide sufficient notice to County residents; reasonable efforts by the company to provide low-income residents opportunities for employment; and reasonable efforts by the company to implement hiring policies that provide qualified veterans' preference in hiring process.

Proposed Change: *Eliminate four of the five requirements. Retain the Job Availability provision requiring coordination with CareerSource (WPB & Belle Glade) for advertising of new jobs to fulfill these requirements.*

Subcontracting:

Required provision in our standard contract language and requires approval for replacement of a subcontractor and to abide by SBE provisions on all County solicitations.

Proposed Change: *Eliminate requirement.*

No Changes: 5 Requirements

Job Maintenance Period:

State requires 3-year job maintenance period. County requires 5-year job maintenance period.

Median Wage:

This was added as the average may be influenced by the inclusion of a few number of higher-paid jobs among a larger number of lower-paid jobs. Companies are already sending jobs and wages information to comply with the average wage reporting requirements.

Capital Investment:

Companies provide the capital investment to be made in connection with their projects as part of the QTI application. PBC contractually require companies to make the capital investment as it is an important factor in the Economic Impact Analysis used to develop incentive recommendations.

Audit Requirement:

Companies are required to provide a Final Performance Audit at end of the contract period prepared by a Certified Public Accountant verifying job creation, job maintenance, annual wage, and median wage. CPA must express written opinion that requirements were met.

The County previously modified provision from an “annual requirement” to “single audit at the end of contract term”; which is less onerous and more financially feasible. *Additionally, the County will now add language to the Agreement that the audit may be submitted at the end of the company’s fiscal year to coincide with the company’s customary audit period.*

Form of Security:

Accepted forms of security are limited to a letter of credit or a cash bond. County requires jobs be created and maintained, or funds are required to be returned.