Agenda Item #: **5A-2**

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: February 11, 2020 [] Consent [X] Regular [] Ordinance [] Public Hearing

Submitted by: Housing and Economic Sustainability

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to conceptually approve: an Economic Development Incentive for Project Jacobson in the form of a cash grant in an amount not to exceed \$1,900,000 over a period of ten (10) years and an ad valorem tax exemption in an amount not to exceed \$400,000 over a period of ten (10) years.

Summary: Project Jacobson is contemplating locating a manufacturing facility in Belle Glade. The company will invest \$45.5 Million to purchase approximately 85 acres of land as well as construct and equip a 140,000 square foot facility. Project Jacobson will create 200 new jobs over a five (5) year period at an annualized average wage of \$38,000 and an annualized median wage of \$33,000. The estimated five-year economic impact is \$272 Million. Martin County and the State of Texas are also competing for Project Jacobson.

Palm Beach County will provide an Economic Development Incentive for Project Jacobson in the form of a cash grant in an amount not to exceed \$1,900,000 over a period of ten (10) years and an ad valorem tax exemption in an amount not to exceed \$400,000 over a period of ten (10) years. The Incentive recommendation is based on the project's location in Belle Glade, where the unemployment and poverty rates are high.

The company will be required to enter into a formal agreement memorializing its commitments and establishing terms under which the incentive will be disbursed. The company name will be disclosed at such time. <u>District 6</u> (DB)

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, support expanding businesses in the County that would otherwise expand elsewhere and create employment opportunities for residents of Palm Beach County.

Attachment(s):

1. Letter of Support		
Recommended By:	Department Director	
Approved By:	Some M. Mu'L. Assistant County Administrator	//23/2020 Date

II. FISCAL IMPACT ANALYSIS

Fiscal Years	2020	2021	2022	2023	2024
Grant Expenditures	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Operating Costs					
External Revenues	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000
# ADDITIONAL FTE					
POSITIONS (Cumulative)					
s Item Included In Curre Does this Item include th		lowel from de O	Yes	No X No X	
	e use of rea	erai tungs?	res	NO X	•
Budget Account No.:					
und Dept U	nit Ob	ject F	Program Cod	e/Period	
			_		
B. Recommended So	uices oi Fuli	ius/Summar	y of Fiscal if	праст:	
The source of the Co for a ten (10) year per	unty's financia iod.	al support is a	n ad valorem	tax exemption	n of \$400,000
The source of funds from the general ful	for the cash g	rant portion of	f the Economi	c Developme	nt Incentive is
program. The annual Therefore, in addition grant and \$200,000 fo	fiscal impact i to the allocation	s not to excee ons above, F\	d \$1,900,000	over a ten (10)) year period.
program. The annual Therefore, in addition grant and \$200,000 fo	fiscal impact i to the allocation tax exemption	s not to excee ons above, F\ on.	d \$1,900,000	over a ten (10)) year period.
program. The annual Therefore, in addition grant and \$200,000 fo	fiscal impact i to the allocation tax exemption	s not to excee ons above, F\ on.	d \$1,900,000	over a ten (10 / 2029 = \$950)) year period.
program. The annual Therefore, in addition grant and \$200,000 fo	fiscal impact i to the allocation tax exemption	s not to excee ons above, F\ on.	ed \$1,900,000 (2025 thru F)	over a ten (10 / 2029 = \$950)) year period.
program. The annual Therefore, in addition grant and \$200,000 fo	fiscal impact i to the allocation tax exemptional Review:	s not to excee ons above, F\ on.	ed \$1,900,000 / 2025 thru Fy eid, Division fo	over a ten (10 / 2029 = \$950)) year period.
program. The annual Therefore, in addition grant and \$200,000 fo	fiscal impact in to the allocation tax exemption al Review:	s not to exceed ons above, Figure 1. Beverley Revenue 1.	ed \$1,900,000 2025 thru Frield, Division for the second s	over a ten (10 7 2029 = \$950 Manager	0) year period. 0,000 for cash
program. The annual Therefore, in addition grant and \$200,000 for Departmental Fiscal C. OFMB Fiscal and/o	fiscal impact in to the allocation tax exemption al Review:	s not to exceed ons above, Figure 1. Beverley Revelopment	ed \$1,900,000 2025 thru Frield, Division for the second s	over a ten (10 (2029 = \$950 Tanager	o) year period. O,000 for cash
program. The annual Therefore, in addition grant and \$200,000 for Departmental Fiscal A. OFMB Fiscal and/o	fiscal impact in to the allocation tax exemption al Review:	s not to exceed ons above, Figure 1. Beverley Revelopment	ed \$1,900,000 (2025 thru F) eid, Division for ENTS and Contro	over a ten (10 (2029 = \$950 Tanager	o) year period. O,000 for cash

C. Other Department Review:

Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)



Department of Housing and Economic Sustainability

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Palm Beach County Board of County Commissioners

Dave Kerner, Mayor

Robert S. Weinroth, Vice Mayor

Hal R. Valeche

Gregg K. Weiss

Mary Lou Berger

Melissa McKinlay

Mack Bernard

County Administrator

Verdenia C. Baker

"An Equal Opportunity Affirmative Action Employer" January 8, 2020

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 Jacobson to establish its manufacturing business in Belle Glade. The project will invest \$45.5 million to purchase 93 acres of land; construct and equip a 140,000 square foot facility; and create 200 new jobs over a five year period at an annualized average wage of \$38,000 and a median wage of \$33,000. We estimate the economic impact of the project on Palm Beach County's local economy will be \$272 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 a \$2,300,000 Economic Development Incentive in the form of a Cash Grant in an amount not to exceed \$1,900,000 over a period of 10 years and an Ad Valorem Tax Exemption in an amount not to exceed \$400,000 over a period of 10 years.

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 Jacobson 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 Economic Development Incentive.

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 at (561) 233-3653.

Best Regards,

Sherry Howard

Deputy Director

Department of Housing and Economic Sustainability

cc: Jonathan Brown, Director, Department of Housing and Economic Sustainability

ATTACHMENT 1