

**CITY OF PALM BEACH GARDENS  
CITY COUNCIL  
Agenda Cover Memorandum**

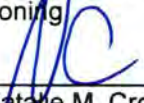


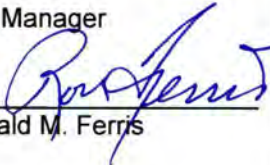
**Meeting Date: June 2, 2016  
Resolution 38, 2016**

**Subject/Agenda Item:**

**Resolution 38, 2016: Conceptual approval for economic development incentives for "Project Falcon".**

**Consideration for Approval:** Conceptually approving a ten percent (10%) local match to Project Falcon for the State's Qualified Target Industry Tax Program.

**Recommendation to APPROVE**  
 **Recommendation to DENY**

<p><b>Reviewed by:</b>                  Director of Planning and Zoning                    Natalie M. Crowley, AICP                  Development Compliance and Zoning Manager                    N/A                  Bahareh Wolfs, AICP                    City Attorney                    R. Max Lohman, Esq.</p>	<p><b>Originating Dept.:</b>                  Planning &amp; Zoning:                  Project Manager                    Alyson Black                  Administrative Services Manager    <input type="checkbox"/> Quasi – Judicial  <input type="checkbox"/> Legislative  <input type="checkbox"/> Public Hearing    <b>Advertised:</b>  <input type="checkbox"/> Required  <input checked="" type="checkbox"/> Not Required                  Date: _____                  Paper: _____</p>	<p><b>Finance:</b>                  Accountant                  N/A                  Tresha Thomas    <b>Fees Paid:</b> <u>N/A</u>    <b>Funding Source:</b>  <input type="checkbox"/> Operating  <input checked="" type="checkbox"/> Other <u>N/A</u>    <b>Budget Acct.#:</b> <u>N/A</u>  <b>Contract/Agreement:</b>                  Effective Date:  <u>N/A</u>                    Expiration Date:  <u>N/A</u></p>	<p><b>Council Action:</b>  <input type="checkbox"/> Approval  <input type="checkbox"/> Approval w/ Conditions  <input type="checkbox"/> Denial  <input type="checkbox"/> Continued to: _____    <b>Attachments:</b>  <ul style="list-style-type: none"> <li>• Economic Impact Analysis</li> <li>• Resolution 38, 2016</li> </ul></p>
<p><b>Approved By:</b>                  City Manager                    Ronald M. Ferris</p>	<p><b>Affected parties:</b>  <input type="checkbox"/> Notified  <input checked="" type="checkbox"/> Not Required</p>		

## **EXECUTIVE SUMMARY**

The Business Development Board ("BDB") has approached the City of Palm Beach Gardens ("City") to request the City's local support for the Qualified Target Industry Tax Refund (QTI) Program for "Project Falcon". Project Falcon is a global company in the Aviation/Aerospace/Engineering industry cluster. The company is currently in the City of Palm Beach Gardens and is considering expanding its staffing due to the increase in client work it has acquired.

## **DISCUSSION**

Project Falcon is requesting from the State's QTI Program economic incentives in the amount of \$800,000 with a local required contribution of \$160,000, which is 20% of the total amount. The Palm Beach County Board of County Commissioners is considering 10% of the local contribution in the amount of \$80,000 at its June 7, 2016, meeting. The company is requesting \$80,000 from the City, which is the remainder of the local match contribution. The local match is required for the expansion to occur locally. It is important to note that Project Falcon is also considering another option for its expansion, which includes moving jobs out of state to Kentucky (location where the company currently has vacant space available).

Project Falcon has committed to a Capital Investment of \$3 Million. The company also intends to retain 450 existing local jobs and create 200 new jobs, with the new jobs having an annual average wage of \$66,098, which is 150% of the State of Florida's annual wage.

Staff has reviewed the information and supports the request of \$80,000 as the 10% local match to the QTI Program to be disbursed in accordance with the guidelines set forth by the Department of Economic Opportunity and subject to the following conditions:

- a. Evidence is provided to the City that Project Falcon has an Agreement with the Department of Economic Opportunity for the QTI Program;
- b. Palm Beach County has approved its economic development incentive award amount;
- c. There has been a public announcement of the project's expansion in the City of Palm Beach Gardens; and
- d. Final payment will be disbursed when evidence is provided to the City that the 450 local jobs have been retained in the City of Palm Beach Gardens and the 200 new local jobs are created within the City of Palm Beach Gardens, and the \$3 Million in Capital Investment is within the City of Palm Beach Gardens.

If approved, an economic development agreement will be brought to the City Council for final approval.

## **STAFF RECOMMENDATION**

Staff recommends **APPROVAL** of Resolution 38, 2016 as presented.

**Business Development Board  
Economic Impact Projections for Project Falcon - Retention**

	Direct	Indirect	Induced	Total
<b>Output</b>	\$67,847,133	\$27,567,084	\$28,438,578	\$123,852,795
<b>Jobs</b>	450.0	244.5	224.9	919.4
<b>Wages</b>	\$34,176,982	\$10,977,608	\$8,532,320	\$53,686,910
<b>Taxes</b>	\$768,971	\$780,197	\$1,545,614	\$3,094,782

**Avg Wage as % of County Average**

	152%		119%
<b>Company Avg Wage</b>	\$74,524		\$58,393
<b>County Avg Wage</b>	\$49,123		\$49,123

Total Economic Impact is an estimated combined effect of a company and the ancillary industries impacted. Direct, indirect, and induced economic effects based on the variables of output, income and employment were examined using IMPLAN Pro Version 3 and 2014 County IMPLAN data from IMPLAN Group LLC.

Wages based on Florida Agency for Workforce Innovation, 2012 ES-202 program, average county wage of \$49,123 as stated by EFI incentive guidelines.

Taxes estimated are sales, excise, property taxes, fees, licenses and other taxes paid by businesses as derived from U.S. Bureau of Economic Analysis Gross State Product data.

**Business Development Board  
Economic Impact Projections for Project Falcon - Expansion**

	Direct	Indirect	Induced	Total
<b>Output</b>	\$30,154,281	\$13,780,747	\$11,988,635	\$55,923,662
<b>Jobs</b>	200.0	122.2	94.8	417.0
<b>Wages</b>	\$13,472,353	\$5,377,965	\$3,593,826	\$22,444,144
<b>Taxes</b>	\$328,243	\$389,696	\$651,632	\$1,369,573

**Avg Wage as % of County Average**

	135%		110%
<b>Company Avg Wage</b>	\$86,098		\$53,823
<b>County Avg Wage</b>	\$49,123		\$49,123

Total Economic Impact is an estimated combined effect of a company and the ancillary industries impacted. Direct, indirect, and induced economic effects based on the variables of output, income and employment were examined using IMPLAN Pro Version 3 and 2014 County IMPLAN data from IMPLAN Group LLC.

Wages based on Florida Agency for Workforce Innovation, 2012 ES-202 program, average county wage of \$49,123 as stated by EFI incentive guidelines.

Taxes estimated are sales, excise, property taxes, fees, licenses and other taxes paid by businesses as derived from U.S. Bureau of Economic Analysis Gross State Product data.

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**RESOLUTION 38, 2016**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM BEACH GARDENS, FLORIDA GRANTING CONCEPTUAL APPROVAL FOR "PROJECT FALCON" ECONOMIC DEVELOPMENT INCENTIVES PURSUANT TO SECTION 288.106, FLORIDA STATUTES; PROVIDING CONDITIONS OF APPROVAL FOR THE DISBURSEMENT OF GRANT FUNDS; PROVIDING AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.**

**WHEREAS**, "Project Falcon", is a global company in the Aviation/Aerospace/Engineering industry cluster; and

**WHEREAS**, the business under consideration, is considering expanding its operations in the City of Palm Beach Gardens; and

**WHEREAS**, the company is also considering one (1) other site in Kentucky, which currently has vacant office space; and

**WHEREAS**, the project will have a total Capital Investment of \$3,000,000; and

**WHEREAS**, "Project Falcon" will retain 450 existing employees and create 200 new jobs with an average wage of \$66,098, which is 150% of the State of Florida average annual wage; and

**WHEREAS**, the City of Palm Beach Gardens hereby acknowledges that local financial support of 20% of the total tax refund of \$800,000 is required under the provisions of Section 288.106, *Florida Statutes*, governing the State's Qualified Target Industry Tax Refund Program; and

**WHEREAS**, the City of Palm Beach Gardens has committed to provide \$80,000, which is 10% of the local match, for the Qualified Target Industry Tax Refund Program; and

**WHEREAS**, the City currently has funds for the purposes of economic development opportunities; and

**WHEREAS**, the City Council deems approval of this Resolution to be in the best interest of the health, safety, and welfare of the residents and citizens of the City of Palm Beach Gardens and the public at large.

1           **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY**  
2 **OF PALM BEACH GARDENS, FLORIDA that:**

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4           **SECTION 1.** The foregoing recitals are hereby affirmed and ratified.

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6           **SECTION 2.** The City Council hereby recommends "Project Falcon" be approved  
7 as a Qualified Target Industry Business pursuant to Section 288.106, *Florida Statutes*.  
8 The necessary cash commitment of local financial support for the Qualified Target  
9 Industry Tax Refund Program exists for "Project Falcon" in the amount of \$80,000, which  
10 constitutes half, 10%, of the required local financial support.

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12           **SECTION 3.** The approval is subject to the following conditions, which shall be the  
13 responsibility of "Project Falcon":

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15           1. The \$80,000 local match funding will be made available in accordance with the  
16 guidelines set for by the Department of Economic Opportunity with the  
17 stipulation that these funds are intended to represent 10% of the "local financial  
18 support" required by Section 288.106, *Florida Statutes*.  
19  
20           2. The initial disbursement of the local support match for the QTI will be disbursed  
21 when the following occurs:
- 22           a. Evidence is provided to the City that it has an Agreement with the  
23 Department of Economic Opportunity for the QTI Program;
  - 24           b. Palm Beach County has approved its economic development incentive  
25 award amount;
  - 26           c. There has been a public announcement of the project's expansion in the  
27 City of Palm Beach Gardens; and
  - 28           d. Final payment will be disbursed when evidence is provided to the City  
29 that the 450 local jobs have been retained in the City of Palm Beach  
30 Gardens, and the 200 new local jobs are created within the City of Palm  
31 Beach Gardens and the \$3,000,000 in Capital Investment is within the  
32 City of Palm Beach Gardens.
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34           **SECTION 4.** This Resolution shall become effective immediately upon adoption.  
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PASSED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

CITY OF PALM BEACH GARDENS, FLORIDA

BY: \_\_\_\_\_  
Marcie Tinsley, Mayor

ATTEST:

BY: \_\_\_\_\_  
Patricia Snider, CMC, City Clerk

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

BY: \_\_\_\_\_  
R. Max Lohman, City Attorney

VOTE:

AYE   NAY   ABSENT

MAYOR TINSLEY                    \_\_\_\_\_

VICE MAYOR JABLIN                \_\_\_\_\_

COUNCILMEMBER PREMUIROSO    \_\_\_\_\_

COUNCILMEMBER LEVY             \_\_\_\_\_

COUNCILMEMBER MARINO          \_\_\_\_\_

