

Meeting Date
8/04/15



ADD ON	Replacement
AGENDA	
Section	New Business
Item No.	V I E 1

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	RESOLUTION TO CONSIDER AN AD VALOREM TAX ABATEMENT – PROJECT MAPLE – HARRIS CORPORATION
DEPT/OFFICE:	MANAGEMENT SERVICES & COMMUNITY SERVICES/COUNTY MANAGER’S OFFICE

Requested Action:
 The Economic Development Commission request the Board of County Commissioners adopt an Economic Development Ad Valorem Exemption Resolution qualifying Harris Corporation as an eligible business under the County’s Tax Abatement program and authorize a public hearing to consider adopting an exemption ordinance.

Summary Explanation & Background:

This resolution requests that the Brevard County Property Appraiser conduct the required analysis and provide the Board with a report as required by Chapter 196.1995(8) F.S.; and Economic Development Commission of Florida’s Space Coast conduct an economic impact analysis of the Company and provide the Board with its recommendation as to extent and length of tax abatement

Harris Corporation is an international communications and information technology company serving government and commercial markets in more than 125 countries. The company is considering modifying and improving a headquarters facility at 1025 W NASA Blvd, Melbourne, FL. The company plans to create 10 new jobs with an average wage of \$50,000 and invest \$25 million in new capital expenditures.

Fiscal Impact: FY2015-2016 – No Fiscal impact until company modifies facility.
 Fiscal Impact FY2016-2017 – Fiscal impact will be the amount of ad valorem taxes exempted, which depends on the actual amount invested, the length of abatement and the percentage of taxes abated. A projected economic impact analysis is attached. (This is calculated by the Brevard County Property Appraiser’s Office prior to the public hearing to consider adoption of an ordinance granting ad valorem tax exemption to the company.)

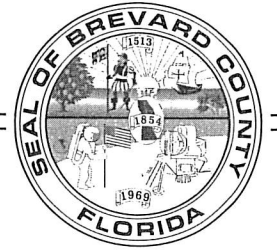
EDC Contact: GWeiner@SpaceCoastEDC.org, 321-638-2000
 Staff Contact: Stockton.Whitten@brevardcounty.us, 321-633-2004

Clerk to the Board instruction: Need the adopted Resolution ASAP.

Exhibits Attached: RESOLUTION

Contract /Agreement (If attached): Reviewed by County Attorney	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	PR	<input type="checkbox"/>
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County Manager		Department Director / Extension
Stockton Whitten		



Tammy Etheridge, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972

August 5, 2015

MEMORANDUM

TO: Stockton Whitten, County Manager

RE: Item VI.E.1., Resolution Considering an Ad Valorem Tax Abatement – Project Maple – Harris Corporation

The Board of County Commissioners, in regular session on August 4, 2015, adopted Resolution No. 15-119, qualifying Harris Corporation as an eligible business under the County's Tax Abatement program. Enclosed is a certified copy of the Resolution.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Etheridge, Deputy Clerk

/af

Encl. (1)

RESOLUTION 2015-119

WHEREAS, economic development and the creation and retention of value added jobs is a priority of the Brevard County Board of County Commissioners; and

WHEREAS, the citizens of Brevard County voted to provide economic incentives to qualified new and expanding businesses in the November 2014 general election; and

WHEREAS, **Harris Corporation** has requested that the Brevard County Commissioners exempt ad valorem taxes for its building modifications and tangible personal property at **1025 W NASA Blvd, Melbourne, FL**; and

WHEREAS, **Harris Corporation** meets the requirements of Chapter 196.012 F.S. as a business planning to expand in Brevard County.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BREVARD COUNTY, FLORIDA as follows:

The Board of County Commissioners requests that the Brevard County Property Appraiser conduct the required analysis and provide the Board with a report as required by Chapter 196.1995(8) F.S.; and

The Board of County Commissioners requests that the Economic Development Commission of Florida's Space Coast conduct an economic impact analysis of the Company and provide the Board with its recommendation as to extent and length of tax abatement; and

The Board of County Commissioners intends to hold a public hearing to consider adopting an ordinance exempting **Harris Corporation** from select County ad valorem taxes.

DONE, ORDERED AND ADOPTED in Regular Session this 4 day of August, 2015.

ATTEST:



Scott Ellis, Clerk

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

By: 

Robin Fisher, Chairman

As approved by the Board on 08-04-2015

Project Maple Ad Valorem Tax Abatement Executive Summary

Harris is an international communications and information technology company serving government and commercial markets in more than 125 countries. Headquartered in Melbourne, Florida, the company has approximately \$5 billion of annual revenue and about 13,000 employees — including 6,000 engineers and scientists. Harris is dedicated to developing best-in-class *assured communications*® products, systems and services.

Harris Corporation was founded in the 1890s by Alfred and Charles Harris. The brothers ran a jewelry store in Niles, Ohio, while they tinkered with a variety of new gadgets. Their first truly successful invention was an automatic sheet feeder that eliminated the laborious job of hand-feeding printing presses.

Ironically, the sheet feeder was too advanced for the printing presses of the day, so the brothers developed a new printing press that was better able to accommodate it. The press was revolutionary, delivering 10 times what a pressman could feed by hand. In fact, the press was so much faster than anything available that the brothers had to understate its capabilities in order to get potential customers to believe them.

On December 23, 1895, the Harris Automatic Press Company was incorporated. The company went on to produce many printing innovations during the early 1900s. By the middle of the century, it had grown into one of the world's largest and most successful manufacturers of printing equipment under a new name - Harris-Seybold.

The company continued to grow and evolve, and in 1957, Harris-Seybold merged with Intertype Corporation, a world leader in typesetting equipment. Company leaders wanted to move beyond printed communications into the broader field of electronic communications. Thus began a series of moves that transitioned Harris-Intertype into the Space Age and added broadcasting and microwave communications capabilities.

The company's transformation to a pure electronics business began in 1967, when it acquired Radiation Inc., a manufacturer of space and military technology located in Melbourne, Florida, just south of Cape Canaveral.

Radiation was a premier developer of miniaturized electronic tracking and pulse code technologies for America's fledgling space program. Its products were used on the nation's first communication and weather satellites, by the military for various missile systems, and were instrumental in the first manned space flights and the Apollo missions to the Moon.

In 1974, the company name was changed to Harris Corporation; and in 1978 moved its headquarters from Cleveland, Ohio, to Melbourne. In the 20 years that followed, Harris sold its printing business and significantly expanded its electronic product offerings and market reach. By the time of its centennial celebration in 1995, Harris had emerged as a global company serving a broad base of communications and information technology markets.

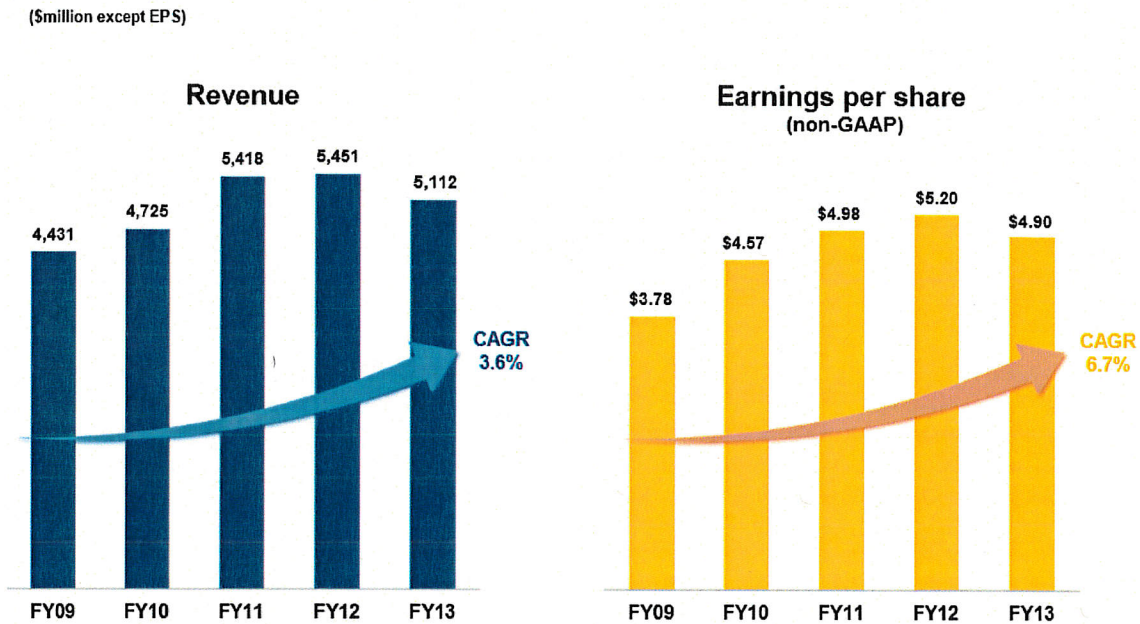
During its 117-year history, Harris has transformed communications and information technology - from the early printing press, to the Space Age, and to today's fast-paced digital age. Since its

beginnings, it has focused on providing innovative, reliable solutions that deliver critical information at the right place, at the right time, and on the right device.

Today, Harris is one of the only companies focused exclusively on developing the most trusted voice, data and video networks - networks that touch millions of lives every day. Harris solutions are taking network reliability and security to an entirely new level and are solving the toughest technology challenges faced by businesses and governments around the world.

Every day, the company's employees serve customers around the world, in markets where trusted network solutions are critical to success - defense, national intelligence, civilian and international government, public safety and public service, energy, and maritime, broadcast and new media, healthcare, and enterprise.

Wherever critical decisions depend on assured communications®, Harris is there. Trusted when it matters most.



As of July 30, 2013.

In February 2015, Harris Corporation and Exelis, Inc. announced a definitive agreement under which Harris acquired Exelis in a cash and stock transaction. The agreement was unanimously approved by the Board of Directors of both companies. The transaction closed in June 2015. With the corporate headquarters and significant presence in Melbourne the company is evaluating a refurbishment of the company's customer briefing center. The customer briefing center is an important component to the Melbourne campus and should positively reflect on Harris as a company. In order to accomplish this, the customer briefing center may require up to a \$25M capital investment in order to renovate and improve the facility.

In addition, the Company will create a minimum of 10 net new jobs in Brevard county; however, the Project anticipates headcount growth of at least 100 jobs over the next 5 years.

SUPPLEMENTAL APPLICATION

BREVARD COUNTY ECONOMIC DEVELOPMENT
AD VALOREM TAX EXEMPTION PROGRAM

APPLICANT NAME: Harris Corporation

NOTICE: This supplement is to be used by the applicant to provide additional information required by Economic Development Ad Valorem Tax Abatement Ordinance, Chapter 102, Division 3, Sections 181-191, Brevard County Code; and to provide other information requested by the Board of County Commissioners and the entities who will review the application.

Any business seeking an exemption shall file an application with the County before the business has made the decision to locate a new business in the County or before the business has made the decision to expand an existing in the County. Any business decisions, such as announcements, leasing of space or hiring of employees, made prior to final County Economic Development Tax Abatement approval (and not made contingent upon County approval) may constitute grounds for disapproval. Projects, which clearly do not require inducement, will not be approved.

1. Length of exemption requested is total of 10 years (length of exemption approved is sole discretion of County Commission and commences on the adoption date of the ordinance granting the exemption).
2. **Property Owner Name:** Harris Corporation
Address: 1025 W. NASA Blvd; Melbourne, FL 32919
Telephone No. 321-729-7689 FAX No. (321) 727-5023
3. **Authorized Agent:** Steven Sheffield – Senior Tax Manager
Address: P.O. Box 37, M/S HTC-6N Melbourne, FL 32902
Telephone Number: (321) 729-7689 Fax No. (321) 727-5023
4. Type of industry or business: International telecommunication and technology equipment company - Headquarters
5. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):

The project includes the refurbishment of the company's customer briefing center which is located on the company's headquarters campus. The customer briefing center is an important component to the company's business and it is important to ensure that the company's real estate assets are a positive reflection of the company.
6. Anticipated number of new employees (The applicant is to provide a breakdown of jobs to be created by category and planned salary to be paid by position): 10
7. Percent Increase in overall employment: 10/5,610 = 0.2%
8. Expected number of new employees who will reside in Brevard County: 10
9. Percentage of existing employees who have resided in the County for more than two years: The company estimates that a large portion of the existing employment base resides in Brevard county
10. Anticipated average wage of employees: \$50,000
11. Anticipated average annual payroll: \$500,000 annually for 10 new jobs
12. Anticipated new capital investment as a result of expansion or relocation of business:
New construction value: \$20M, existing building improvements
New personal property value: \$5M furniture, fixtures, IT equipment
13. Environmental impact of business. (Identify the number and type of environmental permits required as a result of this project: e.g. air, soil and water pollution, water and sewer, dredge and fill, stormwater, industrial wastewater; provide a brief narrative statement of the company's environmental impacts): N/A

14. Anticipated volume of business or production: The expansion of new jobs include headquarter's functions, which do not in and of themselves create volume or production revenue.
15. The relocation or expansion would not occur without the exemption: Yes [X] No []
16. Source of supplies (local or otherwise):

% source of supplies County: 0%
 % source of supplies Florida: 75%
 % source of supplies out-of-state: 25%

17. Business is/will be located in a community redevelopment area: Yes [] No [X]

Name of area: N/A

SIGNATURES:

I hereby confirm the information provided by Harris Corp to the Economic Development Commission of Florida's Space Coast and the Board of County Commissioners for the purpose of calculating the economic impact and benefit of the proposed tax abatement is true, accurate and complete. I further confirm that Harris Corp is not in violation of any federal, state or local law, or regulation governing environmental matters. I hereby acknowledge and agree upon approval of the Economic Development Ad Valorem Tax Abatement Ordinance by the Brevard County Board of County Commissioners that Harris Corp will provide the Brevard Workforce its job openings to be posted on www.employflorida.com and agrees to consider for employment candidates referred by Brevard Workforce.

DATE: _____
 SIGNED: Steven J. Sheffield
 (Applicant)
 TITLE: Senior Tax Manager

SIGNED: _____
 (Preparer)

 (Preparer's Address)

 (Preparer's Telephone Number)

ECONOMIC DEVELOPMENT COMMISSION (EDC) USE ONLY

EDC Economic Impact Analysis:

EDC's Recommendation:

The Economic Development Commission of Florida's Space Coast hereby certifies that it has proof, to the satisfaction of the EDC, that the applicant meets the criteria of a new business or for an expansion of an existing business as defined in Section 184, Chapter 102, Brevard County Code. Furthermore, the EDC has conducted an economic impact analysis, applying acceptable multipliers as defined by the State Department of Commerce, which concludes that the applicant does hereby meet the economic benefit test; and, therefore, the EDC recommends to the Brevard County Commission that the applicant receive an ad valorem tax exemption for _____ percent of its eligible taxes and for a period of _____ years.

DATE: _____

SIGNED: _____
 (EDC President)

COUNTY USE ONLY

County Manager's Recommendation:

DATE: _____

SIGNED: _____
 (County Manager)

BREVARD COUNTY
ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION
Chapter 196, Florida Statutes

To be filed with the Board of County Commissioners, the governing board of the municipality, or both, no later than March 1 of the year the exemption is desired to take effect.

1. Business name: Harris Corporation
 Mailing address: 1025 W. NASA Blvd.; Melbourne, FL 32919

2. Name of person in charge of business: Steve Sheffield
 Telephone No.: (321) 729-7689 FAX No.: (321) 727-5023

3. Location of business (legal description and street address) of property for which this report is filed:
1025 W. NASA Blvd.; Melbourne, FL 32919

4. Date business opened at this facility: 1978

5. a. Description of the improvements to real property for which this exemption is requested:
Capital investment made in connection with the refurbishment/redesign of the company's Customer Briefing Center in Melbourne, FL

b. Date of commencement of construction of improvements: August 2015

6. a. Description of the tangible personal property for which this exemption is requested and date when property was purchased:
Approximately \$10M in capital purchases of furniture, fixtures and IT equipment

APPRAISER'S ONLY	Class or Item	Age	Date of Purchase	Original Cost	Taxpayer's Estimate of			Taxpayer's Estimate of Fair Market Value	USE
					Condition				
	Furniture and IT equipment	0	Q2 2016	\$5,000,000	X				Customer briefing center

b. Average value of inventory on hand: N/A

c. Any additional personal property not listed above for which an exemption is claimed must be returned on form DR-405 (Tangible Personal Property Tax Return) and a copy attached to this form.

7. Do you desire exemption as a "New Business" [] or as an "Expansion of an Existing Business" [X]

8. Describe the type or nature of your business:

Harris Corporation is an international telecommunication and technology equipment company; the Melbourne campus includes the company's US corporate headquarters operations

9. Trade level (check as many as apply):

Wholesale [] Manufacturing [] Professional [] Service [] Office [X] Other []

10. a. Number of full time employees employed in Florida: 5,610

(DR 418)

b. If an expansion of an existing business:

(1) Net increase in employment 10 or 0.2 %
(2) Increase in productive output resulting from this expansion _____ %

11. Sales factor for the facility requesting exemption:

Total sales in Florida from this facility - one (1) location only _____ see below _____ divided by
Total sales everywhere from this facility - one (1) location only _____ = _____

Florida state apportionment for the standalone Harris legal entity was 44.7082% for the latest state income tax return filed in Florida.

12. For office space owned and used by a corporation newly domiciled in Florida: Not yet incorporated

a. Date of incorporation in Florida N/A
b. Number of full-time employees at this location N/A

13. If requesting an exemption due to location in a slum or blighted area, please furnish such additional information as required by the County Commission, City Commission, or Property Appraiser.

I hereby request the adoption of an ordinance granting an exemption from ad valorem taxation on the above property pursuant to Section 196.1995, Florida Statutes. I agree to furnish such other reasonable information as the Board of County Commissioners, the governing authority of the municipality, or the Property Appraiser may request in regard to the exemption requested herein. I hereby certify that the information and valuation stated above by me is true, correct, and complete to the best of my knowledge and belief. (If prepared by someone other than the taxpayer, his declaration is based on all information of which he has any knowledge.)

DATE: _____

Signed: _____
(Preparer)

SIGNED: Steven Sheppard
(Taxpayer)

(Preparer's Address)

TITLE: Senior Tax Manager

(Preparer's Telephone Number)

PROPERTY APPRAISER'S USE ONLY

I. Total revenue available to the County or municipality for the current fiscal year from ad valorem tax sources:

II. Revenue lost to the County or municipality for the current fiscal year by virtue of exemptions previously granted under this section:

III. Estimate of the revenue which will be lost to the County during the current fiscal year if the exemption applied for were granted had the property for which the exemption is requested otherwise been subject to taxation:

IV. Estimate of the taxable value lost to the County or municipality if the exemption applied for were granted:
Improvements to real property _____ Personal Property _____

V. I have determined that the property listed above meets the definition, as defined by Section 196.012(15) or (16), Florida Statutes, as a New Business [], an Expansion of an Existing Business [], or Neither [].

VI. Last year for which exemption may be applied: _____

DATE: _____

SIGNED: _____
(Property Appraiser)

RETURN TO BE FILED NOT LATER THAN MARCH 1



Job Title / Description	Number of Jobs	Wage	Anticipated Hire Timeline (by year)
Assembly operations/Assembly operators	10	\$50,000/year	2016

Project Maple
Brevard County, FL
06/22/15

Overview:

New Job Commitment:	10	Capital Investment:	\$25,000,000
Average Annual Wage:	\$50,000		

Economic impact from job creation:

<u>Jobs</u>	<u>Net New Wage</u>	<u>Contribution to GDP</u>
10 (Direct)	\$500,000 (Direct)	\$932,514 (Direct)
6 (Indirect)	\$301,126 (Indirect)	\$466,455 (Indirect)
4 (Induced)	\$155,691 (Induced)	\$290,344 (Induced)
20 TOTAL	\$956,816 TOTAL	\$1,689,313 TOTAL

- For every employment position created by Project Maple approximately 1.05 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to Project Maple approximately \$0.91 will be generated for consumer spending.

County Tax Impact

Years 1-10	Annual Taxes on Construction	
Projected Tax Assessed	\$	224,532.80
Potential Abatement	\$	90,747.20
Net New Revenue to County	\$	133,785.60
	Annual Taxes on Personal Property	
Projected Tax Assessed	\$	56,133.20
Potential Abatement	\$	22,686.80
Net New Revenue to County	\$	33,446.40
Total New Revenue to County	\$	167,232.00

Years 11+: Company will be assessed for 100% of tax liability

Tax Millage Code – 53K0 NAICS – 334511 IMPLAN Sector – 315

Analysis based on information supplied by Project Maple -- June 2015

Economic impact calculations furnished by EDC Research Office, using IMPLAN Professional 3.1 (www.IMPLAN.com).

Abatement & millage numbers are estimates; all final numbers determined solely by the Brevard County Property Appraiser's Office.