

Meeting Date
May 3, 2016



AGENDA	
Section	CONSENT
Item No.	II.D.4

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	RESOLUTION TO CONSIDER AN AD VALOREM TAX ABATEMENT – PROJECT MARATHON
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 Project Marathon 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

Project Marathon is a high tech engineering and design company considering building a new 100,000+ SF building in Melbourne, FL. The company plans to create 327 new jobs over 4 years with an average wage of \$64,356 and invest \$31,220,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
27	12/31/2016
50	12/31/2017
75	12/31/2018
75	12/31/2019
100	12/31/2020

TOTAL 327

Fiscal Impact FY2016-2017 – No fiscal impact until company moves into and builds out facility.
 Fiscal Impact FY2017-2018 – Fiscal impact will be the amount of ad valorem taxes exempted. (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:

Exhibits Attached

Contract /Agreement (If attached): Reviewed by County Attorney Yes No PR

County Manager	Assistant County Manager, Mel Scott	Department Director / Extension
Stockton Whitten	Assistant County Manager, Venetta Valdengo	



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

Telephone: (321) 637-2001
Fax: (321) 264-6972
Tammy.Rowe@brevardclerk.us

May 4, 2016

MEMORANDUM

TO: Stockton Whitten, County Manager

RE: Item II.D.4., Resolution for Ad Valorem Tax Abatement – Project Marathon

The Board of County Commissioners, in regular session on May 3, 2016, adopted Resolution No. 16-066, qualifying Project Marathon as an eligible business under the County's Tax Abatement Program; and authorized a public hearing to consider adopting an exemption ordinance. Enclosed is a certified copy of the Resolution for your action.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

/ds

Encl. (1)

cc: Budget
Finance

RESOLUTION 2016- 066

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 2004 general election; and

WHEREAS, **Project Marathon** has requested that the Brevard County Commissioners exempt ad valorem taxes for its new construction and tangible personal property at **North Drive, Melbourne FL ; and**

WHEREAS, **Project Marathon** 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 **Project Marathon** from select County ad valorem taxes.

DONE, ORDERED AND ADOPTED in Regular Session this 3rd day of May, 2016.

ATTEST:



Scott Ellis, Clerk

BOARD OF COUNTY COMMISSIONERS
OF BREVARD COUNTY, FLORIDA

By: 

Jim Barfield, Chairman

As approved by the Board on 5/3/16



Date: April 18, 2016

To: Stockton Whitten
Assistant County Manager

From: Julie Roslin
Senior Manager, Business Development

Re: Company Considering Expansion in Brevard County

The Economic Development Commission of Florida's Space Coast is managing a business expansion project, Project Marathon. Project Marathon is a high tech engineering and design company considering building a new 100,000+ SF building in Melbourne, FL. The company plans to create 327 new jobs over 4 years with an average wage of \$64,356 and invest \$31,220,000 in new capital expenditures. The proposed job creation timeline for the project is as follows:

# of New Jobs	Date jobs will be created
27	12/31/2016
50	12/31/2017
75	12/31/2018
75	12/31/2019
100	12/31/2020

TOTAL 327

The EDC is seeking to leverage the Brevard County Ad Valorem Tax Abatement program to help the client offset the cost of building improvements and equipment.

Enclosed please find the following:

- Executive summary
- Completed AVT application & Supplemental application
- Economic impact analysis
- Resolution – AVT
- Draft Board Report
- Resolution - QTI

If you should have any questions regarding any of the enclosed documentation or on the company's business expansion, please feel free to contact me.

**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: Project Marathon
Mailing address: _____
2. Name of person in charge of business: Confidential
Telephone No.: () _____ FAX No.: () _____
3. Location of business (legal description and street address) of property for which this report is filed:
North Drive, Melbourne, FL
4. Date business opened at this facility: Projected opening would be in mid-2018
5. a. Description of the improvements to real property for which this exemption is requested:
Construction of a build-to-suit facility with an estimated total capital investment of \$31,220,000
- b. Date of commencement of construction of improvements: Expected to begin in 2017
6. a. Description of the tangible personal property for which this exemption is requested and date when property was purchased:

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				
	Land or Building Purchase		2018	\$15,000,000 (Estimate)					
	Construction/Renovation		2016-2018	\$2,300,000 (Estimate)					
	R&D Equipment		2016-2020	\$3,840,000 (Estimate)					
	Other Equipment (computer equipment, office furniture, etc.)		2016-2020	\$10,080,00 (Estimate)					

- 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: Engineering and design of high-tech products and services

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

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

10. a. Number of full time employees employed in Florida: 632 (current)

(DR 418)

b. If an expansion of an existing business:

(1) Net increase in employment 327 or 175 %
(2) Increase in productive output resulting from this expansion 175 %

11. Sales factor for the facility requesting exemption:

Total sales in Florida from this facility - one (1) location only 0 divided by
Total sales everywhere from this facility - one (1) location only 100 = 0

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: April 8, 2016

Signed: _____
(Preparer)

SIGNED: [Signature]
(Taxpayer)

(Preparer's Address)

TITLE: Representative of Project Marathon

(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 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

SUPPLEMENTAL APPLICATION

**BREVARD COUNTY ECONOMIC DEVELOPMENT
AD VALOREM TAX EXEMPTION PROGRAM**

APPLICANT NAME: Project Marathon

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: TBD
Address: North Drive, Melbourne, FL
Telephone No. () _____ FAX No. () _____
3. Authorized Agent: Confidential
Address: _____
Telephone Number: () _____ Fax No. () _____
4. Type of industry or business High-tech engineering and design
5. Brief description of product and expansion plans (The applicant is to provide an executive summary of its business plan):
Engineering and design of high-tech products and services
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): 327
7. Percent Increase in overall employment: 175%
8. Expected number of new employees who will reside in Brevard County: TBD
9. Percentage of existing employees who have resided in the County for more than two years: 70% (estimate)
10. Anticipated average wage of employees: \$64,356
11. Anticipated average annual payroll: \$4,826,700 (per year for new hires from 2017 through 2019 - does not include benefits)
12. Anticipated new capital investment as a result of expansion or relocation of business:
New construction value: \$17,300,000
New personal property value: \$13,920,000
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): No known environmental impact
14. Anticipated volume of business or production: In excess of \$20 million
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: 55 (estimate)
% source of supplies Florida: 30 (estimate)
% source of supplies out-of-state: 15 (estimate)
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 Project Marathon 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 Project Marathon 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 Project Marathon 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: April 8, 2018

SIGNED: _____

SIGNED: J. Q.
(Applicant)

(Preparer)

TITLE: Representative of Project Marathon

(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: 5/3/14

SIGNED: [Signature]
(County Manager)



Ad Valorem Tax Abatement
Project Marathon Job Creation
Distribution Worksheet

Job Title / Description	Number of Jobs	Wage	Anticipated Hire Timeline (by year)
High-tech engineering and design NAICS Code 541712	27	\$64,356	2016
High-tech engineering and design NAICS Code 541712	50	\$64,356	2017
High-tech engineering and design NAICS Code 541712	75	\$64,356	2018
High-tech engineering and design NAICS Code 541712	75	\$64,356	2019
High-tech engineering and design NAICS Code 541712	100	\$64,356	2020

Project Marathon

Brevard County, FL

04/08/16

Overview:

New Job Commitment:	327	Capital Investment:	\$31,220,000
Average Annual Wage:	\$64,356		

Economic impact from job creation:

<u>Jobs</u>	<u>Net New Wage</u>	<u>Contribution to GDP</u>
327 (Direct)	\$21,044,413 (Direct)	\$25,158,086 (Direct)
209 (Indirect)	\$9,254,868 (Indirect)	\$16,674,398 (Indirect)
161 (Induced)	\$5,888,238 (Induced)	\$10,980,890 (Induced)
697 TOTAL	\$36,187,519 TOTAL	\$52,813,374 TOTAL

- For every employment position created by Project Marathon approximately 1.13 additional jobs will be developed to support the operation of the facility.
- For every payroll dollar paid to Project Marathon approximately \$0.72 will be generated for consumer spending.

County Tax Impact

Years 1-10

	<u>Annual Taxes on Construction</u>	
Projected Tax Assessed	\$	190,789.94
Potential Abatement (at 100%)	\$	76,716.50
Net New Revenue to County	\$	114,073.43
	<u>Annual Taxes on Personal Property</u>	
Projected Tax Assessed	\$	153,514.21
Potential Abatement (at 100%)	\$	61,727.96
Net New Revenue to County	\$	91,786.25
Total New Revenue to County	\$	205,859.68

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

Tax Millage Code – 53K0	NAICS – 541712	IMPLAN Sector – 456
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Analysis based on information supplied by Project Marathon - April 2016

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.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Brevard County, Florida, on May 17, 2016 at 9:00 a.m., in the Commission Room at 2725 Judge Fran Jamieson Way, Building C, First Floor, Viera, FL, 32940, will hold a public hearing on the following ordinance:

ORDINANCE NO.: 2015-

AN ORDINANCE GRANTING AN ECONOMIC DEVELOPMENT AD VALOREM EXEMPTION TO PROJECT MARATHON SPECIFYING THE ITEMS EXEMPTED; PROVIDING THE EXPIRATION DATE OF THE EXEMPTION; FINDING THAT THE BUSINESS MEETS THE REQUIREMENTS OF CHAPTER 196.1995(8) F.S.; PROVIDING FOR PROOF OF ELIGIBILITY FOR EXEMPTION; PROJECT MARATHON; PROVIDING AN EFFECTIVE DATE

All persons for or against said ordinance can be heard at said time and place. If a person decides to appeal any decision made by the Board with respect to such hearing or meeting, he will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based. The needs of hearing or visually impaired persons shall be met if the department sponsoring the hearing is contacted at least 48 hours prior to the public meeting hearing by any person wishing assistance. The sponsoring department is the Administrative Services Office, Telephone Number: (321)633-2001

A copy of the ordinance may be inspected at:

www.brevardcounty.us/business/publichearings

Brevard County Government Center, Building C County Managers Office

By order of the Board of County Commissioners of Brevard County, Florida